

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER: 814-00891

**PENNANTPARK FLOATING RATE CAPITAL LTD.**

(Exact name of registrant as specified in its charter)

MARYLAND

(State or other jurisdiction of incorporation or organization)

27-3794690

(I.R.S. Employer Identification No.)

1691 Michigan Avenue  
Miami Beach, Florida

(Address of principal executive offices)

33139

(Zip Code)

(786) 297-9500

(Registrant's Telephone Number, Including Area Code)

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, par value \$0.001 per share	PFLT	The New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No .

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No .

The aggregate market value of common stock held by non-affiliates of the Registrant on March 31, 2023 based on the closing price on that date of \$10.61 on The New York Stock Exchange was approximately \$514.8 million. For the purposes of calculating the aggregate market value of common stock held by non-affiliates, all directors and executive officers of the Registrant have been treated as affiliates. There were 58,734,702 shares of the Registrant's common stock outstanding as of December 7, 2023.

Documents Incorporated by Reference: Portions of the Registrant's Proxy Statement relating to the Registrant's 2024 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference into Part III of this Report.

**PENNANTPARK FLOATING RATE CAPITAL LTD.  
FORM 10-K  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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## PART I

*In this annual report on Form 10-K, or the Report, except where the context suggests otherwise, the terms “Company,” “we,” “our” or “us” refer to PennantPark Floating Rate Capital Ltd. and its wholly-owned consolidated subsidiaries; “Funding I” refers to PennantPark Floating Rate Funding I, LLC; “Taxable Subsidiary” refers to PFLT Investment Holdings, LLC; “PSSL” refers to PennantPark Senior Secured Loan Fund I LLC, an unconsolidated joint venture; “PTSF” refers to PennantPark-TSO Senior Loan Fund, LP, an unconsolidated limited partnership; “PennantPark Investment Advisers” or “Investment Adviser” refer to PennantPark Investment Advisers, LLC; “PennantPark Investment Administration” or “Administrator” refers to PennantPark Investment Administration, LLC; “2023 Notes” refers to our 4.3% Series A notes due 2023; “2026 Notes” refers to our 4.25% Notes due 2026; “1940 Act” refers to the Investment Company Act of 1940, as amended; “SBCAA” refers to the Small Business Credit Availability Act; “Code” refers to the Internal Revenue Code of 1986, as amended; “RIC” refers to a regulated investment company under the Code; “BDC” refers to a business development company under the 1940 Act; “MCG” refers to MCG Capital Corporation; “Prior Credit Facility” refers to our multi-currency senior secured revolving credit facility, as amended and restated with Truist Bank (formerly SunTrust Bank) and other lenders, originally entered into on June 23, 2011 and terminated on August 12, 2021; “Credit Facility” refers to our multi-currency senior secured revolving credit facility, as amended from time to time, with Truist Bank and other lenders, or the “Lenders,” entered into on August 12, 2021; “Securitization Issuer” refers to PennantPark CLO I, Ltd.; “Securitization Issuers” refers to the Securitization Issuer and PennantPark CLO I, LLC; “Debt Securitization” refers to the \$301.4 million term debt securitization completed by the Securitization Issuers; “2031 Asset-Backed Debt” refers to (i) the issuance of the Class A-1 Senior Secured Floating Rate Notes due 2031, the Class A-2 Senior Secured Fixed Rate Notes due 2031, the Class B-1 Senior Secured Floating Rate Notes due 2031, the Class B-2 Senior Secured Fixed Rate Notes due 2031, the Class C-1 Secured Deferrable Floating Rate Notes due 2031, the Class C-2 Notes Secured Deferrable Fixed Rate Notes due 2031, and the Class D Secured Deferrable Floating Notes due 2031 and (ii) the borrowing of the Class A-1 Senior Secured Floating Rate Notes due 2031 by the Securitization Issuers in connection with the Debt Securitization; and “Depositor” refers to PennantPark CLO I Depositor, LLC. References to our portfolio, our investments, our multi-currency, senior secured revolving credit facility, as amended and restated, or the Credit Facility, and our business include investments we make through our subsidiaries. Some of the statements in this annual report constitute forward-looking statements, which apply to us and relate to future events, future performance or future financial condition. The forward-looking statements involve risks and uncertainties for us and actual results could differ materially from those projected in the forward-looking statements for any reason, including those factors discussed in “Risk Factors” and elsewhere in this Report.*

### Summary of Risk Factors

Investing in our common stock involves a high degree of risk. Some, but not all, of the risks and uncertainties that we face are related to:

- our ability to remain in compliance with the financial and operational covenants of the Credit Facility, as well as the risks associated with our wholly owned subsidiary, Funding I, and the restrictions imposed on Funding I by the Credit Facility;
- our ability to operate in a highly competitive market for investment opportunities;
- the prospects of our portfolio companies and the ability of our portfolio companies to achieve their objectives, the decline or failure of which may result in our borrowers defaulting on their payments to us;
- the ability of our Investment Adviser to hire and retain qualified personnel, to monitor and administer our investments and to manage our future growth effectively;
- changes to the interest rate environment, including the discontinuation of LIBOR and its impact on the value of floating-rate debt securities in our portfolio or issued by us;
- our reliance on information systems, the failure of which could result in delays or other problems with our business activities, and the susceptibility of such systems to cybersecurity threats;
- our ability to replicate historical performance of other investment companies and funds with which our professionals have been affiliated;
- our ability to raise additional capital while remaining in compliance with certain annual distribution, asset coverage, asset composition and other regulatory requirements needed to maintain our status as a BDC and a RIC;
- the use of leverage to fund our investments, including the indebtedness resulting from the Credit Facility, 2023 Notes, 2026 Notes and 2031 Asset-Backed Debt, and the risk that we may fail to comply with the terms governing such indebtedness or maintain certain asset coverage ratio requirements;
- our issuance of debt or other securities and the impact of such issuances on the value of our common stock or NAV;
- market conditions that may make it difficult for us to refinance or extend the maturity of our existing indebtedness;
- potential conflicts of interest of our Investment Adviser and Administrator;
- the potential dilution caused by any future issuances of subscription rights or warrants;
- the impact of recent financial reform legislation and uncertainty about any future laws and regulations on our business and our portfolio companies;
- the investment objectives and decisions advanced by the board of directors or the Investment Adviser which are not subject to stockholder approval and potential activism by our shareholders;
- the illiquid nature of the assets in which we invest and our valuation procedures with respect to such assets;
- making investments in loans bearing a variable-rate of interest, or floating rate loans, first lien secured debt, second lien secured debt, subordinated debt and the equity of certain portfolio companies, and the risks of making such investments in privately held middle-market companies;
- the Investment Adviser’s incentive to make speculative investments to earn a greater incentive fee and, in some instances, our obligation to pay incentive compensation to our Investment Adviser even after we incur a loss;

- our investment in derivatives and the use of leverage;
- the potential dilution of our common stock which may result from issuances of our common stock below the then current NAV per share;
- our allocation of net proceeds from offering in ways which you may not agree and our inability to invest proceeds from offerings in new investment opportunities, which could negatively affect our financial performance;
- tax liabilities resulting from receiving our stock as a distribution;
- the measures we have taken to deter takeover attempts, which may adversely impact the price of our common stock;
- exchange rate fluctuations which may adversely impact holders of our 2023 Notes that receive payments of principal and interest in New Israeli Shekels;
- our interests in connection with the Debt Securitization and the offering of the 2031 Asset-Backed Debt by the Securitization Issuers;
- changes to political, economic or industry conditions or conditions affecting the financial and capital markets, including changes caused by the ongoing invasion of Ukraine by Russia, that could cause volatility or prolonged disruption of the capital markets and impact the value of our assets;
- our cash balances at financial institutions that exceed federally insured limits and the impact of adverse developments affecting the financial services industry;
- the impact of economic sanction laws in the United States and other jurisdictions which may prohibit us and our affiliates from transacting with certain countries, individuals and companies;
- potential litigation, whether initiated by shareholders or other parties, and, with respect to the holders of our 2023 Notes and our 2026 Notes, the ability to enforce civil judgments against us and our directors, officers and experts; and
- the impact of global climate change on the operations of our portfolio companies.
- We have identified material weaknesses in our internal controls over financial reporting, and we may identify additional material weaknesses in the future or otherwise fail to maintain effective internal controls over financial reporting, which may result in future financial statements containing errors that will be undetected and could impact the operations of our business including our ability to obtain financing, the cost of any financing we obtain or require additional expenditures of resources to comply with applicable requirements.

Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition and/or operating results. For a more detailed discussion of the risks that you should consider prior to investing in our securities, see Item “1A. Risk Factors” below.

## **Item 1. Business**

### ***General Business of PennantPark Floating Rate Capital Ltd.***

PennantPark Floating Rate Capital Ltd. is a BDC whose objectives are to generate both current income and capital appreciation while seeking to preserve capital by investing primarily in floating rate loans, and other investments made to U.S. middle-market companies.

We believe that floating rate loans to U.S. middle-market companies offer attractive risk-reward to investors due to a limited amount of capital available for such companies. We use the term “middle-market” to refer to companies with annual revenues between \$50 million and \$1 billion. Our investments are typically rated below investment grade. Securities rated below investment grade are often referred to as “leveraged loans,” “high yield” securities or “junk bonds” and are often higher risk compared to debt instruments that are rated above investment grade and have speculative characteristics. However, when compared to junk bonds and other non-investment grade debt, senior secured floating rate loans typically have more robust capital-preserving qualities, such as historically lower default rates than junk bonds, represent the senior source of capital in a borrower’s capital structure and often have certain of the borrower’s assets pledged as collateral. Our debt investments may generally range in maturity from three to ten years and are made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions.

Under normal market conditions, we generally expect that at least 80% of the value of our managed assets, which means our net assets plus any borrowings for investment purposes, will be invested in floating rate loans and other investments bearing a variable-rate of interest. We generally expect that first lien secured debt will represent at least 65% of our overall portfolio. We also generally expect to invest up to 35% of our overall portfolio opportunistically in other types of investments, including second lien secured debt and subordinated debt and, to a lesser extent, equity investments. We seek to create a diversified portfolio by generally targeting an investment size between \$5 million and \$30 million, on average, although we expect that this investment size will vary proportionately with the size of our capital base.

Our investment activity depends on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity for such companies, the general economic environment and the competitive environment for the types of investments we make. We have used, and expect to continue to use, our debt capital, proceeds from the rotation of our portfolio and proceeds from public and private offerings of securities to finance our investment objectives.

### ***Organization and Structure of PennantPark Floating Rate Capital Ltd.***

PennantPark Floating Rate Capital Ltd., a Maryland corporation organized in October 2010, is a closed-end, externally managed, non-diversified investment company that has elected to be treated as a BDC under the 1940 Act. In addition, for federal income tax purposes we have elected to be treated, and intend to qualify annually, as a RIC under the Code.

Funding I, our wholly-owned subsidiary and a special purpose entity, was organized in Delaware as a limited liability company in May 2011. We formed Funding I in order to establish our Prior Credit Facility. On August 12, 2021, we terminated the Prior Credit Facility, and Funding I, as borrower, entered into the Credit Facility, which provides the ability for Funding I to borrow up to \$386 million (increased from \$366 million in July 2023). The Credit Facility is secured by all of the assets of Funding I.

In May 2017, we and a subsidiary of Kemper Corporation (NYSE: KMPR), Trinity Universal Insurance Company, or Kemper, formed PSSL, an unconsolidated joint venture. PSSL invests primarily in middle-market and other corporate debt securities consistent with our strategy. PSSL was formed as a Delaware limited liability company.

In April 2019, our wholly-owned subsidiary, the Securitization Issuer, was incorporated in the Cayman Islands as an exempted company with limited liability. We formed the Securitization Issuer in order to complete the Debt Securitization.

#### ***Our Investment Adviser and Administrator***

We utilize the investing experience and contacts of PennantPark Investment Advisers in developing what we believe is an attractive and diversified portfolio. The senior investment professionals of the Investment Adviser have worked together for many years and average over 25 years of experience in the senior lending, mezzanine lending, leveraged finance, distressed debt and private equity businesses. In addition, our senior investment professionals have been involved in originating, structuring, negotiating, managing and monitoring investments in each of these businesses across changing economic and market cycles. We believe this experience and history have resulted in a strong reputation with financial sponsors, management teams, investment bankers, attorneys and accountants, which provides us with access to substantial investment opportunities across the capital markets. Our Investment Adviser has a rigorous investment approach, which is based upon intensive financial analysis with a focus on capital preservation, diversification and active management. Since our Investment Adviser's inception in 2007, it has invested through its managed funds \$18.5 billion in 653 companies with more than 200 different financial sponsors through its managed funds, which includes investments by the Company totaling \$5.3 billion in 468 companies.

Our Administrator has experienced professionals with substantial backgrounds in finance and administration of registered investment companies. In addition to furnishing us with clerical, bookkeeping and record keeping services, the Administrator also oversees our financial records as well as the preparation of our reports to stockholders and reports filed with the Securities and Exchange Commission, or the SEC. The Administrator assists in the determination and publication of our net asset value, or NAV, oversees the preparation and filing of our tax returns, and monitors the payment of our expenses as well as the performance of administrative and professional services rendered to us by others. Furthermore, our Administrator offers, on our behalf, significant managerial assistance to those portfolio companies to which we are required to offer such assistance. See "Risk Factors—Risks Relating to our Business and Structure—There are significant potential conflicts of interest which could impact our investment returns" for more information.

#### ***Market Opportunity***

We believe that the limited amount of capital available to middle-market companies, coupled with the desire of these companies for flexible sources of capital, creates an attractive investment environment for us.

- **We believe middle-market companies have faced difficulty raising debt in private markets.** From time to time, banks, finance companies, hedge funds and collateralized loan obligation, or CLO, funds have withdrawn, and may again withdraw, capital from the middle-market, resulting in opportunities for alternative funding sources.
- **We believe middle-market companies have faced difficulty in raising debt through the capital markets.** Many middle-market companies look to raise funds by issuing high-yield bonds and broadly syndicated loans. We believe this approach to financing becomes difficult at times when institutional investors seek to invest in larger, more liquid offerings. We believe this has made it harder for middle-market companies to raise funds by issuing high-yield securities from time to time.
- **We believe that credit market dislocation for middle-market companies improves the risk-reward on our investments.** From time to time, market participants have reduced lending to middle-market and non-investment grade borrowers. As a result, we believe there is less competition in our market, more conservative capital structures, higher yields and stronger covenants.
- **We believe there is a large pool of uninvested private equity capital likely to seek to combine their capital with sources of debt capital to complete private investments.** We expect that private equity firms will continue to be active investors in middle-market companies. These private equity funds generally seek to leverage their investments by combining their capital with loans provided by other sources, and we believe that we are well-positioned to partner with such equity investors.
- **We believe there is substantial supply of opportunities resulting from maturing loans that seek refinancing.** A high volume of financings will come due in the next few years. Additionally, we believe that demand for debt financing from middle-market companies will remain strong because these companies will continue to require credit to refinance existing debt, to support growth initiatives and to finance acquisitions. We believe the combination of strong demand by middle-market companies and, from time to time, the reduced supply of credit described above should increase lending opportunities for us. We believe this supply of opportunities coupled with a lack of demand offers attractive risk-reward to investors.

#### ***Competitive Advantages***

We believe that we have the following competitive advantages over other capital providers to middle-market companies:

##### ***a) Experienced Management Team***

The senior investment professionals of our Investment Adviser have worked together for many years and average over 25 years of experience in senior lending, mezzanine lending, leveraged finance, distressed debt and private equity businesses. These senior investment professionals have been involved in originating, structuring, negotiating, managing and monitoring investments in each of these businesses across changing economic and market cycles. We believe this extensive experience and history have resulted in a strong reputation across the capital markets.

Lending to middle-market companies requires in-depth diligence, credit expertise, restructuring experience and active portfolio management. For example, lending to middle-market companies in the United States is generally more labor intensive than lending to larger companies due to the smaller size of each investment and the fragmented nature of the information available with respect to such companies. We are able to provide value-added customized financial solutions to middle-market companies as a result of specialized due diligence, underwriting capabilities and more extensive ongoing monitoring required as lenders.

##### ***b) Disciplined Investment Approach with Strong Value Orientation***

We employ a disciplined approach in selecting investments that meet the long-standing, consistent value-oriented investment selection criteria employed by our Investment Adviser. Our value-oriented investment philosophy focuses on preserving capital and ensuring that our investments have an appropriate return profile in relation to risk. When market conditions make it difficult for us to invest according to our criteria, we are highly selective in deploying our capital. We believe this approach continues to enable us to build an attractive investment portfolio that meets our return and value criteria over the long-term.

We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through our Investment Adviser, conduct a rigorous due diligence process that draws from our Investment Adviser's experience, industry expertise and network of contacts. Among other things, our due diligence is designed to ensure that each prospective portfolio company will be able to meet its debt service obligations. See "Investment Selection Criteria" for more information.

In addition to engaging in extensive due diligence, our Investment Adviser seeks to reduce risk by focusing on businesses with:

- strong competitive positions;
- positive cash flow that is steady and stable;
- experienced management teams with strong track records;
- potential for growth and viable exit strategies; and
- capital structures offering appropriate risk-adjusted terms and covenants.

***c) Ability to Source and Evaluate Transactions through our Investment Adviser's Proactive Research Capability and Established Network***

The management team of our Investment Adviser has long-term relationships with financial sponsors, management consultants and management teams that we believe enable us to evaluate investment opportunities effectively in numerous industries, as well as provide us access to substantial information concerning those industries. We identify potential investments both through active origination and through dialogue with numerous financial sponsors, management teams, members of the financial community and corporate partners with whom the professionals of our Investment Adviser have long-term relationships.

***d) Flexible Transaction Structuring***

We are flexible in structuring investments and tailor investments to meet the needs of a portfolio company while also generating attractive risk-adjusted returns. We can invest in all parts of a capital structure and our Investment Adviser has extensive experience in a wide variety of securities for leveraged companies throughout economic and market cycles.

Our Investment Adviser seeks to minimize the risk of capital loss without foregoing potential for capital appreciation. In making investment decisions, we seek to invest in companies that we believe can generate consistent positive risk-adjusted returns.

We believe that the in-depth experience of our Investment Adviser will enable us to invest throughout various stages of the economic and market cycles and to provide us with ongoing market insights in addition to a significant investment opportunity.

***Competition***

Our primary competitors provide financing to middle-market companies and include other BDCs, commercial and investment banks, commercial finance companies, CLO funds, private direct lending funds and, to the extent they provide an alternative form of financing, private equity funds. Additionally, alternative investment vehicles, such as hedge funds, frequently invest in middle-market companies. As a result, competition for investment opportunities in middle-market companies can be intense. However, we believe that from time to time there has been a reduction in the amount of debt capital available to middle-market companies, which we believe has resulted in a less competitive environment for making new investments.

Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, we believe some competitors have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC. See "Risk Factors—Risks Relating to our Business and Structure—We operate in a highly competitive market for investment opportunities" for more information.

***Leverage***

As of September 30, 2023, we maintained a \$386 million (increased from \$366 million in July 2023) Credit Facility, which matures in August 2026, with the Lenders. The Credit Facility currently bears interest at SOFR (or an alternative risk-free floating interest rate index) plus 236 basis points and, after the revolving period ends in August 2024, the rate will reset to Base Rate (or an alternative risk-free floating interest rate index) plus 250 basis points. The Credit Facility is secured by all of the assets held by Funding I, under which we had \$9.4 million outstanding as of September 30, 2023. The Credit Facility had a weighted average interest rate of 7.7%, exclusive of the fee on undrawn commitments as of September 30, 2023. The Credit Facility had a weighted average interest rate of 4.9%, exclusive of the fee on undrawn commitments as of September 30, 2022. As of September 30, 2023 and 2022, we had \$376.6 million and \$197.2 million of unused borrowing capacity under our Credit Facility, respectively, subject to the regulatory restrictions. We believe that our capital resources will provide us with the flexibility to take advantage of market opportunities when they arise. Our use of leverage, as calculated under the asset coverage requirements of the 1940 Act, may generally range between 140% and 170% of our net assets, or approximately 60% to 65% of our managed assets. We cannot assure investors that our leverage will remain within the range. The amount of leverage that we employ will depend on our assessment of the market and other factors at the time of any proposed borrowing.

As of September 30, 2023 and 2022 we had \$76.2 million and \$97.0 million in aggregate principal amount of 2023 Notes outstanding, respectively. The 2023 Notes were issued pursuant to a deed of trust between the Company and Mishmeret Trust Company, Ltd. as trustee. The 2023 Notes pay interest at a rate of 4.3% per year. Interest on the 2023 Notes is payable semi-annually in arrears on June 15 and December 15 of each year, commencing June 15, 2018. The principal on the 2023 Notes will be payable in four annual installments as follows: 15% of the original principal amount on December 15, 2020, 15% of the original principal amount on December 15, 2021, 15% of the original principal amount on December 15, 2022 and 55% of the original principal amount on December 15, 2023.

In March 2021, and in October 2021, we issued \$100.0 million and \$85.0 million, respectively, in aggregate principal amount of our 2026 Notes at a public offering price per note of 99.4% and 101.5%, respectively. As of September 30, 2023 and 2022, we had \$185.0 million and \$185.0 million in aggregate principal amount of 2026 Notes outstanding, respectively. The 2026 Notes were issued pursuant to the Base Indenture, dated March 23, 2021 (the "Base Indenture"), between the Company and American Stock Transfer & Trust Company, LLC (the "Trustee"), as supplemented by the First Supplemental Indenture, dated March 23, 2021, between the Company and the Trustee. The 2026 Notes are due on April 1, 2026 and may be redeemed in whole or in part at the Company's option. The 2026 Notes bear interest at a rate of 4.25% per year payable semi-annually on April 1 and October 1 of each year. The 2026 Notes are the Company's direct unsecured obligations and rank pari passu in right of payment with the Company's current and future unsecured unsubordinated indebtedness, senior to any of the Company's future indebtedness that expressly states it is subordinated in right of payment to the 2026 Notes, effectively subordinated in right of payment to all of the Company's existing and future secured indebtedness (including indebtedness that is initially unsecured, but to which the Company subsequently grant security) to the extent of the value of the assets securing such indebtedness, and structurally

subordinated to all existing and future indebtedness and other obligations of any of the Company's subsidiaries, financing vehicles, or similar facilities. We do not intend to list the 2026 Notes on any securities exchange or automated dealer quotation system.

In September 2019, the Securitization Issuers completed the Debt Securitization. The 2031 Asset-Backed Debt is secured by the middle market loans, participation interests in middle market loans and other assets of the Securitization Issuer. The 2031 Asset-Backed Debt is scheduled to mature on October 15, 2031. On the closing date of the Debt Securitization, in consideration of our transfer to the Securitization Issuer of the initial closing date loan portfolio, which included loans distributed to us by certain of our wholly owned subsidiaries, the Securitization Issuer transferred to us 100% of the Preferred Shares of the Securitization Issuer, 100% of the Class D Secured Deferrable Floating Rate Notes issued by the Securitization Issuer and a portion of the net cash proceeds received from the sale of the 2031 Asset-Backed Debt. As of both September 30, 2023 and 2022, the Company had \$228.0 million of 2031 Asset-Backed Debt outstanding with a weighted average interest rate of 7.1% and 4.6%, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for more information.

In April 2021, we formed PTSF, an unconsolidated limited partnership, organized as a Delaware limited liability partnership. We sold \$81.4 million in investments to a wholly-owned subsidiary of PTSF in exchange for cash in the amount of \$69.5 million and an \$11.9 million equity interest in PTSF representing 23.08% of the total outstanding Class A Units of PTSF. We recognized \$0.4 million of realized gain upon the formation of PTSF. As of September 30, 2023, our capital commitment of \$15.3 million is fully funded and we hold 23.08% of the total outstanding Class A Units of PTSF and a 4.99% voting interest in the general partner which manages PTSF.

On April 5, 2018, our board of directors approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the Consolidated Appropriations Act of 2018 (which includes the Small Business Credit Availability Act). As a result, the asset coverage requirement applicable to us for senior securities was reduced from 200% (i.e., \$1 of debt outstanding for each \$1 of equity) to 150% (i.e., \$2 of debt outstanding for each \$1 of equity), effective as of April 5, 2019, subject to compliance with certain disclosure requirements. As of September 30, 2023 and 2022, our asset coverage ratio, as computed in accordance with the 1940 Act, was 230% and 178%, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for more information.

#### ***Investment Policy Overview***

We seek to create a diversified portfolio primarily of floating rate loans by generally targeting an investment size of \$5 million to \$30 million in securities, on average, of middle-market companies. We expect this investment size to vary proportionately with the size of our capital base. We generally expect that first lien secured debt will represent at least 65% of our overall portfolio. We also generally expect to invest up to 35% of our overall portfolio opportunistically in other types of investments, including second lien secured debt, subordinated debt and, to a lesser extent, equity investments. The companies in which we invest are typically highly leveraged, and, in most cases, are not rated by national rating agencies. If such unrated companies were rated, we believe that they would typically receive a rating below investment grade (between BB and CCC under the Standard & Poor's system) from the national rating agencies. Securities rated below investment grade are often referred to as "leveraged loans," "high yield" securities or "junk bonds" and are often higher risk compared to debt instruments that are rated above investment grade and have speculative characteristics. In addition, we expect our debt investments to range in maturity from three to ten years.

Over time, we expect that our portfolio will continue to consist primarily of floating rate loans in qualifying assets such as private, or thinly traded or small market-capitalization, U.S. middle-market public companies. In addition, we may invest up to 30% of our portfolio in non-qualifying assets. These non-qualifying assets may include investments in public companies whose securities are not thinly traded or have a market capitalization of greater than \$250 million, securities of middle-market companies located outside of the United States and investment companies as defined in the 1940 Act. We may acquire investments in the secondary markets. See "Regulation—Qualifying Assets" and "Investment Selection Criteria" for more information.

Our board of directors has the authority to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval (except as required by the 1940 Act). However, absent stockholder approval, under the 1940 Act we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and value of our common stock. Nevertheless, the effects of changes to our operating policies and strategies may adversely affect our business, our ability to make distributions and the value of our common stock.

#### ***First Lien Secured Debt***

Structurally, first lien secured debt ranks senior in priority of payment to second lien secured debt, subordinated debt and equity and benefits from a senior security interest in the assets of the borrower. As such, other creditors rank junior to our investments in these securities in the event of insolvency. Due to its lower risk profile and often more restrictive covenants as compared to second lien secured debt and subordinated debt, first lien secured debt generally earns a lower return than second lien secured debt and subordinated debt. In some cases first lien secured debt lenders receive opportunities to invest directly in the equity securities of borrowers and from time to time may also receive warrants to purchase equity securities. We evaluate these investment opportunities on a case-by-case basis.

#### ***Second Lien Secured Debt***

Second lien secured debt usually ranks junior in priority of payment to first lien secured debt. Second lien secured debt holds a second priority with regard to right of payment in the event of insolvency. Second lien secured debt ranks senior to subordinated debt and common and preferred equity in borrowers' capital structures. Due to its higher risk profile and often less restrictive covenants as compared to first lien secured debt, second lien secured debt generally earns a higher return than first lien secured debt. In many cases, second lien secured debt investors receive opportunities to invest directly in the equity securities of borrowers and from time to time may also receive warrants to purchase equity securities. We evaluate these investment opportunities on a case-by-case basis.

#### ***Subordinated Debt***

Structurally, subordinated debt usually ranks junior in priority of payment to first lien secured debt and second lien secured debt, and is often unsecured. As such, other creditors may rank senior to us in the event of insolvency. Subordinated debt ranks senior to common and preferred equity in borrowers' capital structures. Due to its higher risk profile and often less restrictive covenants as compared to first lien secured debt and second lien secured debt, subordinated debt generally earns a higher return than first lien secured debt and second lien secured debt. In many cases, subordinated debt investors receive opportunities to invest directly in the equity securities of borrowers, and from time to time, may also receive warrants to purchase equity securities. We evaluate these investment opportunities on a case-by-case basis.

#### ***Investment Selection Criteria***

We are committed to a value-oriented philosophy used by the senior investment professionals of our Investment Adviser who manage our portfolio and seek to minimize the risk of capital loss without foregoing potential for capital appreciation.

We have identified several criteria, discussed below, that we believe are important in identifying and investing in prospective portfolio companies. These criteria provide general guidelines for our investment decisions. However, we caution that not all of these criteria will be met by each prospective portfolio company in which we choose to invest. Generally, we seek to use our experience and access to market information to identify investment opportunities and to structure investments efficiently and effectively.

***a) Leading and defensible competitive market positions***

The Investment Adviser invests in portfolio companies that it believes have developed strong positions within their markets. The Investment Adviser also seeks to invest in portfolio companies that it believes possess competitive advantages in, for example, scale, scope, customer loyalty, product pricing or product quality as compared to their competitors to protect their market position.

***b) Investing in stable borrowers with positive cash flow***

Our investment philosophy places a premium on fundamental analysis and has a distinct value-orientation. The Investment Adviser invests in portfolio companies it believes to be stable and well-established, with strong cash flows and profitability. The Investment Adviser believes these attributes indicate portfolio companies that may be well-positioned to maintain consistent cash flow to service and repay their liabilities and maintain growth in their businesses or their relative market share. The Investment Adviser currently does not expect to invest significantly in start-up companies, companies in turnaround situations or companies with speculative business plans, although we are permitted to do so.

***c) Proven management teams***

The Investment Adviser focuses on investments in which the portfolio company has an experienced management team with an established track record of success. The Investment Adviser typically requires that portfolio companies have in place proper incentives to align management's goals with our goals, including having equity interests.

***d) Financial sponsorship***

The Investment Adviser may seek to cause us to participate in transactions sponsored by what it believes to be trusted financial sponsors. The Investment Adviser believes that a financial sponsor's willingness to invest significant equity capital in a portfolio company is an implicit endorsement of the quality of that portfolio company. Further, financial sponsors of portfolio companies with significant investments at risk may have the ability, and a strong incentive, to contribute additional capital in difficult economic times should financial or operational issues arise so as to maintain their ownership position.

***e) Investments in different borrowers, industries and geographies***

The Investment Adviser seeks to invest our assets broadly among portfolio companies, across industries and geographical regions. The Investment Adviser believes that this approach may reduce the risk that a downturn in any one portfolio company, industry or geographical region will have a disproportionate impact on the value of our portfolio, although we are permitted to be non-diversified under the 1940 Act.

***f) Viable exit strategy***

The Investment Adviser seeks to invest in portfolio companies that it believes will provide a steady stream of cash flow to repay our loans while also reinvesting in their respective businesses. The Investment Adviser expects that such internally generated cash flow, leading to the payment of interest on, and the repayment of the principal of, our investments in portfolio companies to be a key means by which we will exit from our investments over time. In addition, the Investment Adviser also seeks to invest in portfolio companies whose business models and expected future cash flows offer attractive exit possibilities. These companies include candidates for strategic acquisition by other industry participants and companies that may repay our investments through an initial public offering of common stock, refinancing or other capital markets transaction.

***Due Diligence***

We believe it is critical to conduct extensive due diligence in evaluating new investment targets. Our Investment Adviser conducts a rigorous due diligence process that is applied to prospective portfolio companies and draws from our Investment Adviser's experience, industry expertise and network of contacts. In conducting due diligence, our Investment Adviser uses information provided by companies, financial sponsors and publicly available information as well as information from relationships with former and current management teams, consultants, competitors and investment bankers.

Our due diligence may include:

- review of historical and prospective financial information;
- research relating to the portfolio company's management, industry, markets, products and services and competitors;
- interviews with management, employees, customers and vendors of the potential portfolio company;
- on-site visits;
- review of loan documents; and
- background checks.

Additional due diligence with respect to any investment may be conducted on our behalf by attorneys and accountants prior to the closing of the investment, as well as other outside advisers, as appropriate.

Upon the completion of due diligence on a portfolio company, the team leading the investment presents the investment opportunity to our Investment Adviser's investment committee. This committee determines whether to pursue the potential investment. All new investments are required to be reviewed by the investment committee of our Investment Adviser. The members of the investment committee receive no compensation from us. Rather, they are employees of and receive compensation from our Investment Adviser.

## **Investment Structure**

Once we determine that a prospective portfolio company is suitable for investment, we work with the management of that portfolio company and its other capital providers, including senior, junior and equity capital providers, to structure an investment. We negotiate with these parties to agree on how our investment is structured relative to the other capital in the portfolio company's capital structure.

We expect our floating rate loans to have terms of three to ten years. We generally obtain security interests in the assets of our portfolio companies that will serve as collateral in support of the repayment of these loans. This collateral may take the form of first priority liens on the assets of a portfolio company.

Typically, our second lien secured debt and subordinated debt investments have maturities of three to ten years. Second lien secured debt and subordinated debt may take the form of a second priority lien on the assets of a portfolio company and have interest-only payments in the early years with cash or payment-in-kind, or PIK, payments with amortization of principal deferred to the later years. In some cases, we may invest in debt securities that, by their terms, convert into equity or additional debt securities or defer payments of interest for the first few years after our investment. Also, in some cases, our second lien secured debt and subordinated debt may be collateralized by a subordinated lien on some or all of the assets of the borrower.

We seek to tailor the terms of the investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that protects our rights and manages our risk while creating incentives for the portfolio company to achieve its business plan and improve its profitability. For example, in addition to seeking a senior position in the capital structure of our portfolio companies, we seek to limit the downside potential of our investments by:

- requiring a total return on our investments (including both interest in the form of a floor and potential equity appreciation) that compensates us for credit risk;
- incorporating "put" rights and call protection into the investment structure; and
- negotiating covenants in connection with our investments that afford our portfolio companies as much flexibility in managing their businesses as possible, consistent with our focus of preserving capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or participation rights.

Our investments may include equity features, such as direct investments in the equity securities of borrowers or warrants or options to buy a minority interest in a portfolio company. Any warrants we may receive with our debt securities generally require only a nominal cost to exercise, so as a portfolio company appreciates in value, we may achieve additional investment return from these equity investments. We may structure the warrants to provide provisions protecting our rights as a minority-interest holder, as well as puts, or rights to sell such securities back to the portfolio company, upon the occurrence of specified events. In many cases, we may also obtain registration rights in connection with these equity investments, which may include demand and "piggyback" registration rights.

We expect to hold most of our investments to maturity or repayment, but we may exit certain investments earlier when a liquidity event, such as the sale or refinancing of a portfolio company, takes place. We also may turn over investments to better position the portfolio in light of market conditions.

## **Ongoing Relationships with Portfolio Companies**

### **Monitoring**

The Investment Adviser monitors our portfolio companies on an ongoing basis. The Investment Adviser also monitors the financial trends of each portfolio company to determine if it is meeting its respective business plans and to assess the appropriate course of action for each portfolio company.

The Investment Adviser has several methods of evaluating and monitoring the performance and fair value of our investments, which may include the following:

- assessment of success in adhering to a portfolio company's business plan and compliance with covenants;
- periodic or regular contact with portfolio company management and, if appropriate, the financial or strategic sponsor, to discuss financial position, requirements and accomplishments;
- comparisons to other portfolio companies in the industry, if any;
- attendance at and participation in board meetings or presentations by portfolio companies; and
- review of periodic financial statements and financial projections for portfolio companies.

The Investment Adviser monitors credit risk of each portfolio company regularly with a goal toward identifying early, and when able and appropriate, exiting investments with potential credit problems. This monitoring process may include reviewing: (1) a portfolio company's financial resources and operating history; (2) comparing a portfolio company's current operating results with the Investment Adviser's initial thesis for the investment and its expectations for the performance of the investment; (3) a portfolio company's sensitivity to economic conditions; (4) the performance of a portfolio company's management; (5) a portfolio company's debt maturities and capital requirements; (6) a portfolio company's interest and asset coverage; and (7) the relative value of an investment based on a portfolio company's anticipated cash flow.

### **Managerial Assistance**

We offer significant managerial assistance to our portfolio companies. As a BDC, we are required to make available such significant managerial assistance within the meaning of Section 2(a)(47) of the 1940 Act. See "Regulation" for more information.

### **Staffing**

We do not currently have any employees. Our Investment Adviser and Administrator have hired and expect to continue to hire professionals with skills applicable to our business plan, including experience in middle-market investing, senior lending, mezzanine lending, leveraged finance, distressed debt and private equity businesses.

## **Our Corporate Information**

Our administrative and principal executive offices are located at 1691 Michigan Avenue, Miami Beach, Florida. Our common stock is quoted on The New York Stock Exchange, under the symbol "PFLT." Our phone number is (786) 297-9500, and our Internet website address is [www.pennantpark.com](http://www.pennantpark.com). Information contained on our website is not incorporated by reference into this Report and you should not consider information contained on our website to be part of this Report. We file periodic

reports, proxy statements and other information with the SEC and make such reports available on our website free of charge as soon as reasonably practicable. In addition, the SEC maintains an Internet website at [www.sec.gov](http://www.sec.gov) that contains material that we file with the SEC on the Electronic Data Gathering, Analysis and Retrieval, or EDGAR, Database.

### Our Portfolio

Our principal investment focus is to invest in floating rate loans to U.S. middle-market companies in a variety of industries. We generally seek to target companies that generate positive cash flows from the broad variety of industries in which our Investment Adviser has direct expertise. The following is an illustrative list of the industries in which the Investment Adviser has invested:

- Aerospace and Defense
- Auto Sector
- Beverage, Food and Tobacco
- Broadcasting and Entertainment
- Buildings and Real Estate
- Building Materials
- Business Services
- Cable Television
- Capital Equipment
- Cargo Transportation
- Chemicals, Plastics and Rubber
- Communications
- Consumer Products
- Consumer Services
- Containers Packaging & Glass
- Distribution
- Diversified/Conglomerate Manufacturing
- Diversified/Conglomerate Services
- Diversified Natural Resources, Precious Metals and Minerals
- Education
- Electronics
- Energy/Utilities
- Environmental Services
- Financial Services
- Grocery
- Healthcare, Education and Childcare
- High Tech Industries
- Home & Office Furnishings, Housewares & Durable Consumer Products
- Hotels, Motels, Inns and Gaming
- Insurance
- Leisure, Amusement, Motion Picture, Entertainment
- Logistics
- Manufacturing/Basic Industries
- Media
- Mining, Steel, Iron and Non-Precious Metals
- Oil and Gas
- Other Media
- Personal, Food and Miscellaneous Services
- Printing and Publishing
- Retail
- Wholesale

Listed below are our top ten portfolio companies and industries represented as a percentage of our consolidated portfolio assets (excluding cash and cash equivalents) as of September 30:

Portfolio Company	2023 <sup>(1)</sup>	Portfolio Company	2022 <sup>(1)</sup>
NORA Acquisition, LLC	5%	By Light Professional IT Services, LLC	5%
By Light Professional IT Services, LLC	5	Marketplace Events LLC	3
Marketplace Events LLC	4	Ox Two, LLC	3
Lightspeed Buyer Inc.	3	GCOM Software LLC	3
Loving Tan Intermediate II, Inc.	3	TVC Enterprises, LLC	3
Ox Two, LLC	3	Lightspeed Buyer Inc.	3
Lash Opco, LLC	3	Kinetic Purchaser, LLC	2
Apex Service Partners, LLC	3	Apex Service Partners, LLC	2
Kinetic Purchaser, LLC	2	Cartessa Aesthetics, LLC	2
System Planning and Analysis, Inc. (f/k/a Management Consulting & Research, LLC)	2	UBEO, LLC	2
Industry	2023 <sup>(1)</sup>	Industry	2022 <sup>(1)</sup>
Media	9%	Professional Services	9%
Healthcare Providers and Services	9	Media	7
Personal Products	8	Personal Products	7
Professional Services	7	IT Services	6
Aerospace and Defense	6	High Tech Industries	5
Media: Diversified and Production	6	Media: Diversified and Production	5
High Tech Industries	5	Commercial Services & Supplies	5
Healthcare Technology	4	Aerospace and Defense	4
Commercial Services & Supplies	4	Capital Equipment	4
IT Services	4	Healthcare Technology	4

<sup>(1)</sup>Excludes investments in PSSL.

Our executive officers and directors, as well as the senior investment professionals of the Investment Adviser and Administrator, may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do. Currently, the executive officers and directors, as well as certain of the current senior investment professionals of the Investment Adviser and Administrator, serve as officers and directors of PennantPark Investment Corporation, a publicly traded BDC, and other managed funds, as applicable. Accordingly, they may have obligations to investors in those entities, the fulfillment of which obligations might not be in the best interest of us or our stockholders. In addition, we note that any affiliated investment vehicle currently existing, or formed in the future, and managed by the Investment Adviser and/or its affiliates may, notwithstanding different stated investment objectives, have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. As a result, the Investment Adviser may face conflicts in allocating investment opportunities among us and such other entities. The Investment Adviser will allocate investment opportunities in a fair and equitable manner consistent with our allocation policy, and we have received exemptive relief with respect to certain co-investment transactions. Where co-investment is unavailable or inappropriate, the Investment Adviser will choose which investment fund should receive the allocation. See "Risk Factors—Risks Relating to our Business and Structure—There are significant potential conflicts of interest which could impact our investment returns" for more information.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies and companies that would be investment companies but are excluded from the definition of an investment company provided in Section 3(c) of the 1940 Act. We may also co-invest in the future on a concurrent basis with our affiliates, subject to compliance with applicable regulations, our trade allocation procedures and, if applicable, the terms of our exemptive relief.

#### **Investment Management Agreement**

We have entered into an agreement with the Investment Adviser, or the Investment Management Agreement, under which the Investment Adviser, subject to the overall supervision of our board of directors, manages the day-to-day operations of, and provides investment advisory services to, us. Mr. Penn, our Chairman and Chief Executive Officer, is the managing member and a senior investment professional of, and has a financial and controlling interest in, PennantPark Investment Advisers. PennantPark Floating Rate Capital Ltd., through the Investment Adviser, provides similar services to Funding I under its collateral management agreement. Funding I's collateral management agreement does not affect the management or incentive fees that we pay to the Investment Adviser on a consolidated basis. Under the terms of our Investment Management Agreement, the Investment Adviser:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of the investments we make (including performing due diligence on our prospective portfolio companies);
- closes and monitors the investments we make; and
- provides us with such other investment advisory, research and related services as we may need from time to time.

PennantPark Investment Advisers' services under our Investment Management Agreement are not exclusive, and it is free to furnish similar services, without the prior approval of our stockholders or our board of directors, to other entities so long as its services to us are not impaired. Our board of directors monitors for any potential conflicts that may arise upon such a development. For providing these services, the Investment Adviser receives a fee from us, consisting of two components—a base management fee and an incentive fee or, collectively, Management Fees.

#### **Investment Advisory Fees**

The base management fee is calculated at an annual rate of 1.00% of our "average adjusted gross assets," which equals our gross assets (net of U.S. Treasury Bills, temporary draws under any credit facility, cash and cash equivalents, repurchase agreements or other balance sheet transactions undertaken at the end of a fiscal quarter for purposes of preserving investment flexibility for the next quarter and unfunded commitments, if any) and is payable quarterly in arrears. The base management fee is calculated based on the average adjusted gross assets at the end of the two most recently completed calendar quarters, and appropriately adjusted for any share issuances or repurchases during the current calendar quarter. For example, if we sold shares on the 45th day of a quarter and did not use the proceeds from the sale to repay outstanding indebtedness, our gross assets for such quarter would give effect to the net proceeds of the issuance for only 45 days of the quarter during which the additional shares were outstanding. For the years ended September 30, 2023, 2022, and 2021, the Investment Adviser earned a base management fee of \$11.4 million, \$11.9 million and \$10.7 million, respectively, from us.

The following is a hypothetical example of the calculation of average adjusted gross assets:

Gross assets as of December 31, 20XX = \$160 million

U.S. Treasury bills and temporary draws on credit facilities as of December 31, 20XX = \$10 million

Adjusted gross assets as of December 31, 20XX = \$150 million

Gross assets as of March 31, 20XX = \$200 million

U.S. Treasury bills and temporary draws on credit facilities as of March 31, 20XX = \$20 million

Adjusted gross assets as of March 31, 20XX = \$180 million

Average value of adjusted gross assets as of March 31, 20XX and December 31, 20XX, which are the two most recently completed calendar quarters, and appropriately adjusted for any share issuances or repurchases during the current calendar quarter equals  $(\$150 \text{ million} + \$180 \text{ million}) / 2 = \$165 \text{ million}$ .

The incentive fee has two parts, as follows:

One part is calculated and payable quarterly in arrears based on our Pre-Incentive Fee Net Investment Income for the immediately preceding calendar quarter. For this purpose, Pre-Incentive Fee Net Investment Income means interest income, dividend income and any other income, including any other fees (other than fees for providing managerial assistance), such as amendment, commitment, origination, prepayment penalties, structuring, diligence and consulting fees or other fees received from portfolio companies, accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, any expenses payable under the Administration Agreement (as defined below), and any interest expense or amendment fees under any credit facility and distribution paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, or OID, debt instruments with PIK interest and zero coupon securities), accrued income that we have not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, computed net of all realized capital losses or unrealized capital appreciation or depreciation. Pre-Incentive Fee Net Investment Income, expressed as a percentage of the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the hurdle rate of 1.75% per quarter (7.00% annualized). We pay the Investment Adviser an incentive fee with respect to our Pre-Incentive Fee Net Investment Income in each calendar quarter as follows: (1) no incentive fee in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate of 1.75%, (2) 50% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than 2.9167% in any calendar quarter (11.67% annualized) (we refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the hurdle but is less than 2.9167%) as the "catch-up," which is meant to provide our Investment Adviser with 20% of our Pre-Incentive Fee Net Investment Income, as if a hurdle did not apply, if this net investment income exceeds 2.9167% in any calendar quarter), and (3) 20% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.9167% in any calendar quarter. These calculations are pro-rated for any share issuances or repurchases during the relevant quarter, if applicable. For the years ended September 30, 2023, 2022, and 2021, the Investment Adviser earned \$16.9 million, \$11.6 million and \$5.3 million, respectively, in incentive fees on net investment income from us.

The following is a graphical representation of the calculation of quarterly incentive fee based on Pre-Incentive Fee Net Investment Income:

**Pre-Incentive Fee Net Investment Income**  
(expressed as a percentage of the value of net assets)



**Percentage of Pre-Incentive Fee Net Investment Income  
allocated to income-related portion of incentive fee**

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement, as of the termination date) and equals 20% of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. For the years ended September 30, 2023, 2022, and 2021, we accrued an incentive fee on capital gains of approximately zero, respectively, as calculated under the Investment Management Agreement (as described above).

Under U.S. generally accepted accounting principles, or GAAP, we are required to accrue a capital gains incentive fee based upon net realized capital gains and net unrealized capital appreciation and depreciation on investments held at the end of each period. In calculating the capital gains incentive fee accrual, we considered the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Management Agreement. This accrual is calculated using the aggregate cumulative realized capital gains and losses and cumulative unrealized capital appreciation or depreciation. If such amount is positive at the end of a period, then we record a capital gains incentive fee equal to 20% of such amount, less the aggregate amount of actual capital gains related to incentive fees paid or accrued in all prior years. If such amount is negative, then there is no accrual for such year. There can be no assurance that such unrealized capital appreciation will be realized in the future. The incentive fee accrued for under GAAP on our unrealized and realized capital gains for the years ended September 30, 2023, 2022, and 2021 was zero, respectively.

**Examples of Quarterly Incentive Fee Calculation**

**Example 1: Income Related Portion of Incentive Fee (\*):**

**Alternative 1:**

*Assumptions*

Investment income (including interest, dividends, fees, etc.) = 1.25%

Hurdle <sup>(1)</sup> = 1.75%

Base management fee <sup>(2)</sup> = 0.25%

Other expenses (legal, accounting, custodian, transfer agent, etc.) = 0.20%

Pre-Incentive Fee Net Investment Income

(investment income—(base management fee + other expenses)) = 0.80%

Pre-Incentive Fee Net Investment Income does not exceed hurdle; therefore, there is no incentive fee.

**Alternative 2:**

*Assumptions*

Investment income (including interest, dividends, fees, etc.) = 2.70%

Hurdle <sup>(1)</sup> = 1.75%

Base management fee <sup>(2)</sup> = 0.25%

Other expenses (legal, accounting, custodian, transfer agent, etc.) = 0.20%

Pre-Incentive Fee Net Investment Income

(investment income—(base management fee + other expenses)) = 2.25%

Incentive fee = 50% X Pre-Incentive Fee Net Investment Income, subject to “catch-up”  
= 50% X (2.25% - 1.75%)  
= 0.25%

**Alternative 3:***Assumptions*

Investment income (including interest, dividends, fees, etc.) = 4.00%

Hurdle <sup>(1)</sup> = 1.75%

Base management fee <sup>(2)</sup> = 0.25%

Other expenses (legal, accounting, custodian, transfer agent, etc.) = 0.20%

Pre-Incentive Fee Net Investment Income

(investment income—(base management fee + other expenses)) = 3.55%

Incentive fee	= 20% X Pre-Incentive Fee Net Investment Income, subject to “catch-up” <sup>(3)</sup>
Incentive fee	= 50% X “catch-up” + (20% x (Pre-Incentive Fee Net Investment Income - 2.9167%))
Catch-up	= 2.9167% - 1.75%
	= 1.1667%
	= (50% X 1.1667%) + (20% X (3.55% - 2.9167%))
	= 0.5833% + (20% X 0.6333%)
	= 0.5833% + 0.1267%
	= 0.71%

\* The hypothetical amount of Pre-Incentive Fee Net Investment Income shown is based on a percentage of total net assets.

<sup>(1)</sup> Represents 7.0% annualized hurdle.

<sup>(2)</sup> Represents 1.0% annualized base management fee.

<sup>(3)</sup> The “catch-up” provision is intended to provide the Investment Adviser with an incentive fee of approximately 20% on all of our Pre-Incentive Fee Net Investment Income as if a hurdle rate did not apply when our net investment income exceeds 2.9167% in any calendar quarter.

**Example 2: Capital Gains Portion of Incentive Fee:****Alternative 1:***Assumptions*

Year 1: \$20 million investment made in Company A (“Investment A”), and \$30 million investment made in Company B (“Investment B”)

Year 2: Investment A sold for \$50 million and fair market value (“FMV”) of Investment B determined to be \$32 million

Year 3: FMV of Investment B determined to be \$25 million

Year 4: Investment B sold for \$31 million

The capital gains portion of the incentive fee, if any, would be:

Year 1: None

Year 2: \$6 million capital gains incentive fee

\$30 million realized capital gains on sale of Investment A multiplied by 20%

Year 3: None

\$5 million cumulative fee (20% multiplied by \$25 million (\$30 million cumulative capital gains less \$5 million cumulative capital depreciation)) less \$6 million (previous capital gains fee paid in Year 2)

Year 4: \$200,000 capital gains incentive fee

\$6.2 million cumulative fee (\$31 million cumulative realized capital gains multiplied by 20%) less \$6 million (previous capital gains fee paid in Year 2).

**Alternative 2:***Assumptions*

Year 1: \$20 million investment made in Company A (“Investment A”), \$30 million investment made in Company B (“Investment B”) and \$25 million investment made in Company C (“Investment C”)

Year 2: Investment A sold for \$50 million, FMV of Investment B determined to be \$25 million and FMV of Investment C determined to be \$25 million

Year 3: FMV of Investment B determined to be \$27 million and Investment C sold for \$30 million

Year 4: FMV of Investment B determined to be \$35 million

Year 5: Investment B sold for \$20 million

The capital gains portion of the incentive fee, if any, would be:

Year 1: None

Year 2: \$5 million capital gains incentive fee

20% multiplied by \$25 million (\$30 million realized capital gains on sale of Investment A less \$5 million unrealized capital depreciation on Investment B)

Year 3: \$1.4 million capital gains incentive fee <sup>(1)</sup>

\$6.4 million cumulative fee (20% multiplied by \$32 million (\$35 million cumulative realized capital gains less \$3 million unrealized capital depreciation)) less \$5 million (previous capital gains fee paid in Year 2)

Year 4: \$0.6 million capital gains incentive fee

\$7 million cumulative fee (20% multiplied by \$35 million (\$35 million cumulative realized capital gains without regard to \$5 million of unrealized appreciation)) less \$6.4 million (previous cumulative capital gains fee paid in Year 2 of \$5 million and Year 3 of \$1.4 million)

Year 5: None

\$7 million cumulative fee (20% multiplied by \$35 million (\$35 million cumulative realized capital gains without regard to \$10 million realized capital losses in subsequent year)) less \$7 million (previous cumulative capital gains fee paid in Years 2, 3 and Year 4)

<sup>(1)</sup> As illustrated in Year 3 of Alternative 2 above, if we were to be wound up on a date other than December 31 of any year after year 3, we may have paid aggregate capital gain incentive fees that are more than the amount of such fees that would be payable if we had been wound up on December 31 of such year.

#### ***Organization of the Investment Adviser***

PennantPark Investment Advisers is a registered investment adviser under the Investment Advisers Act of 1940, as amended, or Advisers Act. The principal executive office of PennantPark Investment Advisers is located at 1691 Michigan Avenue, Miami Beach, Florida 33139.

#### ***Duration and Termination of Investment Management Agreement***

The Investment Management Agreement was reapproved by our board of directors, including a majority of our directors who are not interested persons of us or the Investment Adviser, in February 2023. Unless terminated earlier as described below, the Investment Management Agreement will continue in effect for a period of one year through February 2024. It will remain in effect if approved annually by our board of directors, or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not interested persons of us or the Investment Adviser. In determining to reapprove the Investment Management Agreement, our board of directors requested information from the Investment Adviser that enabled it to evaluate a number of factors relevant to its determination. These factors included the nature, quality and extent of services performed by the Investment Adviser, the Investment Adviser's ability to manage conflicts of interest effectively, our short and long-term performance, our costs, including as compared to comparable externally and internally managed publicly traded BDCs that engage in similar investing activities, the Investment Adviser's profitability, any economies of scale, and any other benefits of the relationship for the Investment Adviser. Based on the information reviewed and the considerations detailed above, our board of directors, including all of our directors who are not interested persons of us or the Investment Adviser, concluded that the investment advisory fee rates and terms are fair and reasonable in relation to the services provided and reapproved the Investment Management Agreement as being in the best interests of our stockholders.

The Investment Management Agreement will automatically terminate in the event of its assignment. The Investment Management Agreement may be terminated by either party without penalty upon 60 days' written notice to the other. See "Risk Factors—Risks Relating to our Business and Structure—We are dependent upon our Investment Adviser's key personnel for our future success, and if our Investment Adviser is unable to hire and retain qualified personnel or if our Investment Adviser loses any member of its management team, our ability to achieve our investment objectives could be significantly harmed" for more information.

#### ***Administration Agreement***

We have entered into an agreement, or the Administration Agreement, with the Administrator, under which the Administrator furnishes us with office facilities, equipment and clerical, bookkeeping and record keeping services. Under our Administration Agreement, the Administrator performs, or oversees the performance of, our required administrative services, which include, among other activities, being responsible for the financial records we are required to maintain and preparing reports to our stockholders and reports filed with the SEC. In addition, the Administrator assists us in determining and publishing our NAV, oversees the preparation and filing of our tax returns and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. For providing these services, facilities and personnel, we have agreed to reimburse the Administrator for its allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including rent, technology systems, insurance and our allocable portion of the cost of compensation and related expenses of our Chief Compliance Officer, Chief Financial Officer, Corporate Counsel and their respective staffs. The Administrator also offers on our behalf, significant managerial assistance to portfolio companies to which we are required to offer such assistance. To the extent that our Administrator outsources any of its functions, we will pay the fees associated with such functions on a direct basis without profit to the Administrator. Reimbursement for certain of these costs is included in administrative services expenses in the Consolidated Statements of Operations. For the years ended September 30, 2023, 2022 and 2021, we recorded approximately \$1.0 million, \$0.6 million and \$1.1 million, respectively, including expenses the Investment Adviser incurred on behalf of the Administrator, for services described above.

On July 1, 2022, the Administration Agreement with the Administrator was amended to clarify that the Administrator may be reimbursed by the Company for certain (i) tax and general legal advice and/or services provided to the Company by in-house professionals of the Administrator related to ongoing operations of the Company; and (ii) transactional legal advice and/or services provided to the Company or portfolio companies by in-house professionals of the Administrator or its affiliates on matters related to potential or actual investments and transactions, including tax structuring and/or due diligence.

#### ***Duration and Termination of Administration Agreement***

The Administration Agreement was reapproved by our board of directors, including a majority of our directors who are not interested persons of us, in February 2023. Unless terminated earlier as described below, our Administration Agreement will continue in effect for a period of one year through February 2024. It will remain in effect if approved annually by our board of directors, or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not interested persons of us. The Administration Agreement may not be assigned by either party without the consent of the other party. The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other.

## **Indemnification**

Our Investment Management Agreement and Administration Agreement provide that, absent willful misfeasance, bad faith or gross negligence in the performance of their duties or by reason of the reckless disregard of their duties and obligations, PennantPark Investment Advisers and PennantPark Investment Administration and their officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with them are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of PennantPark Investment Advisers' and PennantPark Investment Administration's services under our Investment Management Agreement or Administration Agreement or otherwise as Investment Adviser or Administrator for us.

## **License Agreement**

We have entered into a license agreement, or the License Agreement, with PennantPark Investment Advisers pursuant to which PennantPark Investment Advisers has granted us a royalty-free, non-exclusive license to use the name "PennantPark." Under this agreement, we have a right to use the PennantPark name, for so long as PennantPark Investment Advisers or one of its affiliates remains our Investment Adviser. Other than with respect to this limited license, we have no legal right to the "PennantPark" name.

## **PennantPark Senior Secured Loan Fund I LLC**

In May 2017, we and Kemper formed PSSSL, an unconsolidated joint venture. PSSSL invests primarily in middle-market and other corporate debt securities consistent with our strategy. PSSSL was formed as a Delaware limited liability company. As of September 30, 2023 and 2022, PSSSL had total assets of \$869.4 million and \$796.8 million, respectively. PSSSL's portfolio consisted of investments in 105 portfolio companies as of September 30, 2023. As of September 30, 2023, at fair value, the largest investment in a single portfolio company in PSSSL was \$18.5 million and the five largest investments totaled \$83.4 million. PSSSL invests in portfolio companies in the same industries in which we may directly invest. As of September 30, 2022, at fair value, the largest investment in a single portfolio company in PSSSL was \$19.3 million and the five largest investments totaled \$86.9 million.

We provide capital to PSSSL in the form of first lien secured debt and equity interests. As of September 30, 2023 and 2022, we and Kemper owned 87.5% and 12.5%, respectively, of each of the outstanding first lien secured debt and equity interests. As of September 30, 2023 and 2022, our investment made in PSSSL consisted of first lien secured debt of \$210.1 million (additional \$27.6 million unfunded) and \$190.2 million. PSSSL invests in portfolio companies in the same industries in which we may directly invest. As of September 30, 2022, at fair value, the largest investment in a single portfolio company in PSSSL was \$19.3 million and the five largest investments totaled \$86.9 million.

## **REGULATION**

### **Business Development Company and Regulated Investment Company Regulations**

We are a BDC under the 1940 Act, which has qualified and intends to continue to qualify to maintain an election to be treated as a RIC under Subchapter M of the Code. The 1940 Act contains prohibitions and restrictions relating to transactions between a BDC and its affiliates (including any investment advisers or sub-advisers), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by holders of a majority of our outstanding voting securities.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act of 1933, as amended, or the Securities Act. We may purchase or otherwise receive warrants to purchase the common stock of our portfolio companies in connection with acquisition financing or other investments. Similarly, in connection with an acquisition, we may acquire rights to require the issuers of securities we own or their affiliates to repurchase them under certain circumstances. We do not intend to acquire securities issued by any registered investment company that exceed the limits imposed by the 1940 Act. Under these limits, we generally cannot acquire more than 3% of the voting stock of any registered investment company, invest more than 5% of the value of our total assets in the securities of one registered investment company or invest more than 10% of the value of our total assets in the securities of more than one registered investment company. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses. We may enter into hedging transactions to manage the risks associated with interest rate and currency fluctuations. None of these policies are fundamental and they may be changed without stockholder approval.

### **Qualifying Assets**

Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the BDC's total assets. The principal categories of qualifying assets relevant to our business are the following:

(1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined under the 1940 Act to include any issuer which:

- (a) is organized under the laws of, and has its principal place of business in, the United States;
- (b) is not an investment company (other than a small business investment company wholly-owned by the BDC) or a company that would be an investment company but is excluded from the definition of an investment company by Section 3(c) of the 1940 Act; and
- (c) satisfies any of the following:
  - (i) does not have any class of securities listed on a national securities exchange;
  - (ii) has any class of securities listed on a national securities exchange subject to a maximum market capitalization of \$250.0 million; or
  - (iii) is controlled by a BDC, either alone or as part of a group acting together, and such BDC in fact exercises a controlling influence over the management or policies of such eligible portfolio company and, as a result of such control, has an affiliated person who is a director of such eligible portfolio company.

(2)Securities of any eligible portfolio company which we control.

(3)Securities purchased in a private transaction from a U.S. operating company or from an affiliated person of the issuer, or in transactions incidental thereto, if such issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.

(4)Securities of an eligible portfolio company purchased from any person in a private transaction if there is no readily available market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.

(5)Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.

(6)Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

In addition, a BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (1), (2) or (3) above.

#### ***Managerial Assistance to Portfolio Companies***

As a BDC, we are required to make available significant managerial assistance to our portfolio companies that constitute a qualifying asset within the meaning of Section 2(a)(47) of the 1940 Act. However, if a BDC purchases securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such significant managerial assistance. Making available significant managerial assistance means any arrangement whereby the BDC, through its directors, officers or employees, offers to provide, and, if accepted, does provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company. Our Administrator may provide such assistance on our behalf to portfolio companies that request such assistance. Officers of our Investment Adviser and Administrator may provide assistance to controlled affiliates.

#### ***Temporary Investments***

Pending investments in other types of qualifying assets, as described above, may consist of cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets. We may invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we would not meet the Diversification Tests, as defined below under "Regulation—Election to be Treated as a RIC," in order to qualify as a RIC for federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. Our Investment Adviser will monitor the creditworthiness of the counterparties with which we may enter into repurchase agreement transactions.

#### ***Senior Securities***

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act and referred to as the asset coverage ratio, is compliant with the 1940 Act, immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage requirement at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to our asset coverage ratio. For a discussion of the risks associated with leverage, see "Risk Factors—Risks Relating to our Business and Structure—Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital" for more information.

#### ***Joint Code of Ethics and Code of Conduct***

We and PennantPark Investment Advisers have adopted a joint code of ethics pursuant to Rule 17j-1 under the 1940 Act and a code of conduct that establish procedures for personal immaterial investments and restricts certain personal securities transactions. Personnel subject to each code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the codes' requirements. Our joint code of ethics and code of conduct are available, free of charge, on our website at [www.pennantpark.com](http://www.pennantpark.com). In addition, the joint code of ethics is attached as an exhibit to this Report and is available on the EDGAR Database on the SEC's Internet website at [www.sec.gov](http://www.sec.gov).

#### ***Proxy Voting Policies and Procedures***

We have delegated our proxy voting responsibility to our Investment Adviser. The Proxy Voting Policies and Procedures of our Investment Adviser are set forth below. The guidelines are reviewed periodically by our Investment Adviser and our non-interested directors, and, accordingly, are subject to change. For purposes of these Proxy Voting Policies and Procedures described below, "we," "our" and "us" refer to our Investment Adviser.

##### ***Introduction***

As an investment adviser registered under the Advisers Act, we have a fiduciary duty to act solely in the best interests of our clients. As part of this duty, we recognize that we must vote client securities in a timely manner free of conflicts of interest and in the best interests of our clients.

These policies and procedures for voting proxies for our investment advisory clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

##### ***Proxy Policies***

We vote proxies relating to our portfolio securities in what we perceive to be the best interests of our stockholders. We review on a case-by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by our clients. Although we will generally vote against proposals that may have a negative impact on our clients' portfolio securities, we may vote for such a proposal if there exists compelling long-term reasons to do so.

Our proxy voting decisions are made by the senior investment professionals who are responsible for monitoring each of our clients' investments. To ensure that our vote is not the product of a conflict of interest, we require that: (1) anyone involved in the decision making process disclose to our Chief Compliance Officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (2) employees involved in the decision making process or vote administration are prohibited from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties.

### *Proxy Voting Records*

You may obtain information about how we voted proxies, free of charge, by calling us collect at (786) 297-9500 or by making a written request for proxy voting information to: Richard T. Allorto Jr., Chief Financial Officer and Treasurer, 1691 Michigan Ave, Miami Beach, Florida 33139.

### **Privacy Protection Principles**

We are committed to maintaining the privacy of our stockholders and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any non-public personal information relating to our stockholders, although certain non-public personal information of our stockholders may become available to us. We do not disclose any non-public personal information about our stockholders or former stockholders to anyone, except as permitted by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent or third party administrator).

We restrict access to non-public personal information about our stockholders to employees of our Investment Adviser and its affiliates with a legitimate business need for the information. We maintain physical, electronic and procedural safeguards designed to protect the non-public personal information of our stockholders.

Our privacy protection policies are available, free of charge, on our website at [www.pennantpark.com](http://www.pennantpark.com). In addition, the privacy policy is available on the EDGAR Database on the SEC's Internet website at [www.sec.gov](http://www.sec.gov), filed as an exhibit to our annual report on this Form 10-K.

### **Other**

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our board of directors, including a majority of our directors who are not interested persons of us, and, in some cases, prior approval by the SEC.

We will be periodically examined by the SEC for compliance with the 1940 Act.

We are required by law to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

We and PennantPark Investment Advisers have each adopted and implemented written policies and procedures reasonably designed to prevent violation of the federal securities laws. We review these policies and procedures annually for their adequacy and the effectiveness of their implementation, and we designate a Chief Compliance Officer to be responsible for administering the policies and procedures.

### **Sarbanes-Oxley Act of 2002**

The Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, imposes several regulatory requirements on publicly held companies and their insiders. Many of these requirements affect us.

For example:

- pursuant to Rule 13a-14 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, our Chief Executive Officer and Chief Financial Officer must certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 under the Exchange Act, our management must prepare an annual report regarding its assessment of our internal controls over financial reporting; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated there-under. We continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and continue to take actions necessary to ensure that we are in compliance with that act.

### **Election to be Treated as a RIC**

We have elected to be treated, and intend to qualify annually to maintain our election to be treated, as a RIC under Subchapter M of the Code. To maintain our RIC tax election, we must, among other requirements, meet certain annual source-of-income and quarterly asset diversification requirements (as described below). We also must annually distribute dividends for U.S. federal income tax purposes to our stockholders of an amount generally at least equal to 90% of the sum of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, or investment company taxable income, and determined without regard to any deduction for dividends paid, out of the assets legally available for distribution, or the Annual Distribution Requirement.

In order to qualify as a RIC for federal income tax purposes, we must:

- maintain an election to be treated as a BDC under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities, net income from certain qualified publicly traded partnerships or other income derived with respect to our business of investing in such stock or securities, or the 90% Income Test; and

•diversify our holdings, or the Diversification Tests, so that at the end of each quarter of the taxable year:

1)at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer neither represents more than 5% of the value of our assets nor more than 10% of the outstanding voting securities of the issuer; and

2)no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer or of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or in certain qualified publicly traded partnerships.

Although not required for us to maintain our RIC tax status, in order to preclude the imposition of a 4% nondeductible federal excise tax imposed on RICs, we must distribute dividends for U.S. federal income tax purposes to our stockholders in respect of each calendar year of an amount at least equal to the sum of (1) 98% of our net ordinary income (subject to certain deferrals and elections) for the calendar year, (2) 98.2% of the excess, if any, of our capital gains over our capital losses, or capital gain net income (adjusted for certain ordinary losses) for the one-year period ending on October 31 of the calendar year plus (3) the sum of any net ordinary income plus capital gain net income for preceding years that was not distributed during such years and on which we did not incur any federal income tax, or the Excise Tax Avoidance Requirement. In addition, although we may distribute realized net capital gains (i.e., net long-term capital gains in excess of net short-term capital losses), if any, at least annually, out of the assets legally available for such distributions in the manner described above, we have retained and may continue to retain such net capital gains or investment company taxable income, subject to maintaining our ability to be taxed as a RIC, in order to provide us with additional liquidity.

While we intend to make sufficient distributions each taxable year to avoid incurring any material U.S. federal excise tax on our earnings, we may not be able to, or may choose not to, distribute amounts sufficient to avoid the imposition of the tax entirely. In that event, we generally will be liable for the excise tax only on the amount by which we do not meet the Excise Tax Avoidance Requirement. Under certain circumstances, however, we may, in our sole discretion, determine that it is in our best interests to retain a portion of our income or capital gains rather than distribute such amount as dividends and accordingly cause us to bear the excise tax burden associated therewith.

We may invest in partnerships which may result in our being subject to additional state, local or foreign income, franchise or other tax liabilities. In addition, some of the income and fees that we may recognize will not satisfy the 90% Income Test. In order to mitigate the risk that such income and fees would disqualify us as a RIC as a result of a failure to satisfy the 90% Income Test, we may be required to recognize such income and fees indirectly through the Taxable Subsidiary, which is classified as a corporation for U.S. federal income tax purposes. The Taxable Subsidiary generally will be subject to corporate income taxes on its earnings, which ultimately will reduce our return on such income and fees.

#### ***Taxation as a RIC***

If we qualify as a RIC, and satisfy the Annual Distribution Requirement, then we will not be subject to federal income tax on the portion of our investment company taxable income and net capital gains, determined without regard to any deduction for dividends paid, we distribute (or are deemed to distribute) as dividends for U.S. federal income tax purposes to stockholders. Additionally, upon satisfying these requirements, we will be subject to U.S. federal income tax at the regular corporate rates on any investment company taxable income or net capital gains, determined without regard to any deduction for dividends paid, that is not distributed (or not deemed to have been distributed) as dividends for U.S. federal income tax purposes to our stockholders.

We may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold a debt instrument that is treated under applicable tax rules as having OID (such as debt instruments with PIK interest or, in certain cases, increasing interest rates or issued with warrants), we must include in income each taxable year a portion of the OID that accrues over the life of the debt instrument, regardless of whether cash representing such income is received by us in the same taxable year. Because any OID accrued will be included in our investment company taxable income in the taxable year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount.

We invest in below investment grade instruments. Investments in these types of instruments may present special tax issues for us. U.S. federal income tax rules are not entirely clear about issues such as when we may cease to accrue interest, OID or market discount, when and to what extent deductions may be taken for bad debts or worthless debt instruments, how payments received on obligations in default should be allocated between principal and income and whether exchanges of debt instruments in a bankruptcy or workout context are taxable. We will address these and other issues to the extent necessary in order to continue to maintain our qualification to be subject to tax as a RIC.

Gain or loss realized by us from equity securities and warrants acquired by us, as well as any loss attributable to the lapse of such warrants, generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term, depending on how long we held a particular warrant.

We are authorized to borrow funds and to sell assets in order to satisfy our Annual Distribution Requirement or the Excise Tax Avoidance Requirement. However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt instruments and other senior securities are outstanding unless certain asset coverage requirements are met. Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

We may distribute our common stock as a dividend from our taxable income and a stockholder could receive a portion of such distributions declared and distributed by us in shares of our common stock with the remaining amount in cash. A stockholder will be considered to have recognized dividend income generally equal to the fair market value of the stock paid by us plus cash received with respect to such dividend. The total dividend declared and distributed by us would be taxable income to a stockholder even though only a small portion of the dividend was paid in cash to pay any taxes due on the total dividend. We have not yet elected to distribute stock as a dividend but reserve the right to do so.

#### ***Failure to Qualify as a RIC***

If we fail to satisfy the Annual Distribution Requirement or fail to qualify as a RIC in any taxable year, unless certain cure provisions of the Code apply, we will be subject to tax in that taxable year on all of our taxable income at regular corporate rates, regardless of whether we make any dividend distributions to our stockholders. In that case, all of our income will be subject to corporate-level federal income tax, reducing the amount available to be distributed to our stockholders. In contrast, assuming we qualify as a RIC, our corporate-level federal income tax should be substantially reduced or eliminated. See "Election to be Treated as a RIC" above for more information.

If we are unable to maintain our status as a RIC, we also would not be able to deduct distributions to stockholders, nor would distributions be required to be made. Distributions would generally be taxable as dividends to our stockholders to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, U.S. non-corporate stockholders generally would be eligible to treat such dividends as "qualified dividend income," which generally would be subject to reduced rates of U.S. federal income tax, and dividends paid by us to certain U.S. corporate stockholders would be eligible for the dividends received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis in our

common stock, and any remaining distributions would be treated as a capital gain. Moreover, if we fail to qualify as a RIC in any taxable year, to qualify again to be treated as a RIC for federal income tax purposes in a subsequent taxable year, we would be required to distribute our earnings and profits attributable to any of our non-RIC taxable years as dividends to our stockholders. In addition, if we fail to qualify as a RIC for a period greater than two consecutive taxable years, to qualify as a RIC in a subsequent taxable year we may be subject to regular corporate tax on any net built-in gains with respect to certain of our assets (that is, the excess of the aggregate gains, including items of income, over aggregate losses that would have been realized with respect to such assets if we had sold the property at fair market value at the end of the taxable year) that we elect to recognize on requalification or when recognized over the next five taxable years.

#### **Item 1A. Risk Factors**

*Before you invest in our securities, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this Report, before you decide whether to make an investment in our securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may have a material adverse effect on our business, financial condition and/or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our NAV, the trading price of our common stock, our 2023 Notes or any securities we may issue, may decline, and an investor may lose all or part of an investment.*

#### **RISKS RELATING TO OUR BUSINESS AND STRUCTURE**

***We are subject to various covenants under Funding I's Credit Facility which, if not complied with, could result in reduced availability and/or mandatory prepayments under Funding I's Credit Facility, our 2023 Notes, the 2026 Notes and our 2031 Asset-Backed Debt.***

In addition to the asset coverage ratio requirements, the Credit Facility contains various covenants applicable to Funding I, which restricts our ability to borrow funds, and the deed of trust governing our 2023 Notes, the indenture governing our 2026 Notes and the indenture governing our 2031 Asset-Backed Debt contain various covenants which, if not complied with, could accelerate repayment of the 2023 Notes, the 2026 Notes and the 2031 Asset-Backed Debt, respectively. For example, the Credit Facility's income coverage covenant, or test, requires us to maintain a ratio whereby the aggregate amount of interest received on the portfolio loans must equal at least 125% of the interest payable in respect to the Lenders and other parties. Failure to satisfy the various covenants under the Credit Facility could accelerate repayment under the Credit Facility or otherwise prevent us from receiving distributions under the payment waterfall. This could materially and adversely affect our liquidity, financial condition and results of operations. Funding I's borrowings under the Credit Facility are collateralized by the assets in Funding I's investment portfolio. The agreements governing the Credit Facility require Funding I to comply with certain financial and operational covenants. These covenants include:

- A requirement to retain our status as a RIC;
- A requirement to maintain a minimum amount of stockholders' equity; and
- A requirement that our outstanding borrowings under the Credit Facility not exceed a certain percentage of the value of our portfolio.

Our continued compliance with these covenants depends on many factors, some of which are beyond our control. A material decrease in our NAV in connection with additional borrowings could result in an inability to comply with our obligation to restrict the level of indebtedness that we are able to incur in relation to the value of our assets or to maintain a minimum level of stockholders' equity in Funding I or to result in the ability of the trustee and our note holders to accelerate amounts due under the deed of trust governing our 2023 Notes, the indenture governing our 2026 Notes or the indenture governing our 2031 Asset-Backed Debt. This could have a material adverse effect on our operations, as it would reduce availability under the Credit Facility and could trigger mandatory prepayment obligations under the terms of the Credit Facility.

***We operate in a highly competitive market for investment opportunities.***

A number of entities compete with us to make the types of investments that we make in middle-market companies. We compete with public and private funds, including other BDCs, commercial and investment banks, commercial financing companies, CLO funds and, to the extent they provide an alternative form of financing, private equity funds. Additionally, alternative investment vehicles, such as hedge funds, also invest in middle-market companies. As a result, competition for investment opportunities at middle-market companies can be intense. Many of our potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, we believe some competitors have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objectives.

Participants in our industry compete on several factors, including price, flexibility in transaction structuring, customer service, reputation, market knowledge and speed in decision-making. We do not seek to compete primarily based on the interest rates we offer, and we believe that some of our competitors may make loans with interest rates that are lower than the rates we offer. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss.

***Our borrowers may default on their payments, which may have a materially negative effect on our financial performance.***

Our primary business exposes us to credit risk, and the quality of our portfolio has a significant impact on our earnings. Credit risk is a component of our fair valuation of our portfolio companies. Negative credit events will lead to a decrease in the fair value of our portfolio companies.

In addition, market conditions have affected consumer confidence levels, which may harm the business of our portfolio companies and result in adverse changes in payment patterns. Increased delinquencies and default rates would negatively impact our results of operations. Deterioration in the credit quality of our portfolio could have a material adverse effect on our business, financial condition and results of operations. If interest rates rise, some of our portfolio companies may not be able to pay the escalating interest on our loans and may default.

We make long-term loans and debt investments, which may involve a high degree of repayment risk. Our investments with a deferred interest feature, such as OID income and PIK interest, could represent a higher credit risk than investments that must pay interest in full in cash on a regular basis. We invest in companies that may have limited financial resources, typically are highly leveraged and may be unable to obtain financing from traditional sources. Accordingly, a general economic downturn or severe tightening in the credit markets could materially impact the ability of our borrowers to repay their loans, which could significantly damage our business. Numerous other factors may affect a borrower's ability to repay its loan, including the failure to meet its business plan or a downturn in its industry. A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans or foreclosure on the secured assets.

This could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the loans or debt securities that we hold. In addition, our portfolio companies may have, or may be permitted to incur, other debt that ranks senior to or equally with our securities. This means that payments on such senior-ranking securities may have to be made before we receive any payments on our subordinated loans or debt securities. Deterioration in a borrower's financial condition and prospects may be accompanied by deterioration in any related collateral and may adversely affect our financial condition and results of operations.

***Any unrealized losses we experience on our investment portfolio may be an indication of future realized losses, which could reduce our income available for distribution.***

As a BDC, we are required to carry our investments at fair value, which is derived from a market value or, if no market value is ascertainable or if market value does not reflect the fair value of such investment in the bona fide determination of our board of directors, then we would carry our investments at fair value as determined in good faith by or under the direction of our board of directors. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation or loss. Unrealized losses of any given portfolio company could be an indication of such company's inability in the future to meet its repayment obligations to us.

If the fair value of our portfolio companies reflects unrealized losses that are subsequently realized, we could experience reductions of our income available for distribution in future periods that could materially harm our results of operations and cause a material decline in the value of our publicly traded common stock.

***We are dependent upon our Investment Adviser's key personnel for our future success, and if our Investment Adviser is unable to hire and retain qualified personnel or if our Investment Adviser loses any member of its management team, our ability to achieve our investment objectives could be significantly harmed.***

We depend on the diligence, skill and network of business contacts of the senior investment professionals of our Investment Adviser for our future success. We also depend, to a significant extent, on PennantPark Investment Advisers' access to the investment information and deal flow generated by these senior investment professionals and any others that may be hired by PennantPark Investment Advisers. Subject to the overall supervision of our board of directors, the managers of our Investment Adviser evaluate, negotiate, structure, close and monitor our investments. Our future success depends on the continued service of management personnel of our Investment Adviser. The departure of managers of PennantPark Investment Advisers could have a material adverse effect on our ability to achieve our investment objectives. In addition, we can offer no assurance that PennantPark Investment Advisers will remain our Investment Adviser. The Investment Adviser has the right, under the Investment Management Agreement, to resign at any time upon 60 days' written notice, whether we have found a replacement or not.

If our Investment Management Agreement is terminated, our costs under new agreements that we enter into may increase. In addition, we will likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under our Investment Management Agreement. Any new investment management agreement would also be subject to approval by our stockholders.

***We are exposed to risks associated with changes in interest rates that may affect our cost of capital and net investment income.***

Since we borrow money to make investments, our net investment income depends, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds will increase and the interest rate on investments with an interest rate floor will not increase until interest rates exceed the applicable floor, which will reduce our net investment income. We may use interest rate risk management techniques, such as total return swaps and interest rate swaps, in an effort to limit our exposure to interest rate fluctuations. These techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act and applicable commodities laws. These activities may limit our ability to participate in the benefits of lower interest rates with respect to the hedged portfolio. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition and results of operations. Also, we have limited experience in entering into hedging transactions and we will initially have to purchase or develop such expertise, which may diminish the actual benefits of any hedging strategy we employ. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk" for more information.

A rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments once the interest rate exceeds the applicable floor. Accordingly, an increase in interest rates would make it easier for us to meet or exceed the incentive fee hurdle and may result in a substantial increase of the amount of incentive fees payable to our Investment Adviser with respect to Pre-Incentive Fee Net Investment Income.

General interest rate fluctuations may have a substantial negative impact on our investments, the value of our common stock and our rate of return on invested capital. A reduction in interest rates may result in both lower interest rates on new investments and higher repayments on current investments with higher interest rates, which may have an adverse impact on our net investment income. An increase in interest rates could decrease the value of any investments we hold which earn fixed interest rates or are subject to interest rate floors and also could increase our interest expense on the Credit Facility, thereby decreasing our net investment income. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our common stock.

If general interest rates continue to rise, there is a risk that the portfolio companies in which we hold floating rate securities will be unable to pay escalating interest amounts, which could result in a default under their loan documents with us. Rising interest rates could also cause portfolio companies to shift cash from other productive uses to the payment of interest, which may have a material adverse effect on their business and operations and could, over time, lead to increased defaults. In addition, continued rising interest rates may increase pressure on us to provide fixed rate loans to our portfolio companies, which could adversely affect our net investment income, as any increases in our cost of borrowed funds would not be accompanied by increased interest income from such fixed-rate investments.

***The discontinuation and replacement of LIBOR may adversely affect the value of floating-rate debt securities in our portfolio or issued by us.***

As of June 30, 2023, no settings of LIBOR continue to be published on a representative basis and publication of many non-U.S. dollar LIBOR settings have been entirely discontinued. On July 29, 2021, the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, recommended replacing U.S. dollar LIBOR with alternative reference rates based on the Secured Overnight Financing Rate ("SOFR"). SOFR significantly differs from LIBOR, both in the actual rate and how it is calculated. Further, on March 15, 2022, the Consolidation Appropriations Act of 2022, which includes the Adjustable Interest Rate (LIBOR) Act ("LIBOR Act"), was signed into law in the United States. This legislation established a uniform benchmark replacement process for certain financial contracts that mature after June 30, 2023 that do not contain clearly defined or practicable LIBOR fallback provisions. The legislation also created a safe harbor that shields lenders from litigation if they choose to utilize a replacement rate recommended by the Board of Governors of the U.S. Federal Reserve. In addition, the U.K. Financial Conduct Authority, which regulates the publisher of LIBOR (ICR Benchmark Administration) has announced that it will require the continued publication of one, three and six month tenors of U.S. dollar LIBOR on a non-representative synthetic basis until the end of September 2024, which may result in certain non-U.S. law-governed contracts and U.S. law-governed contracts not being covered by the federal legislation remaining on synthetic U.S. dollar LIBOR until the end of this period. The transition from LIBOR as a result of certain statutory regimes (e.g., N.Y. Gen. Oblig. Law § 18-401 or the Adjustable Interest Rate (LIBOR) Act) or the use of synthetic LIBOR in floating-rate debt securities in our portfolio or issued by us and could have a material and adverse impact on the value or liquidity of those instruments.

Given the inherent differences between LIBOR and SOFR, or any other alternative benchmark rate established, there are many uncertainties regarding a transition from LIBOR, including, but not limited to, the need to amend contracts which continue to reference LIBOR and how the transition from LIBOR will impact the cost of variable rate debt and certain derivative financial instruments. In addition, SOFR or other replacement rates may fail to gain market acceptance. Any failure of SOFR or alternative reference rates to gain market acceptance could adversely affect the return on, value of and market for securities linked to such rates. The elimination of LIBOR, the replacement of LIBOR with any alternative reference rate, such as SOFR (or an alternative reference rate based on SOFR) or any other changes or reforms to floating rate benchmarks could have an adverse impact on the market value of and/or transferability of any floating-rate debt securities in our portfolio or issued by us.

The IRS has issued regulations regarding the tax consequences of the transition from LIBOR or another interbank offered rate (“IBOR”) to a new reference rate in debt instruments and non-debt contracts. Under the regulations, alteration or modification of the terms of a debt instrument to replace an operative rate that uses a discontinued IBOR with a qualified rate (as defined in the regulations) including true up payments equalizing the fair market value of contracts before and after such IBOR transition, to add a qualified rate as a fallback rate to a contract whose operative rate uses a discontinued IBOR or to replace a fallback rate that uses a discontinued IBOR with a qualified rate would not be taxable. The IRS may provide additional guidance, with potential retroactive effect.

***Our financial condition and results of operation depend on our ability to manage future growth effectively.***

Our ability to achieve our investment objectives depends on our ability to grow, which depends, in turn, on our Investment Adviser’s ability to identify, invest in and monitor companies that meet our investment selection criteria. Accomplishing this result on a cost-effective basis is largely a function of our Investment Adviser’s structuring of the investment process, its ability to provide competent, attentive and efficient services to us and our access to financing on acceptable terms. The management team of PennantPark Investment Advisers has substantial responsibilities under our Investment Management Agreement. In order for us to grow, our Investment Adviser will need to hire, train, supervise and manage new employees. However, we can offer no assurance that any current or future employees will contribute effectively to the work of, or remain associated with, the Investment Adviser. We caution you that the principals of our Investment Adviser or Administrator may also be called upon to provide and currently do provide significant managerial assistance to portfolio companies and other investment vehicles, including other BDCs, which are managed by the Investment Adviser. Such demands on their time may distract them or slow our rate of investment. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

***We are highly dependent on information systems and systems failures could have a material adverse effect on our business, financial condition and results of operations.***

Our business depends on the communications and information systems, including financial and accounting systems, of the Investment Adviser, the Administrator and our external service providers. Any failure or interruption of such systems could cause delays or other problems in our activities. This, in turn, could have a material adverse effect on our business, financial condition and results of operations.

***If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.***

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act of 2002, or the subsequent testing by our independent registered public accounting firm (when undertaken, as noted below), may reveal deficiencies in our internal controls over financial reporting that are deemed to be significant deficiencies, material weaknesses or that may require prospective or retroactive changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors and lenders to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

***We have identified material weaknesses in our internal controls over financial reporting. If we fail to remediate these material weaknesses, our ability to report our financial condition and results of operations accurately and on a timely basis could be adversely affected.***

We have identified material weaknesses in our internal controls over financial reporting, and management has determined that, as of September 30, 2023, we do not maintain effective internal control over financial reporting. These material weaknesses and our remediation efforts are described in Management’s Report on Internal Control Over Financial Reporting, which appears on page 58 of this Form 10-K. We cannot assure you that we will adequately remediate the material weaknesses or that additional material weaknesses in our internal controls will not be identified in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in additional material weaknesses, or could result in material misstatements in our financial statements. These misstatements could result in restatements of our financial statements, cause us to fail to meet our reporting obligations or cause investors to lose confidence in our reported financial information.

We are in the process of remediating the identified material weaknesses in our internal controls, but we are unable at this time to estimate when the remediation effort will be completed. If we fail to remediate these material weaknesses, there will continue to be an increased risk that our future financial statements could contain errors that will be undetected. Further and continued determinations that there are material weaknesses in the effectiveness of our internal controls could impact the operations of our business including our ability to obtain financing, the cost of any financing we obtain or require additional expenditures of resources to comply with applicable requirements.

***We may not replicate the historical performance of other investment companies and funds with which our senior and other investment professionals have been or are affiliated.***

The 1940 Act imposes numerous constraints on the investment activities of BDCs. For example, BDCs are required to invest at least 70% of their total assets primarily in securities of U.S. private companies or thinly traded public companies (i.e., public companies with a market capitalization of less than \$250 million), cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. These constraints may hinder the Investment Adviser’s ability to take advantage of attractive investment opportunities and to achieve our investment objectives. In addition, the investment philosophy and techniques used by the Investment Adviser may differ from those used by other investment companies and funds advised by the Investment Adviser. Accordingly, we can offer no assurance that we will replicate the historical performance of other investment companies and funds with which our senior and other investment professionals have been affiliated, and we caution that our investment returns could be substantially lower than the returns achieved by such other companies.

***Any failure on our part to maintain our status as a BDC would reduce our operating flexibility.***

If we do not remain a BDC, we might be regulated as a closed-end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease our operating flexibility, which could have a material adverse effect on our business, financial condition and results of operations.

***Loss of RIC tax status would substantially reduce our net assets and income available for debt service and distributions.***

We have operated and continue to operate so as to maintain our election to be treated as a RIC under Subchapter M of the Code. If we meet the 90% Income Test, the Diversification Tests, and the Annual Distribution Requirement, we generally will not be subject to corporate-level income taxation on income we timely distribute, or are deemed to distribute, as dividends for U.S. federal income tax purposes to our stockholders. We would cease to qualify for such tax treatment if we were unable to comply with these requirements. In addition, we may have difficulty meeting our Annual Distribution Requirement to our stockholders because, in certain cases, we may recognize income before or without receiving cash representing such income. If we fail to qualify as a RIC, we will have to pay corporate-level taxes on all of our income whether or not we distribute it, which would substantially reduce the amount of income available for debt service as well as reduce and/or affect the character and amount of our distributions to our stockholders. Even if we qualify as a RIC, we generally will be subject to a 4% nondeductible excise tax if we do not distribute to our stockholders in respect of each calendar year an amount at least equal to the Excise Tax Avoidance Requirement.

***We may have difficulty paying our Annual Distribution Requirement if we recognize income before or without receiving cash representing such income.***

For federal income tax purposes, we include in income certain amounts that we have not yet received in cash, such as OID and PIK interest, which represents interest added to the loan balance and due at the end of the loan term. OID, which could be significant relative to our overall investment assets, and increases in loan balances as a result of PIK interest will be included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we will not receive in cash, such as amounts attributable to foreign currency transactions. Our investments with a deferred interest feature, such as PIK interest, may represent a higher credit risk than loans for which interest must be paid in full in cash on a regular basis. For example, even if the accounting conditions for income accrual are met, the borrower could still default when our actual collection is scheduled to occur upon maturity of the obligation.

The part of the incentive fee payable by us that relates to our net investment income is computed and paid on income that may include interest that has been accrued but not yet received in cash. If a portfolio company defaults on a loan that is structured to provide PIK or OID interest, it is possible that accrued interest previously used in the calculation of the incentive fee will become uncollectible.

If we are unable to satisfy the Annual Distribution Requirement, we may have to sell some of our investments at times or prices we would not consider advantageous, or raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements, which could have a material adverse effect on our business, financial condition and results of operations. If we are not able to obtain cash from other sources, we may lose our ability to be subject to tax as a RIC and thus be subject to corporate-level income tax.

***Legislation enacted in 2018 allows us to incur additional leverage.***

A BDC has historically been able to issue "senior securities," including borrowing money from banks or other financial institutions, only in amounts such that its asset coverage, as defined in Section 61(a)(2) of the 1940 Act, equals at least 200% after such incurrence or issuance. In March 2018, the Consolidated Appropriations Act of 2018 (which includes the SBCAA) was enacted which amended the 1940 Act to decrease this percentage from 200% (i.e., \$1 of debt outstanding for each \$1 of equity) to 150% (i.e., \$2 of debt outstanding for each \$1 of equity) for a BDC that has received either stockholder approval or approval of a "required majority" (as defined in Section 57(o) of the 1940 Act) of its board of directors of the application of such lower asset coverage ratio to the BDC. On April 5, 2018, our board of directors approved such reduction. As such, we are able to incur additional indebtedness so long as we comply with the applicable disclosure requirement, which may increase the risk of investing in us. Under the 200% minimum asset coverage ratio, we were permitted to borrow up to one dollar for investment purposes for every one dollar of investor equity and, under the 150% minimum asset coverage ratio, we are permitted to borrow up to two dollars for investment purposes for every one dollar of investor equity. In other words, Section 61(a)(2) of the 1940 Act permits BDCs to potentially increase their debt-to-equity ratio from a maximum of 1-to-1 to a maximum of 2-to-1. In addition, since our base management fee is determined and payable based upon our average adjusted gross assets, which includes any borrowings for investment purposes, our base management fee expense may increase if we incur additional leverage.

***Because we intend to distribute substantially all of our income to our stockholders to maintain our ability to be subject to tax as a RIC, we may need to raise additional capital to finance our growth. If funds are not available to us, we may need to curtail new investments, and our common stock value could decline.***

In connection with satisfying the requirements to be subject to tax as a RIC for federal income tax purposes, we intend to distribute to our stockholders substantially all of our investment company taxable income and net capital gains each taxable year. However, we may retain all or a portion of our net capital gains and incur applicable income taxes with respect thereto and elect to treat such retained net capital gains as deemed dividend distributions to our stockholders.

As noted above, on April 5, 2018, our board of directors, including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act), approved a reduction of our asset coverage ratio from 200% to 150%. The asset coverage requirement applicable to us for senior securities was reduced from 200% (i.e., \$1 of debt outstanding for each \$1 of equity) to 150% (i.e., \$2 of debt outstanding for each \$1 of equity). If we incur additional indebtedness under this provision, the risk of investing in us will increase. If the value of our assets declines, we may be unable to satisfy this asset coverage test. If that happens, we may be required to sell a portion of our investments or sell additional common stock and, depending on the nature of our leverage, to repay a portion of our indebtedness at a time when such sales and repayments may be disadvantageous. In addition, the issuance of additional securities could dilute the percentage ownership of our current stockholders in us.

We are partially dependent on our subsidiary Funding I for cash distributions to enable us to meet the distribution requirements in order to permit us to be subject to tax as a RIC. In this regard, Funding I is limited by its covenants from making certain distributions to us that may be necessary to fulfill our requirements to be subject to tax as a RIC. In such case, we would need to request a waiver of these covenants' restrictions for Funding I to make certain distributions to enable us to be subject to tax as a RIC. We cannot assure you that Funding I will be granted such a waiver, and if Funding I is unable to obtain a waiver, compliance with the covenants may cause us to incur a corporate-level income tax.

***Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital.***

Our business requires a substantial amount of capital. We may acquire additional capital from the issuance of additional senior securities or other indebtedness, the issuance of additional shares of our common stock, the issuance of warrants or subscription rights to purchase certain of our securities, or from securitization transactions. However, we may not be able to raise additional capital in the future on favorable terms or at all. We may issue debt securities or preferred securities, which we refer to collectively as "senior securities," and we may borrow money from banks, or other financial institutions, up to the maximum amount permitted by the 1940 Act. Under the 1940 Act, the asset coverage ratio requirements permit us to issue senior securities or incur indebtedness subject to certain limitations. Our ability to pay distributions or issue additional senior securities would be restricted if our asset coverage ratio was not met. If the value of our assets declines, we may be unable to satisfy the asset coverage ratio. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous, which could materially harm our business, financial condition and results of operations.

***•Senior Securities.*** As a result of issuing senior securities, including our 2023 Notes and our 2026 Notes, we are exposed to typical risks associated with leverage, including an increased risk of loss. If we issue preferred securities, they would rank "senior" to common stock in our capital structure. Preferred stockholders would have separate voting rights and may have rights, preferences or privileges more favorable than those of holders of our common stock.

Furthermore, the issuance of preferred securities could have the adverse effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for our common stockholders or otherwise be in your best interest. Our senior securities may include conversion features that cause them to bear risks more closely associated with an investment in our common stock.

**•Additional Common Stock.** Our board of directors may decide to issue common stock to finance our operations rather than issuing debt or other senior securities. As a BDC, we are generally not able to issue our common stock at a price below NAV per share without first obtaining certain approvals from our stockholders and our board of directors. Also, subject to the requirements of the 1940 Act, we may issue rights to acquire our common stock at a price below the current NAV per share of the common stock if our board of directors determines that such sale is in our best interests and the best interests of our common stockholders. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities. However, when required to be undertaken, the procedures used by the board of directors to determine the NAV per share of our common stock within 48 hours of each offering of our common stock may differ materially from and will necessarily be more abbreviated than the procedures used by the board of directors to determine the NAV per share of our common stock at the end of each quarter because there is an extensive process each quarter to determine the NAV per share of our common stock which cannot be completed in 48 hours. The quarterly process includes preliminary valuation conclusions, engagement of independent valuation firms and review by those firms of preliminary valuation conclusions. By contrast, the procedures in connection with an offering may yield a NAV that is less precise than the NAV determined at the end of each quarter. We will not offer transferable subscription rights to our stockholders at a price equivalent to less than the then current NAV per share of common stock, excluding underwriting commissions, unless we first file a post-effective amendment that is declared effective by the SEC with respect to such issuance and the common stock to be purchased in connection with such rights represents no more than one-third of our outstanding common stock at the time such rights are issued. In addition, for us to file a post-effective amendment to a registration statement on Form N-2, we must then be qualified to register our securities under the requirements of Form S-3. We may actually issue shares above or below a future NAV. If we raise additional funds by issuing more common stock or warrants or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our common stockholders at that time would decrease, and our common stockholders would experience voting dilution.

**•Securitization.** As a result of the completion of the Debt Securitization, we are exposed to typical risks associated with the securitization of loans to generate cash for funding new investments. As applicable accounting pronouncements and SEC staff guidance requires us to consolidate the Securitization Issuers' financial statements with our financial statements, any debt issued by the Securitization Issuers would be generally treated as if it were issued by us for purposes of the asset coverage ratio applicable to us. We retain all of the equity in the Securitization Issuers and our retained equity would be exposed to any losses on the portfolio of loans before any of the debt securities would be exposed to such losses. Accordingly, if the pool of loans experienced a low level of losses due to defaults, we would earn an incremental amount of income on our retained equity but we would be exposed, up to the amount of equity we retained, to that proportion of any losses we would have experienced if we had continued to hold the loans in our portfolio.

***We currently use borrowed funds to make investments and are exposed to the typical risks associated with leverage.***

Because we borrow funds to make investments, we are exposed to increased risk of loss due to our use of debt to make investments. A decrease in the value of our investments will have a greater negative impact on the NAV attributable to our common stock than it would if we did not use debt. Our ability to pay distributions may be restricted when our asset coverage ratio is not met and any cash that we use to service our indebtedness is not available for distribution to our common stockholders.

Our current debt is governed by the terms of the Credit Facility, the deed of trust governing the 2023 Notes, the indenture governing our 2026 Notes and the indenture governing the 2031 Asset-Backed Debt, and future debt may be governed by an indenture or other instrument containing covenants restricting our operating flexibility. We, and indirectly our stockholders, bear the cost of issuing and servicing debt. Any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may also carry leverage related risks. Leverage magnifies the potential risks for loss and the risks of investing in us, both as detailed below.

***If we incur additional debt, it could increase the risk of investing in our shares.***

We have indebtedness outstanding pursuant to the Credit Facility, 2023 Notes, 2026 Notes and the 2031 Asset-Backed Debt and expect in the future to borrow additional amounts under the Credit Facility or otherwise, subject to market availability, and, may increase the size of the Credit Facility. We cannot assure you that our leverage will remain at current levels. The amount of leverage that we employ will depend upon our assessment of the market and other factors at the time of any proposed borrowing. Lenders have fixed dollar claims on our assets that are superior to the claims of our common stockholders or preferred stockholders, if any, and we have granted a security interest in Funding I's assets in connection with the Credit Facility borrowings. In the case of a liquidation event, those lenders would receive proceeds before our stockholders. Any future debt issuance will increase our leverage and may be subordinate to the Credit Facility. In addition, borrowings or debt issuances, also known as leverage, magnify the potential for loss or gain on amounts invested and, therefore, increase the risks associated with investing in our securities. Leverage is generally considered a speculative investment technique. If the value of our assets decreases, then the use of leverage would cause the NAV attributable to our common stock to decline more than it otherwise would have had we not utilized leverage. Similarly, any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on our common or preferred stock. Our ability to service any debt that we incur depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures.

As noted above, on April 5, 2018, our board of directors, including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act), and our stockholders, respectively, approved a reduction of our asset coverage ratio. As a result, the asset coverage requirement applicable to us for senior securities was reduced from 200% to 150%, so long as we comply with the applicable disclosure requirements, which may increase the risk of investing in us.

As of September 30, 2023 and 2022, our asset coverage ratio, as computed in accordance with the 1940 Act, was 230% and 178%, respectively. Since our leverage was 76% and 128% of our net assets as of September 30, 2023 and 2022, respectively, we would have to receive an annual return of at least 2.4% and 2.2%, respectively, to cover annual interest payments.

As of September 30, 2023, we had outstanding borrowings of \$9.4 million under the Credit Facility, \$76.2 million outstanding under our 2023 Notes, \$185.0 million under our 2026 Notes, and \$228.0 million outstanding under the 2031 Asset-Backed Debt. Our consolidated debt outstanding was \$498.6 million and had a weighted average annual interest rate at the time of 5.6%, exclusive of the fees on the undrawn commitment on the Credit Facility. This example is for illustrative purposes only, and actual interest rates on the Credit Facility or any future borrowings are likely to fluctuate. The costs associated with our borrowings, including any increase in the management fee or incentive fee payable to our Investment Adviser, are and will be borne by our stockholders.

The following table is designed to illustrate the effect on the return to a holder of our common stock of the leverage created by our use of borrowing as of September 30, 2023 of 76% of total assets (including such borrowed funds), at the current interest rate at the time of 5.6%, and assumes hypothetical annual returns on our portfolio of minus 10 to plus 10 percent. The table also assumes that we will maintain a constant level of leverage and weighted average interest rate. The amount of leverage and cost of borrowing that we use will vary from time to time. As can be seen, leverage generally increases the return to stockholders when the portfolio return is positive and decreases return when the portfolio return is negative. Actual returns may be greater or less than those appearing in the table.

Assumed return on portfolio (net of expenses) <sup>(1)</sup>	(10.0)%	(5.0)%	0%	5.0%	10.0%
Corresponding return to common stockholders <sup>(2)</sup>	(22.3)%	(13.3)%	(4.3)%	4.7%	13.7%

<sup>(1)</sup>The assumed portfolio return is required by regulation of the SEC and is not a prediction of, and does not represent, our projected or actual performance.

<sup>(2)</sup>In order to compute the “corresponding return to common stockholders,” the “assumed return on portfolio” is multiplied by the total value of our assets at the beginning of the period to obtain an assumed return to us. From this amount, all interest expense expected to be accrued during the period is subtracted to determine the return available to stockholders. The return available to stockholders is then divided by the total value of our net assets as of the beginning of the period to determine the “corresponding return to common stockholders.”

***We may in the future determine to fund a portion of our investments with preferred stock, which is another form of leverage and would magnify the potential for loss and the risks of investing in us.***

Preferred stock, which is another form of leverage, has the same risks to our common stockholders as borrowings because the distributions on any preferred stock we issue must be cumulative. If we issue preferred securities they would rank “senior” to common stock in our capital structure. Payment of distributions on, and repayment of the liquidation preference of, such preferred stock would typically take preference over any distributions or other payments to our common stockholders. Also, preferred stockholders are not typically subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference. Furthermore, preferred stockholders would have separate voting rights and may have rights, preferences or privileges more favorable than those of our common stockholders. Also, the issuance of preferred securities could have the adverse effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for our common stockholders or otherwise be in the best interest of stockholders.

***We may in the future determine to fund a portion of our investments with debt securities, which would magnify the potential for loss and the risks of investing in us.***

As a result of any issuance of debt securities and borrowings under the Credit Facility, the 2023 Notes, the 2026 Notes and the 2031 Asset-Backed Debt, we would be exposed to typical risks associated with leverage, including an increased risk of loss and an increase in expenses, which are ultimately borne by our common stockholders. Payment of interest on such debt securities must take preference over any other distributions or other payments to our common stockholders. If we issue additional debt securities in the future, it is likely that such securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. In addition, such securities may be rated by rating agencies, and in obtaining a rating for such securities, we may be required to abide by operating and investment guidelines that could further restrict our operating flexibility. Furthermore, any cash that we use to service our indebtedness would not be available for the payment of distributions to our common stockholders.

***Our credit ratings may not reflect all risks of an investment in our debt securities.***

Our credit ratings, if any, are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of any publicly issued debt securities. Our credit ratings may not reflect the potential impact of risks related to market conditions or other factors discussed above on the market value of, or trading market for, any publicly issued debt securities. Rating agencies have reviewed, and may continue to review, our credit ratings and those of other business development companies in light of the SBCAA as well as any corresponding changes to asset coverage ratios and, in certain cases, downgrade such ratings. Such a downgrade in our credit ratings may adversely affect our securities.

***Market conditions may make it difficult to extend the maturity of or refinance our existing indebtedness and any failure to do so could have a material adverse effect on our business.***

Our Credit Facility expires in August 2026. We utilize proceeds from the Credit Facility to make investments in our portfolio companies. The duration of many of our investments exceeds the duration of our indebtedness under the Credit Facility. This means that we will have to extend the maturity of the Credit Facility or refinance our indebtedness under the Credit Facility in order to avoid selling investments at maturity of the Credit Facility, at which time such sales may be at prices that are disadvantageous to us, which could materially damage our business. In addition, future market conditions may affect our ability to renew or refinance the Credit Facility on terms as favorable as those in our existing Credit Facility. If we fail to extend or refinance the indebtedness outstanding under the Credit Facility by the time it becomes due and payable, the administrative agent of the Credit Facility may elect to exercise various remedies, including the sale of all or a portion of the collateral securing the Credit Facility, subject to certain restrictions, any of which could have a material adverse effect on our business, financial condition and results of operations. The illiquidity of our investments may make it difficult for us to sell such investments. If we are required to sell our investments on short-term notice, we may not receive the value that we have recorded for such investments, and this could materially affect our results of operations.

***We may not receive cash on our equity interests from Funding I.***

Except for management fees that PennantPark Investment Advisers has irrevocably directed to be paid to us, we receive cash from Funding I only to the extent that we receive distributions on our equity interests in Funding I. Funding I may make equity distributions on such interests only to the extent permitted by the payment priority provisions of the Credit Facility. The Credit Facility generally provides that payments on such interests may not be made on any payment date unless all amounts owing to the Lenders and other secured parties are paid in full. In the event that we fail to receive cash from Funding I, we could be unable to make distributions to our stockholders in amounts sufficient to maintain our ability to be subject to tax as a RIC. We also could be forced to sell investments in portfolio companies at less than their fair value in order to continue making such distributions.

***There are significant potential conflicts of interest which could impact our investment returns.***

The professionals of the Investment Adviser and Administrator may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do or of investment funds managed by affiliates of us that currently exist or may be formed in the future. The Investment Adviser and Administrator may be engaged by such funds at any time and without the prior approval of our stockholders or our board of directors. Our board of directors monitors any potential conflict that may arise upon such a development. Accordingly, if this occurs, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders. Currently, the executive officers and directors, as well as the current senior investment professionals of the Investment Adviser, may serve as officers and directors of our affiliated funds. In addition, we note that any affiliated investment vehicles currently formed or formed in the future and managed by the Investment Adviser or its affiliates may have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. As a result, the Investment Adviser may face conflicts in allocating investment opportunities between us and such other entities. Although the Investment Adviser will endeavor to allocate investment opportunities in a fair and equitable manner, it is possible that, in the future, we may not be given the opportunity to participate in investments made by investment funds managed by the Investment Adviser or an investment manager affiliated with the Investment Adviser. In any such case, when the Investment Adviser identifies an investment, it is forced to choose which investment fund should make the investment. We may co-invest on a concurrent basis with any other affiliates that the Investment Adviser currently has or forms in the future, subject to compliance with applicable regulations and regulatory guidance, our exemptive relief and our allocation procedures.

In the ordinary course of our investing activities, we pay investment advisory and incentive fees to the Investment Adviser, and reimburse the Investment Adviser for certain expenses it incurs. As a result, investors in our common stock invest on a “gross” basis and receive distributions on a “net” basis after expenses, resulting in a lower rate of return than an investor might achieve through direct investments. Accordingly, there may be times when the management team of the Investment Adviser has interests that differ from those of our stockholders, giving rise to a conflict. For example, the Investment Adviser may seek to invest in more speculative investments in order to increase its incentive fee, which practice could result in higher investment losses, particularly during economic downturns.

We have entered into the License Agreement with PennantPark Investment Advisers, pursuant to which the Investment Adviser has agreed to grant us a royalty-free non-exclusive license to use the name "PennantPark." The License Agreement will expire (i) upon expiration or termination of the Investment Management Agreement, (ii) if the Investment Adviser ceases to serve as our investment adviser, (iii) by either party upon 60 days' written notice or (iv) by the Investment Adviser at any time in the event we assign or attempt to assign or sublicense the License Agreement or any of our rights or duties thereunder without the prior written consent of the Investment Adviser. Other than with respect to this limited license, we have no legal right to the "PennantPark" name.

In addition, we pay PennantPark Investment Administration, an affiliate of the Investment Adviser, our allocable portion of overhead and other expenses incurred by PennantPark Investment Administration in performing its obligations under the Administration Agreement, including rent and our allocable portion of the cost of our Chief Financial Officer and Chief Compliance Officer and their respective staffs. These arrangements may create conflicts of interest that our board of directors must monitor.

***We are subject to risks associated with cybersecurity and cyber incidents.***

Our business relies on secure information technology systems. These systems are subject to potential attacks, including through adverse events that threaten the confidentiality, integrity or availability of our information resources (i.e., cyber incidents). These attacks could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption and result in disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to our business relationships, any of which could have a material adverse effect on our business, financial condition and results of operations. As our reliance on technology has increased, so have the risks posed to our information systems, both internal and those provided by the Investment Adviser and third-party service providers. We, along with our Investment Adviser, have implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of the risk of a cyber incident, may be ineffective and do not guarantee that a cyber incident will not occur or that our financial results, operations or confidential information will not be negatively impacted by such an incident. In addition, the costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Furthermore, cybersecurity continues to be a key priority for regulators around the world, and some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. If we fail to comply with the relevant laws and regulations, we could suffer financial losses, a disruption of our businesses, liability to investors, regulatory intervention or reputational damage.

***We may experience fluctuations in our quarterly results.***

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate payable on the debt securities we acquire, the default rate on such securities, the level of our expenses, variations in, and the timing of the recognition of, realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. However, as a result of our irrevocable election to apply the fair value option to the Credit Facility, future decreases of fair value of our debt is expected to have a corresponding increase to our NAV. Similarly, future increases in the fair value of our debt may have a corresponding decrease to our NAV. Any future indebtedness that we elect the fair value option for may have similar effects on our NAV as the Credit Facility. This is expected to mitigate volatility in our earnings and NAV. As a result, results for any period should not be relied upon as being indicative of future performance.

***We may in the future issue securities for which there is no public market and for which we expect no public market to develop.***

In order to raise additional capital, we may issue debt or other securities for which no public market exists, and for which no public market is expected to develop. If we issue shares of our common stock as a component of a unit security, we would expect the common stock to separate from the other securities in such unit after a period of time or upon occurrence of an event and to trade publicly on The New York Stock Exchange and the TASE, which may cause volatility in our publicly traded common stock. To the extent we issue securities for which no public market exists and for which no public market develops, a purchaser of such securities may not be able to liquidate the investment without considerable delay, if at all. If a market should develop for our debt and other securities, the price may be highly volatile, and our debt and other securities may lose value.

***If we issue preferred stock, debt securities or convertible debt securities the NAV and market value of our common stock may become more volatile.***

We cannot assure you that the issuance of preferred stock and/or debt securities would result in a higher yield or return to the holders of our common stock. The issuance of preferred stock, debt securities and/or convertible debt would likely cause the NAV and market value of our common stock to become more volatile. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of our common stock would be reduced or entirely eliminated. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to exceed the net rate of return on our portfolio, the use of leverage would result in a lower rate of return to the holders of common stock than if we had not issued the preferred stock or debt securities. Any decline in the NAV of our investment would be borne entirely by the holders of our common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in NAV to the holders of our common stock than if we were not leveraged through the issuance of preferred stock, debt securities or convertible debt. This decline in NAV would also tend to cause a greater decline in the market price for our common stock.

There is also a risk that, in the event of a sharp decline in the value of our net assets, we would be in danger of failing to maintain required asset coverage ratios or other covenants which may be required by the preferred stock, debt securities and/or convertible debt or risk a downgrade in the ratings of the preferred stock, debt securities and/or convertible debt or our current investment income might not be sufficient to meet the dividend requirements on the preferred stock or the interest payments on the debt securities. In order to counteract such an event, we might need to liquidate investments in order to fund redemption of some or all of the preferred stock, debt securities or convertible debt. In addition, we would pay (and the holders of our common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, debt securities, convertible debt or any combination of these securities. Holders of preferred stock, debt securities, convertible debt or any combination of these securities may have different interests than holders of common stock and may at times have disproportionate influence over our business.

***The ability to sell investments held by Funding I is limited.***

The Credit Facility places restrictions on the collateral manager's ability to sell investments. As a result, there may be times or circumstances during which the collateral manager is unable to sell investments or take other actions that might be in our best interests.

***The trading market or market value of any publicly issued debt or convertible debt securities may be volatile.***

If we publicly issue debt or convertible debt securities, they initially will not have an established trading market. We cannot assure investors that a trading market for our publicly issued debt or convertible debt securities would develop or be maintained if developed. In addition to our creditworthiness, many factors may have a material adverse effect on the trading market for, and market value of, our publicly issued debt or convertible debt securities.

These factors include the following:

- the time remaining to the maturity of these debt securities;
- the outstanding principal amount of debt securities with terms identical or similar to these debt securities;
- the supply of debt securities trading in the secondary market, if any;
- the redemption, repayment or convertible features, if any, of these debt securities;
- the level, direction and volatility of market interest rates; and
- market rates of interest higher or lower than rates borne by the debt securities.

There also may be a limited number of buyers for our debt securities. This too may have a material adverse effect on the market value of the debt securities or the trading market for the debt securities. Our debt securities may include convertible features that cause them to more closely bear risks associated with an investment in our common stock.

***Terms relating to debt redemption may have a material adverse effect on the return on any debt securities.***

If we issue debt securities that are redeemable at our option, we may choose to redeem the debt securities at times when prevailing interest rates are lower than the interest rate paid on the debt securities. In addition, if the debt securities are subject to mandatory redemption, we may be required to redeem the debt securities at times when prevailing interest rates are lower than the interest rate paid on the debt securities. In this circumstance, a holder of our debt securities may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the debt securities being redeemed.

***If we issue subscription rights or warrants for our common stock, your interest in us may be diluted as a result of such rights or warrants offering.***

Stockholders who do not fully exercise rights or warrants issued to them in an offering of subscription rights or warrants to purchase our common stock should expect that they will, at the completion of an offering, own a smaller proportional interest in us than would otherwise be the case if they fully exercised their rights or warrants. We cannot state precisely the amount of any such dilution in share ownership because we do not know what proportion of the common stock would be purchased as a result of any such offering.

In addition, if the subscription price or warrant exercise price is less than our NAV per share of common stock at the time of an offering, then our stockholders would experience an immediate dilution of the aggregate NAV of their shares as a result of the offering. The amount of any such decrease in NAV is not predictable because it is not known at this time what the subscription price, warrant exercise price or NAV per share will be on the expiration date of such rights offering or what proportion of our common stock will be purchased as a result of any such offering.

***Changes in laws or regulations governing our operations or those of our portfolio companies may adversely affect our business.***

We and our portfolio companies are subject to laws and regulations at the U.S. federal, state and local levels and, in some cases, foreign levels. These laws and regulations, as well as their interpretation, may change from time to time, and new laws, regulations and interpretations may come into effect. Accordingly, any change in law and regulations, changes in administration or control of U.S. Congress, changes in interpretations, or newly enacted laws or regulations could have a material adverse effect on our business or the business of our portfolio companies. See “Business—Regulation” for more information.

Over the past several years, there also has been increasing regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non-bank financial sector may be subject to new regulation. While it cannot be known at this time whether any regulation will be implemented or what form it will take, increased regulation of non-bank lending could be materially adverse to our business, financial conditions and results of operation. We may experience fluctuations in our quarterly results.

The United States may also potentially withdraw from or renegotiate various trade agreements and take other actions that would change current trade policies of the United States. We cannot predict which, if any, of these actions will be taken or, if taken, their effect on the financial stability of the United States. Such actions could have a material adverse effect on our business, financial condition and results of operations.

***Our board of directors may change our investment objectives, operating policies and strategies without prior notice or stockholder approval.***

Our board of directors has the authority to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval (except as required by the 1940 Act). However, absent stockholder approval, under the 1940 Act, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and value of our common stock. Nevertheless, the effects may adversely affect our business and impact our ability to make distributions.

***Our business and operations could be negatively affected if we become subject to stockholder activism, which could cause us to incur significant expense, hinder the execution of our investment strategy or impact our stock price.***

Stockholder activism, which could take many forms, including making public demands that we consider certain strategic alternatives, engaging in public campaigns to attempt to influence our corporate governance and/or our management, and commencing proxy contests to attempt to elect the activists’ representatives or others to our board of directors, or arise in a variety of situations, has impacted the BDC space. While we are currently not subject to any stockholder activism, due to the potential volatility of our stock price and for a variety of other reasons, we may in the future become the target of stockholder activism. Stockholder activism could result in substantial costs and divert management’s and our board of directors’ attention and resources from our business. Additionally, such stockholder activism could give rise to perceived uncertainties as to our future and adversely affect our relationships with service providers and our portfolio companies. Also, we may be required to incur significant legal and other expenses related to any activist stockholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any stockholder activism.

## RISKS RELATING TO THE ILLIQUID NATURE OF OUR PORTFOLIO ASSETS

*We invest in illiquid assets, and our valuation procedures with respect to such assets may result in recording values that are materially different than the values we ultimately receive upon disposition of such assets.*

All of our investments are recorded using broker or dealer quotes, if available, or at fair value as determined in good faith by our board of directors. We expect that most, if not all, of our investments (other than cash and cash equivalents) and the fair value of the Credit Facility will be classified as Level 3 under the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 820, Fair Value Measurements and Disclosures, or ASC 820. This means that the portfolio valuations will be based on unobservable inputs and our own assumptions about how market participants would price the asset or liability. We expect that inputs into the determination of fair values of our portfolio investments and Credit Facility borrowings will require significant management judgment or estimation. Even if observable market data are available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by such a disclaimer materially reduces the reliability of such information. As a result, there will be uncertainty as to the value of our portfolio investments.

Determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments we make. In determining fair value in good faith, we generally obtain financial and other information from portfolio companies, which may represent unaudited, projected or pro forma financial information. Unlike banks, we are not permitted to provide a general reserve for anticipated loan losses; we are instead required by the 1940 Act to specifically fair value each individual investment on a quarterly basis. We record unrealized appreciation if we believe that our investment has appreciated in value. Likewise, we record unrealized depreciation if we believe that our investment has depreciated in value. We adjust quarterly the valuation of our portfolio to reflect our board of directors' determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded on our Consolidated Statements of Operations as net change in unrealized appreciation or depreciation.

All of our investments are recorded at fair value as determined in good faith by our board of directors. Our board of directors uses the services of nationally recognized independent valuation firms to aid it in determining the fair value of our investments. The factors that may be considered in fair value pricing of our investments include the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and cash flows, the markets in which the portfolio company does business, comparison to publicly traded companies and other relevant factors. Because valuations may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the value received in an actual transaction. Additionally, valuations of private securities and private companies are inherently uncertain. Our NAV could be adversely affected if our determinations regarding the fair value of our investments were materially lower than the values that we ultimately realize upon the disposal of such investments.

*The lack of liquidity in our investments may adversely affect our business.*

We may acquire our investments directly from the issuer in privately negotiated transactions. Substantially all of these securities are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. We typically exit our investments when the portfolio company has a liquidity event such as a sale, refinancing, or initial public offering of the company, but we are generally not required to do so.

The illiquidity of our investments may make it difficult or impossible for us to sell such investments if the need arises, particularly at times when the market for illiquid securities is substantially diminished. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments, which could have a material adverse effect on our business, financial condition and results of operations. In addition, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we have material non-public information regarding such portfolio company.

Investments purchased by us that are liquid at the time of purchase may subsequently become illiquid due to events relating to the issuer of the investments, market events, economic conditions or investor perceptions. Domestic and foreign markets are complex and interrelated, so that events in one sector of the world markets or economy, or in one geographical region, can reverberate and have materially negative consequences for other market, economic or regional sectors in a manner that may not be foreseen and which may materially harm our business.

*A general disruption in the credit markets could materially damage our business.*

We are susceptible to the risk of significant loss if we are forced to discount the value of our investments in order to provide liquidity to meet our debt maturities. Funding I's borrowings under its Credit Facility are collateralized by the assets in our investment portfolio. A general disruption in the credit markets could result in diminished demand for our securities. In addition, with respect to over-the-counter traded securities, the continued viability of any over-the-counter secondary market depends on the continued willingness of dealers and other participants to purchase the securities.

If the fair value of our assets declines substantially, we may fail to maintain the asset coverage ratio stipulated by the 1940 Act, which could, in turn, cause us to lose our status as a BDC and materially impair our business operations. Our liquidity could be impaired further by an inability to access the capital markets or to draw down Funding I's Credit Facility. These situations may arise due to circumstances that we may be unable to control, such as a general disruption in the credit markets, a severe decline in the value of the U.S. dollar, an economic downturn or recession or an operational problem that affects our counterparties or us, and could materially damage our business.

*We may invest in over-the-counter securities, which have and may continue to face liquidity constraints, to provide us with liquidity.*

The market for over-the-counter traded securities has and may continue to experience limited liquidity and other weakness as the viability of any over-the-counter secondary market depends on the continued willingness of dealers and other participants to purchase the securities.

## RISKS RELATING TO OUR INVESTMENTS

### *Our investments in prospective portfolio companies may be risky, and an investor could lose all or part of an investment.*

We intend to invest primarily in floating rate loans, which may consist of first lien secured debt, second lien secured debt, subordinated debt and selected equity investments issued by U.S. middle-market companies.

**1. Floating Rate Loans:** The floating rate loans we invest in are usually rated below investment grade or may also be unrated. Investments in floating rate loans rated below investment grade are considered speculative because of the credit risk of their issuers. Such companies are more likely than investment grade issuers to default on their payments of interest and principal owed to us, and such defaults could reduce our NAV and income distributions. An economic downturn would generally lead to a higher default rate by portfolio companies. A floating rate loan may lose significant market value before a default occurs and we may experience losses due to the inherent illiquidity of the investments. Moreover, any specific collateral used to secure a floating rate loan may decline in value or become illiquid, which would adversely affect the floating rate loan's fair value. Floating rate loans are subject to a number of risks, including liquidity risk and the risk of investing in below investment grade, variable-rate securities.

Floating rate loans are subject to the risk of non-payment of scheduled interest or principal. Such non-payment would result in a reduction of income to us, a reduction in the fair value of the investment and a potential decrease in our NAV. There can be no assurance that the liquidation of any collateral securing a floating rate loan would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments, or that the collateral could be readily liquidated. In the event of bankruptcy or insolvency of a borrower, we could experience delays or limitations with respect to our ability to realize the benefits of the collateral securing a floating rate loan. The collateral securing a floating rate loan may lose all or substantially all of its value in the event of the bankruptcy or insolvency of a borrower. Some loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the rights in collateral of such loans to presently existing or future indebtedness of the borrower or take other actions detrimental to the holders of loans including, in certain circumstances, invalidating such loans or causing interest previously paid to be refunded to the borrower. Either such action could materially negatively affect our performance.

We may acquire floating rate loans through assignments or participations of interests in such loans. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to such debt obligation. However, the purchaser's rights can be more restricted than those of the assigning institution, and we may not be able to unilaterally enforce all rights and remedies under an assigned debt obligation and with regard to any associated collateral. A participation typically results in a contractual relationship only with the institution participating out the interest and not directly with the borrower. Sellers of participations typically include banks, broker-dealers, other financial institutions and lending institutions. In purchasing participations, we generally will have no right to enforce compliance by the borrower with the terms of the loan agreement against the borrower, and we may not directly benefit from the collateral supporting the debt obligation in which we have purchased the participation. As a result, we will be exposed to the credit risk of both the borrower and the institution selling the participation. Further, in purchasing participations in lending syndicates, we will not be able to conduct the same level of due diligence on a borrower or the quality of the floating rate loan with respect to which we are buying a participation as we would conduct if we were investing directly in the floating rate loan. This difference may result in us being exposed to greater credit or fraud risk with respect to such floating rate loans than we expected when initially purchasing the participation. Floating rate loans can be first lien secured debt, second lien secured debt or subordinated debt.

**2. First Lien Secured Debt:** When we extend first lien secured debt, we will generally take a security interest in the available assets of these portfolio companies, including the equity interests of their subsidiaries, although this may not always be the case. We expect this security interest, if any, to help mitigate the risk that we will not be repaid. However, there is a risk that the collateral securing our loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. Also, in some circumstances, our lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a first lien secured debt investment is secured does not guarantee that we will receive principal and interest payments according to the loan's terms, or at all, or that we will be able to collect on the loan should we be forced to enforce our remedies.

**3. Second Lien Secured Debt:** Our second lien secured debt usually ranks junior in priority of payment to first lien secured debt. Second lien secured debt holds a second priority with regard to right of payment in the event of insolvency. Second lien secured debt ranks senior to subordinated debt and common and preferred equity in borrowers' capital structures. This may result in an above average amount of risk and volatility or a loss of principal. These investments may involve additional risks that could adversely affect our investment returns. To the extent interest payments associated with such debt are deferred, such debt may be subject to greater fluctuations in valuations, and such debt could subject us and our stockholders to non-cash income. Since we may not receive cash interest or principal prior to the maturity of some of our second lien secured debt investments, such investments may be of greater risk than cash paying loans.

**4. Subordinated Debt:** Our subordinated debt usually ranks junior in priority of payment to first lien secured debt and second lien secured debt, and are often unsecured. As such, other creditors may rank senior to us in the event of insolvency. Subordinated debt ranks senior to common and preferred equity in borrowers' capital structures. This may result in an above average amount of risk and volatility or a loss of principal. These investments may involve additional risks that could adversely affect our investment returns. To the extent interest payments associated with such debt are deferred, such debt may be subject to greater fluctuations in valuations, and such debt could subject us and our stockholders to non-cash income. Since we may not receive cash interest or principal prior to the maturity of some of our subordinated debt investments, such investments may be of greater risk than cash paying loans.

**5. Equity Investments:** We have made and expect to continue to make select equity investments, all of which are subordinated to debt investments. In addition, when we invest in first lien secured debt, second lien secured debt or subordinated debt, we may acquire warrants to purchase equity investments from time to time. Our goal is ultimately to dispose of these equity investments and realize gains upon our disposition of such interests. However, the equity investments we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity investments, and any gains that we do realize on the disposition of any equity investments may not be sufficient to offset any other losses we experience. In addition, many of the equity securities in which we invest may not pay dividends on a regular basis, if at all. Furthermore, we may hold equity investments in partnerships through a taxable subsidiary for federal income tax purposes. Upon sale or exit of such investment, we may pay taxes at regular corporate tax rates, which will reduce the amount of gains or dividends available for distributions to our stockholders.

In addition, investing in middle-market companies involves a number of significant risks, including:

- companies may be highly leveraged, have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment;
- they typically have shorter operating histories, more limited publicly available information, narrower product lines, more concentration of revenues from customers and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and changing market conditions, as well as general economic downturns;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and our Investment Adviser may be named as defendants in litigation arising from our investments in the portfolio companies; and
- they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to refinance their outstanding indebtedness upon maturity.

***Under the 1940 Act, we may invest up to 30% of our assets in investments that are not qualifying assets for BDCs. If we do not invest a sufficient portion of our assets in qualifying assets, we could be precluded from investing in assets that we deem to be attractive.***

As a BDC, we may not acquire any asset other than qualifying assets, as defined under the 1940 Act, unless at the time the acquisition is made such qualifying assets represent at least 70% of the value of our total assets. Qualifying assets include investments in U.S. operating companies whose securities are not listed on a national securities exchange and companies listed on a national securities exchange subject to a maximum market capitalization of \$250 million. Qualifying assets also include cash, cash equivalents, government securities and high quality debt securities maturing in one year or less from the time of investment.

We believe that most of our debt and equity investments do and will constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we have not invested a sufficient portion of our assets in qualifying assets at the time of a proposed investment, we will be prohibited from making any additional investment that is not a qualifying asset and could be forced to forgo attractive investment opportunities. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inappropriate times in order to comply with the 1940 Act. If we need to dispose of such investments quickly, it would be difficult to dispose of such investments on favorable terms. For example, we may have difficulty in finding a buyer and, even if we do find a buyer, we may have to sell the investments at a substantial loss.

***We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we generally are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.***

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer, excluding limitations on investments in other investment companies and compliance with the RIC tax regulations. To the extent that we assume large positions in the securities of a small number of issuers, our NAV may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond the Diversification Requirements, we do not have fixed guidelines for portfolio diversification, and our investments could be concentrated in relatively few portfolio companies or industries. Although we are classified as a non-diversified investment company within the meaning of the 1940 Act, we maintain the flexibility to operate as a diversified investment company and have done so for an extended period of time. To the extent that we operate as a non-diversified investment company in the future, we may be subject to greater risk.

***Economic recessions or downturns could impair our portfolio companies and harm our operating results.***

Many of our portfolio companies are susceptible to economic or industry centric slowdowns or recessions and may be unable to repay debt from us during these periods. Therefore, our non-performing assets are likely to increase, and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions also may decrease the value of collateral securing some of our debt investments and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a material decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and materially harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and potential termination of its debt and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company, and any restructuring could further cause adverse effects on our business. Depending on the facts and circumstances of our investments and the extent of our involvement in the management of a portfolio company, upon the bankruptcy of a portfolio company, a bankruptcy court may recharacterize our debt investments as equity investments and subordinate all or a portion of our claim to that of other creditors. This could occur regardless of how we may have structured our investment. In addition, we cannot assure you that a bankruptcy court would not take actions contrary to our interests.

***If we fail to make follow-on investments in our portfolio companies, this could materially impair the value of our portfolio.***

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments, in order to:

- increase or maintain in whole or in part our equity ownership percentage;
- exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or
- attempt to preserve or enhance the value of our investment.

We have the discretion to make any follow-on investments, subject to the availability of capital resources and regulatory considerations. We may elect not to make follow-on investments or otherwise lack sufficient funds to make those investments. Any failure to make follow-on investments may, in some circumstances, jeopardize the

continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful transaction or business. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our concentration of risk, either because we prefer other opportunities or because we are inhibited by compliance with BDC requirements or the desire to maintain our RIC tax status.

***Because we generally do not hold controlling equity interests in our portfolio companies, we are not in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.***

Because we generally do not hold controlling equity positions in our portfolio companies, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and the stockholders and management of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity for the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company, and may therefore suffer a decrease in the market value of our investments.

***An investment strategy focused primarily on privately held companies, including controlling equity interests, presents certain challenges, including the lack of available or comparable information about these companies, a dependence on the talents and efforts of only a few key portfolio company personnel and a greater vulnerability to economic downturns.***

We have invested and intend to continue to invest primarily in privately held companies. Generally, little public information exists about these companies, and we rely on the ability of our Investment Adviser's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If they are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose value on our investments. Also, privately held companies frequently have less diverse product lines and smaller market presence than larger competitors. These factors could have a material adverse impact on our investment returns as compared to companies investing primarily in the securities of public companies.

***Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies and our portfolio companies may be highly leveraged.***

We invest primarily in floating rate loans issued by our portfolio companies. The portfolio companies usually will have, or may be permitted to incur, other debt that ranks equally with, or senior to, our investments, and they may be highly leveraged. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to our debt investments. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such senior creditors, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

***Our incentive fee may induce the Investment Adviser to make speculative investments.***

The incentive fee payable by us to PennantPark Investment Advisers may create an incentive for PennantPark Investment Advisers to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The incentive fee payable to our Investment Adviser is calculated based on a percentage of our NAV. This may encourage our Investment Adviser to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common stock. In addition, our Investment Adviser will receive the incentive fee based, in part, upon net capital gains realized on our investments. Unlike that portion of the incentive fee based on income, there is no hurdle applicable to the portion of the incentive fee based on net capital gains. As a result, the Investment Adviser may have a tendency to invest more capital in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns.

The part of our incentive fee payable by us to PennantPark Investment Advisers that relates to net investment income is computed and paid on income that has been accrued but that has not been received in cash. PennantPark Investment Advisers is not obligated to reimburse us for any such incentive fees even if we subsequently incur losses or never receive in cash the deferred income that was previously accrued. As a result, there is a risk that we will pay incentive fees with respect to income that we never receive in cash.

***Any investments in distressed debt may not produce income and may require us to bear large expenses in order to protect and recover our investment.***

Distressed debt investments may not produce income and may require us to bear certain additional expenses in order to protect and recover our investment. Therefore, to the extent we invest in distressed debt, our ability to achieve current income for our stockholders may be diminished. We also will be subject to significant uncertainty as to when, in what manner and for what value the distressed debt in which we invest will eventually be satisfied (e.g., through liquidation of the obligor's assets, an exchange offer or plan of reorganization involving the distressed debt securities or a payment of some amount in satisfaction of the obligation). In addition, even if an exchange offer is made or plan of reorganization is adopted with respect to distressed debt we hold, there can be no assurance that the securities or other assets received by us in connection with such exchange offer or plan of reorganization will not have a lower value or income potential than may have been anticipated when the investment was made. Moreover, any securities received by us upon completion of an exchange offer or plan of reorganization may be restricted as to resale. If we participate in negotiations with respect to any exchange offer or plan of reorganization with respect to an issuer of distressed debt, we may be restricted from disposing of such securities.

***Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.***

Our investment strategy contemplates potential investments in securities of companies located outside of the United States. Investments in securities of companies located outside the United States would not be qualifying assets under Section 55(a) of the 1940 Act. Investing in companies located outside of the United States may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political, economic and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although most of our investments will be U.S. dollar-denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and economic and political developments. We may employ hedging techniques such as using the Credit Facility's multicurrency capability to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk or, that if we do, such strategies will be effective.

*We may make investments that cause our stockholders to bear investment advisory fees and other expenses on such investments in addition to our management fees and expenses.*

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies and companies that would be investment companies but are excluded from the definition of an investment company provided in Section 3(c) of the 1940 Act. To the extent we so invest, we will bear our ratable share of any such investment company's expenses, including management and performance fees. We will also remain obligated to pay investment advisory fees, consisting of a base management fee and an incentive fee, to PennantPark Investment Advisers with respect to investments in the securities and instruments of other investment companies under our Investment Management Agreement. With respect to any such investments, each of our stockholders will bear his or her share of the investment advisory fees of PennantPark Investment Advisers as well as indirectly bearing the investment advisory fees and other expenses of any investment companies in which we invest.

*We may be obligated to pay our Investment Adviser incentive compensation even if we incur a loss.*

Our Investment Adviser is entitled to incentive compensation for each fiscal quarter in an amount equal to a percentage of the excess of our investment income for that quarter (before deducting incentive compensation, net operating losses and certain other items) above a threshold return for that quarter. Our Pre-Incentive Fee Net Investment Income for incentive compensation purposes excludes realized and unrealized capital losses that we may incur in the fiscal quarter, even if such capital losses result in a net loss on our Consolidated Statements of Operations for that quarter. Thus, we may be required to pay the Investment Adviser incentive compensation for a fiscal quarter even if there is a decline in the value of our portfolio, NAV or we incur a net loss for that quarter. In addition, increases in interest rates may increase the amount of incentive fees we pay to the Investment Adviser even though our performance relative to the market has not increased.

*We may invest in derivatives or other assets that expose us to certain risks, including market risk, liquidity risk, counterparty risk, operational and legal risk and other risks similar to those associated with the use of leverage.*

The Company may invest in derivatives and other assets that are subject to many of the same types of risks related to the use of leverage. Derivative transactions, if any, will generally create leverage for the Company and involve significant risks. The primary risks related to derivative transactions include counterparty, correlation, liquidity, leverage, volatility, over-the-counter trading, operational and legal risks. In addition, a small investment in derivatives could have a large potential impact on our performance, effecting a form of investment leverage on our portfolio. In certain types of derivative transactions, the Company could lose the entire amount of its investment; in other types of derivative transactions the potential loss is theoretically unlimited.

Under SEC Rule 18f-4 under the 1940 Act ("Rule 18f-4"), related to the use of derivatives, short sales, reverse repurchase agreements and certain other transactions by registered investment companies, the Company is permitted to enter into derivatives and other transactions that create future payment or delivery obligations, including short sales, notwithstanding the senior security provisions of the 1940 Act if it complies with certain value-at-risk leverage limits and derivatives risk management program and board oversight and reporting requirements or comply with a "limited derivatives users" exception. Rule 18f-4 also permits the Company to enter into reverse repurchase agreements or similar financing transactions notwithstanding the senior security provisions of the 1940 Act if the Company aggregates the amount of indebtedness associated with our reverse repurchase agreements or similar financing transactions with the aggregate amount of any other senior securities representing indebtedness when calculating the asset coverage ratios as discussed herein. In addition, the Company is permitted to invest in a security on a when-issued or forward-settling basis, or with a non-standard settlement cycle, and the transaction will be deemed not to involve a senior security under the 1940 Act, provided that (i) the Company intends to physically settle the transaction and (ii) the transaction will settle within 35 days of its trade date (the "Delayed-Settlement Securities Provision"). The Company may otherwise engage in such transactions that do not meet the conditions of the Delayed-Settlement Securities Provision so long as the Company treats any such transaction as a "derivatives transaction" for purposes of compliance with the rule. Furthermore, the Company is permitted to enter into an unfunded commitment agreement, and such unfunded commitment agreement will not be subject to the asset coverage requirements under the 1940 Act, if the Company reasonably believes, at the time it enters into such agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all such agreements as they come due. The Company cannot predict the effects of these requirements.

The Company has adopted updated policies and procedures in compliance with Rule 18f-4. The Company expects to qualify as a "limited derivatives user." Future legislation or rules may modify how the Company treats derivatives and other financial arrangements for purposes of the Company's compliance with the leverage limitations of the 1940 Act. Future legislation or rules, may modify how leverage is calculated under the 1940 Act and, therefore, may increase or decrease the amount of leverage currently available to the Company under the 1940 Act, which may be materially adverse to the Company and the Company's Investors.

#### **RISKS RELATING TO AN INVESTMENT IN OUR COMMON STOCK**

*We may obtain the approval of our stockholders to issue shares of our common stock at prices below the then current NAV per share of our common stock. If we receive such approval from stockholders in the future, we may issue shares of our common stock at a price below the then current NAV per share of common stock. Any such issuance could materially dilute your interest in our common stock and reduce our NAV per share.*

We may seek to obtain from our stockholders and they may approve a proposal that authorizes us to issue shares of our common stock at prices below the then current NAV per share of our common stock in one or more offerings for a 12-month period. Such approval would allow us to access the capital markets in a way that we were previously unable to do as a result of restrictions that, absent stockholder approval, apply to BDCs under the 1940 Act.

Any sale or other issuance of shares of our common stock at a price below NAV per share will result in an immediate dilution to your interest in our common stock and a reduction of our NAV per share. This dilution would occur as a result of a proportionately greater decrease in a stockholder's interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. Because the number of future shares of common stock that may be issued below our NAV per share and the price and timing of such issuances are not currently known, we cannot predict the actual dilutive effect of any such issuance. We also cannot determine the resulting reduction in our NAV per share of any such issuance at this time. We caution you that such effects may be material, and we undertake to describe all the material risks and dilutive effects of any offerings we make at a price below our then current NAV in the future in a prospectus supplement issued in connection with any such offering.

The determination of NAV in connection with an offering of shares of common stock will involve the determination by our board of directors or a committee thereof that we are not selling shares of our common stock at a price below the then current NAV of our common stock at the time at which the sale is made or otherwise in violation of the 1940 Act, unless we have previously received the consent of the majority of our common stockholders to do so and the board of directors decides such an offering is in the best interests of our common stockholders. Whenever we do not have current stockholder approval to issue shares of our common stock at a price per share below our then current NAV per share, the offering price per share (after any distributing commission or discount) will equal or exceed our then current NAV per share, based on the value of our portfolio securities and other assets determined in good faith by our board of directors as of a time within 48 hours (excluding Sundays and holidays) of the sale.

*There is a risk that our stockholders may not receive distributions or that our distributions may not grow over time.*

We intend to make distributions on a monthly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. In addition, due to the asset coverage ratio

requirements applicable to us as a BDC, we may be limited in our ability to make distributions. Further, we may be forced to liquidate some of our investments and raise cash in order to make distribution payments, which could materially harm our business. Finally, to the extent we make distributions to stockholders which include a return of capital, that portion of the distribution essentially constitutes a return of the stockholders' investment. Although such return of capital may not be taxable, such distributions may increase an investor's tax liability for capital gains upon the future sale of our common stock.

***Investing in our shares may involve an above average degree of risk.***

The investments we make in accordance with our investment objectives may result in a higher amount of risk and volatility than alternative investment options or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive and, therefore, an investment in our shares may not be suitable for someone with lower risk tolerance.

***Sales of substantial amounts of our securities may have an adverse effect on the market price of our securities.***

Sales of substantial amounts of our securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities. If this occurs and continues it could impair our ability to raise additional capital through the sale of securities should we desire to do so.

***We may allocate the net proceeds from any offering of our securities in ways with which you may not agree.***

We have significant flexibility in investing the net proceeds of any offering of our securities and may use the net proceeds from an offering in ways with which you may not agree or for purposes other than those contemplated at the time of the offering.

***Our shares may trade at discounts from NAV or at premiums that are unsustainable over the long term.***

Shares of BDCs may trade at a market price that is less than the NAV that is attributable to those shares. Our shares have traded above and below our NAV. Our shares closed on The New York Stock Exchange at \$10.66 and \$9.60 on September 30, 2023 and 2022, respectively. Our NAV per share was \$11.13 and \$11.62 as of the same dates, respectively. The possibility that our shares of common stock will trade at a discount from NAV or at a premium that is unsustainable over the long term is separate and distinct from the risk that our NAV will decrease. It is not possible to predict whether our shares will trade at, above or below NAV in the future.

***The market price of our common stock may fluctuate significantly.***

The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- changes in regulatory policies or tax guidelines, particularly with respect to RICs or BDCs;
- any loss of our BDC or RIC status;
- changes in earnings or variations in operating results;
- changes in prevailing interest rates;
- changes in the value of our portfolio of investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- the inability of our Investment Adviser to employ additional experienced investment professionals or the departure of any of the Investment Adviser's key personnel;
- operating performance of companies comparable to us;
- general national and international economic trends and other external factors;
- general price and volume fluctuations in the stock markets, including as a result of short sales;
- conversion features of subscription rights, warrants or convertible debt; and
- loss of a major funding source.

Since our initial listing on The Nasdaq Global Select Market to our voluntarily withdrawal of the principal listing of common shares from the Nasdaq Stock Market LLC effective at market close on April 13, 2022 and subsequent listing and trading of the Company's common stock on the New York Stock Exchange, which commenced April 14, 2022, our shares of common stock have traded at a wide range of prices. We can offer no assurance that our shares of common stock will not display similar volatility in future periods.

***We may be unable to invest the net proceeds raised from offerings on acceptable terms, which would harm our financial condition and operating results.***

Until we identify new investment opportunities, we intend to either invest the net proceeds of future offerings in cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less or use the net proceeds from such offerings to reduce then-outstanding obligations under the Credit Facility or any future credit facility. We cannot assure you that we will be able to find enough appropriate investments that meet our investment selection criteria or that any investment we complete using the proceeds from an offering will produce a sufficient return.

***There is a risk that our common stockholders may receive our stock as distributions in which case they may be required to pay taxes in excess of the cash they receive.***

We may distribute our common stock as a dividend of our taxable income and a stockholder could receive a portion of the dividends declared and distributed by us in shares of our common stock with the remaining amount in cash. Revenue Procedures issued by the IRS allow a publicly offered regulated investment company (including a BDC) to distribute its own stock as a dividend for the purpose of fulfilling its distribution requirements, if certain conditions are satisfied. As long as a portion of such

dividend is paid in cash (which portion may be as low as 20% of such dividend) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, a stockholder will be considered to have recognized dividend income generally equal to the fair market value of the stock paid by us plus cash received with respect to such dividend. The total dividend declared would be taxable income to a stockholder even though he or she may only receive a relatively small portion of the dividend in cash to pay any taxes due on the dividend. We have not elected to distribute stock as a dividend but reserve the right to do so.

***Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.***

The Maryland General Corporation Law, our charter and our bylaws contain provisions that may discourage, delay or make more difficult a change in control of us or the removal of our directors. We are subject to the Maryland Business Combination Act, or the Business Combination Act, the application of which is subject to any applicable requirements of the 1940 Act. Our board of directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our board, including approval by a majority of our disinterested directors. If the resolution exempting business combinations is repealed or our board does not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer.

In addition, our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of our common stock by any person. If we amend our bylaws to repeal the exemption from such act, it may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such an offer. Our bylaws require us to consult with the SEC staff before we repeal such exemption. Also, our charter provides for classifying our board of directors in three classes serving staggered three-year terms, and provisions of our charter authorize our board of directors to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our charter, without stockholder approval, to increase or decrease the number of shares of stock that we have authority to issue.

These anti-takeover provisions may inhibit a change of control in circumstances that could give our stockholders the opportunity to realize a premium over the market price for our common stock.

## **RISKS RELATING TO AN INVESTMENT IN OUR DEBT SECURITIES**

### **Risks Relating to Our 2023 Notes**

***The 2023 Notes are unsecured and therefore are effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future.***

The 2023 Notes are not secured by any of our assets or any of the assets of our subsidiaries. As a result, the 2023 Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred and may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the 2023 Notes. As of September 30, 2023, we had \$9.4 million outstanding under the Credit Facility. The Credit Facility is secured by substantially all of the assets of Funding I, and the indebtedness under the Credit Facility is therefore effectively senior in right of payment to the 2023 Notes to the extent of the value of such assets.

***The 2023 Notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries.***

The 2023 Notes are obligations exclusively of PennantPark Floating Rate Capital Ltd. and not of any of our subsidiaries. None of our subsidiaries is or acts as a guarantor of the 2023 Notes and the 2023 Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future.

Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors (including holders of preferred stock, if any, of our subsidiaries) will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the 2023 Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the 2023 Notes are structurally subordinated to all indebtedness and other liabilities (including trade payables) of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise.

***The 2023 Notes are linked to the U.S. Dollar and therefore holders of the 2023 Notes are subject to currency risk.***

Payments of principal and interest under the 2023 Notes will be adjusted for increases or decreases in the representative exchange rate of the U.S. Dollar to the New Israeli Shekel, or NIS, from the time of the public offering of the 2023 Notes. Accordingly, if such exchange rate declines, the rate of interest holders of the 2023 Notes receive in NIS terms effectively will be lower than the stated interest rate of the 2023 Notes and they will be entitled to receive fewer NIS upon repayment of the 2023 Notes than the par value thereof.

***If an active trading market does not develop for the 2023 Notes holders of the 2023 Notes may not be able to sell them.***

The 2023 Notes may trade at a discount to their initial offering price depending on prevailing interest rates, foreign currency exchange rates, the market for similar securities, our credit ratings, our financial condition or other relevant factors. We cannot assure holders of the 2023 Notes that a liquid trading market will develop for the 2023 Notes, that they will be able to sell their 2023 Notes at a particular time or that the price they receive when they sell will be favorable. To the extent an active trading market does not develop, the liquidity and trading price for the 2023 Notes may be harmed. Accordingly, investors may be required to bear the financial risk of an investment in the 2023 Notes for an indefinite period of time.

***The market price of the 2023 Notes may fluctuate.***

If an active trading market for the 2023 Notes does develop on the TASE, the 2023 Notes may trade at prices lower than the offering price. The trading price of the 2023 Notes depends on many factors, including:

- prevailing interest rates;
- the prevailing exchange rate of the U.S. Dollar to the NIS;
- the market for similar securities;
- general political, economic and financial market conditions in Israel and globally;

- our issuance of debt or preferred equity securities; and
- our financial condition, results of operations and prospects.

In addition, a downgrade, suspension or withdrawal of the credit rating assigned by a rating agency to us or the 2023 Notes, if any, or change in the debt markets could cause the liquidity or market value of the 2023 Notes to decline significantly.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the 2023 Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the 2023 Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to maintain our credit ratings or to advise holders of 2023 Notes of any changes in our credit ratings. There can be no assurance that our credit ratings will remain for any given period of time or that they will not be lowered or withdrawn entirely if in the judgment of the rating agency future circumstances relating to the basis of our credit ratings, such as adverse changes in our company, so warrant. In addition, the interest rate payable under the 2023 Notes will increase in the event of certain ratings declines or if a rating agency ceases to rate the 2023 Notes for more than 21 days until such declines are reversed and/or the 2023 Notes are again rated by a rating agency.

***The deed of trust under which the 2023 Notes were issued contains limited protection for holders of the 2023 Notes.***

The deed of trust under which the 2023 Notes were issued offers limited protection to holders of the 2023 Notes. The terms of the deed of trust and the 2023 Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on each holder's investment in the 2023 Notes. In particular, subject to the satisfaction of certain financial covenants, the terms of the deed of trust and the 2023 Notes will not place any restrictions on our or our subsidiaries' ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the 2023 Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the 2023 Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore would rank structurally senior to the 2023 Notes and (4) securities, indebtedness or other obligations issued or incurred by our subsidiaries that would be senior in right of payment to our equity interests in our subsidiaries and therefore would rank structurally senior in right of payment to the 2023 Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) as modified by Section 61(a)(1)-(2) of the 1940 Act or any successor provisions;
- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the 2023 Notes;
- sell assets;
- enter into transactions with affiliates;
- enter into sale and leaseback transactions;
- make investments; or
- create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the 2023 Notes may have important consequences for holders of the 2023 Notes, including making it more difficult for us to satisfy our obligations with respect to the 2023 Notes or negatively affecting the trading value of the 2023 Notes.

Other debt we issue or incur in the future could contain more protections for its holders than the deed of trust and the 2023 Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the 2023 Notes.

***The optional redemption provision may materially adversely affect the return on the 2023 Notes.***

The 2023 Notes are redeemable in whole or in part upon certain conditions at any time or from time to time at our option. We may choose to redeem the 2023 Notes at times when prevailing interest rates are lower than the interest rate paid on the 2023 Notes. In this circumstance, holders of the 2023 Notes may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the 2023 Notes being redeemed.

***If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the 2023 Notes.***

Any default under the agreements governing our indebtedness, including a default under the Credit Facility, or under other indebtedness to which we may be a party that is not waived by the required lenders or holders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the 2023 Notes and substantially decrease the market value of the 2023 Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under the Credit Facility or other debt we may incur in the future could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek to obtain waivers from the required lenders under the agreements relating to the Credit Facility, or other debt that we may incur in the future to avoid being in default. If we breach our covenants under the Credit Facility or other debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default and our lenders or debt holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations, including the lenders under the Credit Facility, could proceed against the collateral securing the debt. Because the Credit Facility has, and any future debt will likely have, customary cross-default provisions, if the indebtedness thereunder or under any future credit facility is accelerated, we may be unable to repay or finance the amounts due.

***FATCA withholding may apply to payments to certain foreign entities.***

Payments made under the 2023 Notes to a foreign financial institution or non-financial foreign entity (including such an institution or entity acting as an intermediary) may be subject to a U.S. withholding tax of 30% under the Foreign Account Tax Compliance Act (commonly known as "FATCA") provisions of the Code. This U.S. withholding tax may apply to certain payments of interest on the 2023 Notes, unless the foreign financial institution or non-financial foreign entity complies with certain information reporting, withholding, identification, certification and related requirements imposed by FATCA. Depending upon the status of a holder and the status of an intermediary through which any notes are held, the holder could be subject to this 30% U.S. withholding tax in respect of any interest paid on the notes as well as any proceeds from the sale or other disposition of the notes. Proposed Treasury Regulations, if finalized in their present form, would eliminate the application of this 30% U.S. withholding tax in respect of payments of certain gross proceeds. Pursuant to these proposed Treasury Regulations, we and any other applicable withholding agent may (but are not required to) rely on this proposed change to FACTA withholding until final regulations are issued or until such proposed Treasury Regulations are rescinded. Holders of the 2023 Notes should consult their own tax advisors regarding FATCA and how it may affect their investment in the 2023 Notes.

***It may be difficult to obtain and enforce civil judgments against us and our directors, officers and experts.***

We are a Maryland corporation and our principal executive offices are located in Miami, Florida. All of our assets are located outside of Israel. As a result, even though the deed of trust for the 2023 Notes is governed by Israeli law and any disputes thereunder are stipulated to be adjudicated in Israeli courts, holders of the 2023 Notes may have difficulty enforcing in Israel judgments they may obtain in an Israeli court against us.

U.S. courts may refuse to hear a securities law claim of a non-U.S. investor who purchased our securities on the TASE. In addition, since our directors, officers and experts are located outside of Israel, it may be difficult serving legal process upon any of these persons. It also may be difficult enforcing judgments holders of the 2023 Notes may obtain in Israeli courts against us or those persons in any action, including actions based upon the civil liability provisions of U.S. securities laws.

It may also be difficult to assert U.S. securities laws claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws reasoning that Israel is not the most appropriate forum to bring such a claim. In particular, the Israeli Securities Law expressly authorizes Israeli courts to stay a securities lawsuit against a dual-listed company while a lawsuit on similar grounds is being adjudicated in a non-Israeli court.

Subject to specified time limitations and legal procedures, under the rules of private international law currently prevailing in Israel, Israeli courts may enforce a U.S. judgment in a civil matter, including a judgment based upon the civil liability provisions of the U.S. securities laws, as well as a monetary or compensatory judgment in a non-civil matter, provided that the following key conditions are met:

- subject to limited exceptions, the judgment is final and non-appealable;
- the judgment was given by a court competent under the laws of the state of the court and is otherwise enforceable in such state;
- the judgment was rendered by a court competent under the rules of private international law applicable in Israel;
- the laws of the state in which the judgment was given provide for the enforcement of judgments of Israeli courts;
- adequate service of process has been effected and the defendant has had a reasonable opportunity to present his arguments and evidence;
- the judgment and its enforcement are not contrary to the law, public policy, security or sovereignty of the State of Israel;
- the judgment was not obtained by fraud and does not conflict with any other valid judgment in the same matter between the same parties; and
- an action between the same parties in the same matter was not pending in any Israeli court at the time the lawsuit was instituted in the U.S. court.

**Risks Relating to Our 2026 Notes**

***The 2026 Notes are unsecured and therefore are effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future.***

The 2026 Notes are not secured by any of our assets or any of the assets of our subsidiaries. As a result, the 2026 Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred and may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the 2026 Notes. As of September 30, 2023, we had \$9.4 million outstanding under the Credit Facility. The Credit Facility is secured by substantially all of the assets of Funding I, and the indebtedness under the Credit Facility is therefore effectively senior in right of payment to the 2026 Notes to the extent of the value of such assets.

***The 2026 Notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries.***

The 2026 Notes are obligations exclusively of PennantPark Floating Rate Capital Ltd. and not of any of our subsidiaries. None of our subsidiaries is or acts as a guarantor of the 2026 Notes, and the 2026 Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. Our secured indebtedness with respect to the Credit Facility is held through Funding I, and our secured indebtedness with respect to the 2031 Asset-Backed Debt is held through the Securitization Issuer. The assets of any such subsidiaries are not directly available to satisfy the claims of our creditors, including holders of the 2026 Notes.

Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors (including holders of preferred stock, if any, of our subsidiaries) will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the 2026 Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the 2026 Notes will be structurally subordinated to all indebtedness and other liabilities (including trade payables) of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise.

***The indenture under which the 2026 Notes were issued contains limited protection for their respective holders.***

The indenture under which the 2026 Notes were issued offers limited protection for their respective holders. The terms of the indenture and the 2026 Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse

impact on each holder's investment in the 2026 Notes. In particular, the terms of the indenture and the 2026 Notes do not place any restrictions on our or our subsidiaries' ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the 2026 Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the 2026 Notes to the extent of the values of the assets securing such debt, (3) indebtedness or other obligations of ours that are guaranteed by one or more of our subsidiaries and which therefore would rank structurally senior to the 2026 Notes and (4) securities, indebtedness or other obligations issued or incurred by our subsidiaries that would be senior in right of payment to our equity interests in our subsidiaries and therefore would rank structurally senior in right of payment to the 2026 Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) of the 1940 Act as modified by Section 61(a)(1) and (2) of the 1940 Act or any successor provisions, as such obligations may be amended or superseded, giving effect to any exemptive relief granted to us by the SEC;
- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the 2026 Notes;
- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);
- enter into transactions with affiliates;
- create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;
- make investments; or
- create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

In addition, the indenture will not require us to offer to purchase the 2026 Notes in connection with a change of control or any other event.

Furthermore, the terms of the indenture and the 2026 Notes do not protect their respective holders in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow or liquidity, except as required under the 1940 Act.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the 2026 Notes may have important consequences for their holders, including making it more difficult for us to satisfy our obligations with respect to the 2026 Notes or negatively affecting their trading value.

Certain of our current debt instruments include more protections for their respective holders than the indenture and the 2026 Notes. In addition, other debt we issue or incur in the future could contain more protections for its holders than the indenture governing the 2026 Notes and the 2026 Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the 2026 Notes.

***The optional redemption provision may materially adversely affect your return on the 2026 Notes.***

The 2026 Notes will be redeemable in whole or in part upon certain conditions at any time, or from time to time, at our option, on or after January 1, 2026. We may choose to redeem the 2026 Notes at times when prevailing interest rates are lower than the interest rate paid on the 2026 Notes. In this circumstance, investors may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the 2026 Notes being redeemed.

***We may not be able to repurchase the 2026 Notes upon a Change of Control Repurchase Event.***

Upon the occurrence of a Change of Control Repurchase Event, as defined in the indenture governing the 2026 Notes, subject to certain conditions, we will be required to offer to repurchase all outstanding 2026 Notes at 100% of their principal amount, plus accrued and unpaid interest. The source of funds for that purchase of 2026 Notes will be our available cash or cash generated from our operations or other potential sources, including borrowings, investment repayments, sales of assets or sales of equity. We cannot assure you that sufficient funds from such sources will be available at the time of any Change of Control Repurchase Event to make required repurchases of the 2026 Notes tendered. Before making any such repurchase of the 2026 Notes, we may have to comply with certain requirements under our then existing financing arrangements, such as the Credit Facility and the 2023 Notes. Our future debt instruments may also contain similar restrictions and provisions. If the holders of the 2026 Notes exercise their right to require us to repurchase the 2026 Notes upon a Change of Control Repurchase Event, the financial effect of this repurchase could cause a default under our existing or future debt instruments, even if the Change of Control Repurchase Event itself would not cause a default. It is possible that we will not have sufficient funds at the time of the Change of Control Repurchase Event to make the required repurchase of the 2026 Notes or our other debt.

***While a trading market has developed after issuing the 2026 Notes, we cannot assure you that an active trading market for the 2026 Notes will be maintained.***

While a trading market developed after issuing the 2026 Notes, we cannot assure you that an active and liquid market for the 2026 Notes will be maintained. We do not intend to list the 2026 Notes on any securities exchange or for quotation of the 2026 Notes on any automated dealer quotation system. If the 2026 Notes are traded after their initial issuance, they may trade at a discount to their public offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, general economic conditions, our financial condition, performance and prospects and other factors. The underwriters of the 2026 Notes may discontinue any market-making in the 2026 Notes at any time at their sole discretion. In addition, any market-making activity will be subject to limits imposed by law. Accordingly, we cannot assure you that a liquid trading market will be maintained for the 2026 Notes, that you will be able to sell the 2026 Notes at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market is not maintained, the liquidity and trading price for the 2026 Notes may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the 2026 Notes for an indefinite period of time.

***If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the 2026 Notes.***

Any default under the agreements governing our indebtedness, including a default under the Credit Facility, the 2023 Notes, the 2031 Asset-Backed Debt or under other indebtedness to which we may be a party that is not waived by the required lenders or holders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the 2026 Notes and substantially decrease the market value of the 2026 Notes.

If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could

elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders or holders under the Credit Facility, the 2023 Notes, the 2031 Asset-Backed Debt or other debt we may incur in the future could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation.

If our operating performance declines, we may in the future need to seek to obtain waivers from the required lenders or holders under the agreements relating to the Credit Facility, the 2023 Notes, the 2031 Asset-Backed Debt or other debt that we may incur in the future to avoid being in default. If we breach our covenants under the Credit Facility, the 2023 Notes, the 2031 Asset-Backed Debt or other debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default and our lenders or holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders or holders having secured obligations, including the lenders or holders under the Credit Facility and the 2031 Asset-Backed Debt, could proceed against the collateral securing such debt. Because the Credit Facility, the 2023 Notes and the 2031 Asset-Backed Debt have, and any future debt will likely have, customary cross-default provisions, if the indebtedness thereunder or under any future credit facility is accelerated, we may be unable to repay or finance the amounts due.

*A downgrade, suspension or withdrawal of a credit rating assigned by a rating agency to us or our unsecured debt, if any, or change in the debt markets could cause the liquidity or market value of the 2026 Notes to decline significantly.*

Our credit ratings are an assessment by a rating agency of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the 2026 Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the 2026 Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to maintain our credit ratings or to advise holders of Notes of any changes in our credit ratings. There can be no assurance that our credit ratings will remain for any given period of time or that such credit ratings will not be lowered or withdrawn entirely by a rating agency if in its judgment future circumstances relating to the basis of the credit ratings, such as adverse changes in our company, so warrant. An increase in the competitive environment, inability to cover distributions, or increase in leverage could lead to a downgrade in our credit ratings and limit our access to the debt and equity markets capability impairing our ability to grow the business. The conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the 2026 Notes.

## **RISKS RELATING TO OUR DEBT SECURITIZATION**

*We are subject to certain risks as a result of our interests in connection with the Debt Securitization and our equity interest in the Securitization Issuers.*

On September 19, 2019, in connection with the Debt Securitization and the offering of the 2031 Asset-Backed Debt by the Securitization Issuers, we sold and/or contributed to the Depositor certain senior loans made to certain of our portfolio companies, or the Securitization Loans, which the Depositor in turn sold and/or contributed to the Securitization Issuer in exchange for 100% of the Preferred Shares of the Securitization Issuer, 100% of the Class D Secured Deferrable Floating Rate Notes issued by the Securitization Issuer, and a portion of the net cash proceeds received from the sale of the 2031 Asset-Backed Debt. Following these transfers, the Securitization Issuer, and not the Depositor or us, held all of the ownership interest in the Securitization Loans.

As a result of the Debt Securitization, we hold, indirectly through the Depositor, 100% of the equity interests in the Securitization Issuers. As a result, we consolidate the financial statements of the Depositor and the Securitization Issuers, as well as our other subsidiaries, in our consolidated financial statements. Because each of the Depositor and the Securitization Issuer is disregarded as an entity separate from its owners for U.S. federal income tax purposes, the sale or contribution by us to the Depositor, and by the Depositor to the Securitization Issuer, as applicable, did not constitute a taxable event for U.S. federal income tax purposes. If the IRS were to take a contrary position, there could be a material adverse effect on our business, financial condition, results of operations or cash flows.

Further, a failure of the Securitization Issuer to be treated as a disregarded entity for U.S. federal income tax purposes would constitute an event of default pursuant to the applicable indenture under the Debt Securitization, upon which the trustee under the Debt Securitization, or the Securitization Trustee, may and will at the direction of a majority of the holders of the 2031 Asset-Backed Debt, or the Securitization Debtholders, declare the 2031 Asset-Backed Debt to be immediately due and payable and exercise remedies under the indenture, including (i) to institute proceedings for the collection of all amounts then payable on the 2031 Asset-Backed Debt, or under the indenture, enforce any judgment obtained, and collect from the Securitization Issuers and any other obligor upon the 2031 Asset-Backed Debt monies adjudged due; (ii) institute proceedings from time to time for the complete or partial foreclosure of the indenture with respect to the property of the Securitization Issuers; (iii) exercise any remedies as a secured party under the relevant Uniform Commercial Code and take other appropriate action under applicable law to protect and enforce the rights and remedies of the Securitization Trustee and the Securitization Debtholders; or (iv) sell the property of the Securitization Issuers or any portion thereof or rights or interest therein at one or more public or private sales called and conducted in any matter permitted by law. Any such exercise of remedies could have a material adverse effect on our business, financial condition, results of operations or cash flows.

*An event of default in connection with the Debt Securitization could give rise to a cross-default under our other material indebtedness.*

The documents governing our other material indebtedness contain customary cross-default provisions that could be triggered if an event of default occurs in connection with the Debt Securitization. An event of default with respect to our other indebtedness could lead to the acceleration of such indebtedness and the exercise of other remedies as provided in the documents governing such other indebtedness. This could have a material adverse effect on our business, financial condition, results of operations and cash flows and may result in our inability to make distributions sufficient to maintain our ability to be subject to tax as a RIC.

*We may not receive cash distributions in respect of our indirect ownership interests in the Securitization Issuers.*

Apart from fees payable to us in connection with our role as servicer of the Securitization Loans and the reimbursement of related amounts under the documents governing the Debt Securitization, we receive cash in connection with the Debt Securitization only to the extent that the Depositor receives payments in respect of its equity interests in the Securitization Issuers. The respective holders of the equity interests in the Securitization Issuers are the residual claimants on distributions, if any, made by the Securitization Issuers after the Securitization Debtholders and other claimants have been paid in full on each payment date or upon maturity of the 2031 Asset-Backed Debt, subject to the priority of payments under the documents governing the Debt Securitization. To the extent that the value of the Securitization Issuer's portfolio of loans is reduced as a result of conditions in the credit markets (relevant in the event of a liquidation event), other macroeconomic factors, distressed or defaulted loans or the failure of individual portfolio companies to otherwise meet their obligations in respect of the loans, or for any other reason, the ability of the Securitization Issuers to make cash distributions in respect of the Depositor's equity interests would be negatively affected and consequently, the value of the equity interests in the Securitization Issuers would also be reduced. In the event that we fail to receive cash indirectly from the Securitization Issuers, we could be unable to make distributions, if at all, in amounts sufficient to maintain our ability to be subject to tax as a RIC.

*The interests of the Securitization Debtholders may not be aligned with our interests.*

The 2031 Asset-Backed Debt constitutes debt obligations ranking senior in right of payment to the rights of the holders of the equity interests in the Securitization Issuers, as residual claimants in respect of distributions, if any, made by the Securitization Issuers. As such, there are circumstances in which the interests of the

Securitization Debtholders may not be aligned with the interests of holders of the equity interests in the Securitization Issuers. For example, under the terms of the documents governing the Debt Securitization, the Securitization Debtholders have the right to receive payments of principal and interest prior to holders of the equity interests.

For as long as the 2031 Asset-Backed Debt remains outstanding, the respective Securitization Debtholders have the right to act in certain circumstances with respect to the Securitization Loans in ways that may benefit their interests but not the interests of the respective holders of the equity interests in the Securitization Issuers, including by exercising remedies under the documents governing the Debt Securitization.

If an event of default occurs, the Securitization Debtholders will be entitled to determine the remedies to be exercised, subject to the terms of the documents governing the Debt Securitization. For example, upon the occurrence of an event of default with respect to the 2031 Asset-Backed Debt, the Securitization Trustee may and will at the direction of the holders of a majority of the applicable 2031 Asset-Backed Debt declare the principal, together with any accrued interest, of the debt to be immediately due and payable. This would have the effect of accelerating the principal on such debt, triggering a repayment obligation on the part of the Securitization Issuers. The 2031 Asset-Backed Debt then outstanding will be paid in full before any further payment or distribution on the equity interest is made. There can be no assurance that there will be sufficient funds through collections on the Securitization Loans or through the proceeds of the sale of the Securitization Loans in the event of a bankruptcy or insolvency to repay in full the obligations under the 2031 Asset-Backed Debt, or to make any distribution to holders of the equity interests in the Securitization Issuers.

Remedies pursued by the Securitization Debtholders could be adverse to our interests as the indirect holder of the equity interests in the Securitization Issuers. The Securitization Debtholders have no obligation to consider any possible adverse effect on such other interests. Thus, there can be no assurance that any remedies pursued by the Securitization Debtholders will be consistent with the best interests of the Depositor or that we will receive, indirectly through the Depositor, any payments or distributions upon an acceleration of the 2031 Asset-Backed Debt. Any failure of the Securitization Issuers to make distributions in respect of the equity interests that we indirectly hold, whether as a result of an event of default and the acceleration of payments on the 2031 Asset-Backed Debt or otherwise, could have a material adverse effect on our business, financial condition, results of operations and cash flows and may result in our inability to make distributions sufficient to maintain our ability to be subject to tax as a RIC.

***We have certain repurchase obligations with respect to the Securitization Loans transferred in connection with the Debt Securitization.***

As part of each Debt Securitization, we entered into a master loan agreement under which we would be required to repurchase any Securitization Loan (or participation interest therein) which was sold to the Securitization Issuer in breach of certain customary representations and warranties made by us or by the Depositor with respect to such Securitization Loan or the legal structure of the applicable Debt Securitization. To the extent that there is a breach of such representations and warranties and we fail to satisfy any such repurchase obligation, the Securitization Trustee may, on behalf of the Securitization Issuer, bring an action against us to enforce these repurchase obligations.

## **GENERAL RISK FACTORS**

***The ongoing invasion of Ukraine by Russia and related sanctions have increased global political and economic uncertainty, which may have a material impact on the Company's portfolio and the value of any investment in the Company.***

The ongoing invasion of Ukraine by Russia and related sanctions have increased global political and economic uncertainty. In February 2022, Russia invaded Ukraine and, in response, the United States and many other countries placed economic sanctions on certain Russian entities and individuals. Because Russia is a major exporter of oil and natural gas, the invasion and related sanctions have reduced the supply, and increased the price, of energy, which is accelerating inflation and may exacerbate ongoing supply chain issues. There is also the risk of retaliatory actions by Russia against countries which have enacted sanctions, including cyberattacks against financial and governmental institutions, which could result in business disruptions and further economic turbulence. Although the Company has no direct exposure to Russia or Ukraine, the broader consequences of the invasion may have a material adverse impact on the Company's portfolio and the value of any investment in the Company. Because this is an uncertain and evolving situation, its full impact is unknown at this time.

***We and our portfolio companies may maintain cash balances at financial institutions that exceed federally insured limits and may otherwise be materially affected by adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties.***

Our cash is held in accounts at U.S. banking institutions that we believe are of high quality. Cash held by us and by our portfolio companies in non-interest-bearing and interest-bearing operating accounts may exceed the Federal Deposit Insurance Corporation insurance limits. If such banking institutions were to fail, we or our portfolio companies could lose all or a portion of those amounts held in excess of such insurance limitations. In addition, actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems, which could adversely affect our and our portfolio companies' business, financial condition, results of operations, or prospects.

Although we assess our and our portfolio companies' banking relationships as we believe necessary or appropriate, our and our portfolio companies' access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our respective current and projected future business operations could be significantly impaired by factors that affect us or our portfolio companies, the financial institutions with which we or our portfolio companies have arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we or our portfolio companies have financial or business relationships, but could also include factors involving financial markets or the financial services industry generally.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us or our portfolio companies to acquire financing on acceptable terms or at all.

***Inflation may adversely affect the business, results of operations and financial condition of our portfolio companies.***

Certain of our portfolio companies are in industries that may be impacted by inflation. If such portfolio companies are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results and impact their ability to pay interest and principal on our loans, particularly if interest rates rise in response to inflation. In addition, any projected future decreases in our portfolio companies' operating results due to inflation could adversely impact the fair

value of those investments. Any decreases in the fair value of our investments could result in future realized or unrealized losses and therefore reduce our net assets resulting from operations.

***Global capital markets could enter a period of severe disruption and instability due to future recessions, disease pandemics and other serious health events, political instability, geopolitical turmoil and foreign hostilities. These market conditions have historically had and could again have a materially adverse effect on debt and equity capital markets in the United States, which could have a materially negative impact on our business, financial condition and results of operations.***

The U.S. and global capital markets have, from time to time, experienced periods of disruption characterized by the freezing of available credit, a lack of liquidity in the debt capital markets, significant losses in the principal value of investments, the re-pricing of credit risk in the broadly syndicated credit market, the failure of major financial institutions and general volatility in the financial markets. During these periods of disruption, general economic conditions deteriorated with material and adverse consequences for the broader financial and credit markets, and the availability of debt and equity capital for the market as a whole, and financial services firms in particular, was reduced significantly. These conditions may reoccur for a prolonged period of time or materially worsen in the future. In addition, uncertainty between the United States and other countries with respect to trade policies, treaties and tariffs, among other factors, have caused disruptions in the global markets, including markets in which we participate, and we cannot assure you that these market conditions will not continue or worsen in the future. We may in the future have difficulty accessing debt and equity capital markets, and a severe disruption in the global financial markets, deterioration in credit and financing conditions or uncertainty regarding U.S. government spending and deficit levels or other global economic and political conditions, including future recessions, political instability, geopolitical turmoil and foreign hostilities, and disease, pandemics and other serious health events, could have a material adverse effect on our business, financial condition and results of operations.

***Volatility or a prolonged disruption in the credit markets could materially damage our business.***

We are required to record our assets at fair value, as determined in good faith by our board of directors, in accordance with our valuation policy. As a result, volatility in the capital markets may have a material adverse effect on our valuations and our NAV, even if we hold investments to maturity. Volatility or dislocation in the capital markets may depress our stock price below our NAV per share and create a challenging environment in which to raise equity and debt capital. As a BDC, we are generally not able to issue additional shares of our common stock at a price less than our NAV without first obtaining approval for such issuance from our stockholders and our independent directors. Additionally, our ability to incur indebtedness is limited by the asset coverage ratio requirements for a BDC, as defined under the 1940 Act. Declining portfolio values negatively impact our ability to borrow additional funds under the Credit Facility because our NAV is reduced for purposes of the asset coverage ratio. If the fair value of our assets declines substantially, we may fail to maintain the asset coverage ratio stipulated by the 1940 Act, which could, in turn, cause us to lose our status as a BDC and materially impair our business operations. A lengthy disruption in the credit markets could also materially decrease demand for our investments and could materially damage our business, financial condition and results of operations.

The significant disruptions in the capital markets experienced in the past has had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. The debt capital that may be available to us in the future may be at a higher cost and have less favorable terms and conditions than those currently in effect. If our financing costs increase and we have no increase in interest income, then our net investment income will decrease. A prolonged inability to raise capital may require us to reduce the volume of investments we originate and could have a material adverse impact on our business, financial condition and results of operations. This may also increase the probability that other structural risks negatively impact us. These situations may arise due to circumstances that we may be unable to control, such as a lengthy disruption in the credit markets, a severe decline in the value of the U.S. dollar, a sharp economic downturn or recession or an operational problem that affects third parties or us, and could materially damage our business, financial condition and results of operations.

***Any public health emergency, including any outbreak of existing or new diseases, and the resulting financial and economic market uncertainty could have a significant adverse impact on us.***

The extent of the impact of any public health emergency, on our and our portfolio companies' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the actions taken by governmental authorities to contain its financial and economic impact, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, investor liquidity and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In addition, our and our portfolio companies' operations may be significantly impacted, or halted, as a result of government quarantine measures, restrictions on travel and other factors related to a public health emergency, including its potential adverse impact on the health of any of our or our portfolio companies' personnel. This could create widespread business continuity issues for us and our portfolio companies. These factors may also cause the valuation of our investments to differ materially from the values that we may ultimately realize. Any public health emergency, including any outbreak of existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on us and the fair value of our investments and our portfolio companies.

***Economic sanction laws in the United States and other jurisdictions may prohibit us and our affiliates from transacting with certain countries, individuals and companies.***

Economic sanction laws in the United States and other jurisdictions may prohibit us or our affiliates from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control administers and enforces laws, executive orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain non-U.S. countries, territories, entities and individuals. These types of sanctions may significantly restrict or completely prohibit investment activities in certain jurisdictions, and if we, our portfolio companies or other issuers in which we invest were to violate any such laws or regulations, we may face significant legal and monetary penalties.

The Foreign Corrupt Practices Act, or FCPA, and other anti-corruption laws and regulations, as well as anti-boycott regulations, may also apply to and restrict our activities, our portfolio companies and other issuers of our investments. If an issuer or we were to violate any such laws or regulations, such issuer or we may face significant legal and monetary penalties. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that an issuer or us becomes the subject of such actual or threatened enforcement. In addition, certain commentators have suggested that private investment firms and the funds that they manage may face increased scrutiny and/or liability with respect to the activities of their underlying portfolio companies. As such, a violation of the FCPA or other applicable regulations by us or an issuer of our portfolio investments could have a material adverse effect on us. We are committed to complying with the FCPA and other anti-corruption laws and regulations, as well as anti-boycott regulations, to which it is subject. As a result, we may be adversely affected because of our unwillingness to enter into transactions that violate any such laws or regulations.

***We may be the target of litigation.***

We may be the target of securities litigation in the future, particularly if the trading price of our common stock or our 2026 Notes fluctuates significantly. We could also generally be subject to litigation, including derivative actions by our stockholders. Any litigation could result in substantial costs and divert management's attention and resources from our business and cause a material adverse effect on our business, financial condition and results of operations.

*The effect of global climate change may impact the operations of our portfolio companies.*

There may be evidence of global climate change. Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increases in the cost of energy could adversely affect the cost of operations of our portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our portfolio companies' financial condition through, for example, decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions.

*Legislative or regulatory tax changes could adversely affect investors.*

At any time, the federal income tax laws governing RICs or the administrative interpretations of those laws or regulations may be amended. The Biden Administration has enacted significant changes to the existing U.S. tax rules that include, among others, a minimum tax on book income and profits of certain multinational corporations, and there are a number of proposals in the U.S. Congress that would similarly modify the existing U.S. tax rules. The likelihood of any new legislation being enacted is uncertain. Any new laws, regulations or interpretations may take effect retroactively and could adversely affect the taxation of us or our shareholders. Therefore, changes in tax laws, regulations or administrative interpretations or any amendments thereto could diminish the value of an investment in our shares or the value or the resale potential of our investments.

**Item 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

Not applicable

**Item 2. Properties**

As of September 30, 2023, we did not own any real estate or other physical properties materially important to our operation. We believe that the office facilities of the Investment Adviser and Administrator are suitable and adequate for our business as it is contemplated to be conducted.

**Item 3. Legal Proceedings**

None of us, our Investment Adviser or our Administrator, is currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us, or against our Investment Adviser or Administrator. From time to time, we, our Investment Adviser or Administrator may be a party to certain legal proceedings, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our financial condition or results of operations.

**Item 4. Mine Safety Disclosures**

Not applicable.

PART II

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

**PRICE RANGE OF COMMON STOCK**

On April 14, 2022, listing and trading of the Company’s common stock commenced on the New York Stock Exchange after the Company voluntarily withdrew the principal listing of its common stock from the Nasdaq Global Stock Market effective at market close on April 13, 2022. Our common stock trades on the New York Stock Exchange and the TASE under the symbol “PFLT.” The following table lists the high and low closing sale prices for our common stock, the closing sale prices as a premium or (discount) to our NAV per share and distributions per share for each full quarterly period within the fiscal years ended September 30, 2023 and 2022.

Period	NAV <sup>(1)</sup>	Closing Sale Prices		Premium / (Discount) of High Sale Price to NAV <sup>(2)</sup>	Premium / (Discount) of Low Sale Price to NAV <sup>(2)</sup>	Distributions Declared
		High	Low			
<b>Year Ended September 30, 2023</b>						
Fourth quarter	\$ 11.13	\$ 11.39	\$ 10.32	2 %	(7) %	\$ 0.308
Third quarter	10.96	11.06	10.37	1	(5)	0.303
Second quarter	11.15	12.20	9.98	9	(10)	0.290
First quarter	11.30	11.56	9.77	2	(14)	0.285
<b>Year Ended September 30, 2022</b>						
Fourth quarter	\$ 11.62	\$ 13.19	\$ 9.60	14 %	(17) %	\$ 0.285
Third quarter	12.21	14.20	10.45	16	(14)	0.285
Second quarter	12.62	13.56	12.23	7	(3)	0.285
First quarter	12.70	13.80	12.23	9	(4)	0.285

<sup>(1)</sup>NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.

<sup>(2)</sup>Calculated as the respective high or low closing sales price less NAV per share, divided by the quarter-end NAV per share.

Shares of BDCs may trade at a market price both above and below the NAV that is attributable to those shares. Our shares have traded above and below our NAV. Our shares closed on the New York Stock Exchange at \$10.66 and \$9.60 on September 30, 2023 and 2022, respectively. Our NAV per share was \$11.13 and \$11.62 as of the same dates. The possibility that our shares of common stock will trade at a discount from NAV or at a premium that is unsustainable over the long term is separate and distinct from the risk that our NAV will decrease. It is not possible to predict whether our shares will trade at, above or below our NAV in the future. As of September 30, 2023, we had 34 stockholders of record.

**Sale of Unregistered Securities**

We did not engage in any sales of unregistered securities during the year ended September 30, 2023.

**Issuer Purchases of Equity Securities**

We did not repurchase any of our common stock under our share repurchase plan during the year ended September 30, 2023.

**DISTRIBUTIONS**

We intend to continue making monthly distributions to our stockholders. The timing and amount of our monthly distributions, if any, is determined by our board of directors. Any distributions to our stockholders are declared out of assets legally available for distribution. We monitor available net investment income to determine if a tax return of capital may occur for the fiscal year. To the extent our taxable earnings fall below the total amount of our distributions for any given fiscal year, a portion of those distributions may be deemed to be a tax return of capital to our common stockholders.

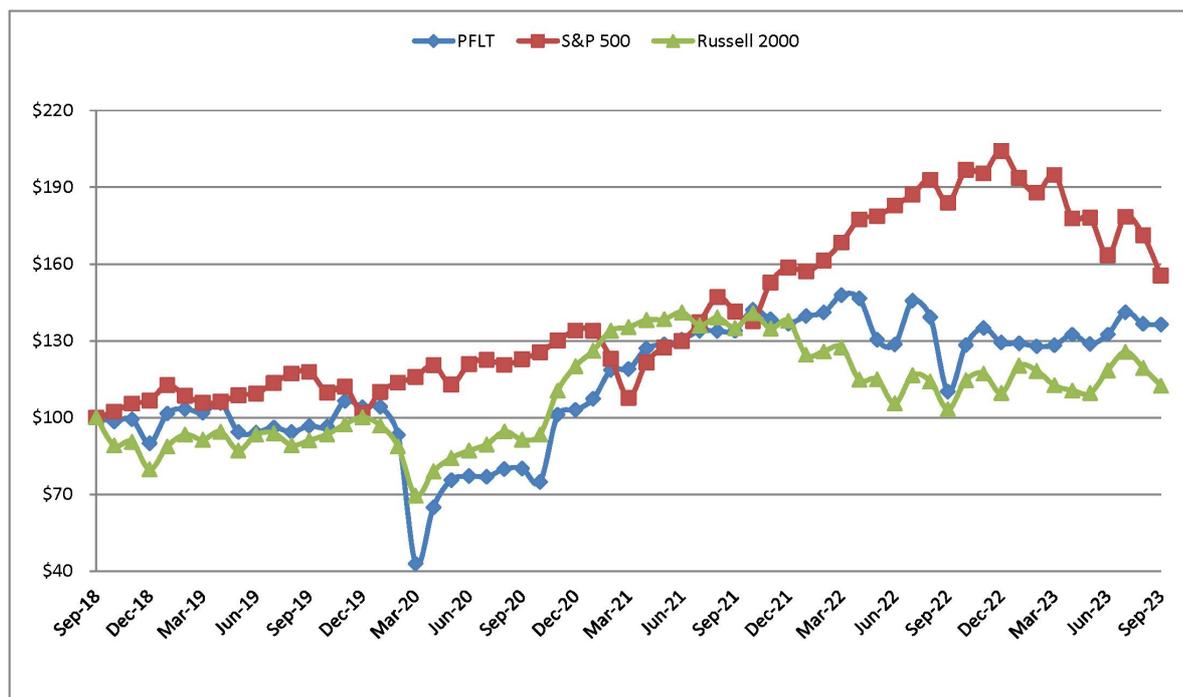
In January 2024, a Form 1099-DIV will be sent to stockholders subject to information reporting that will state the amount and composition of distributions and provide information with respect to appropriate tax treatment of our distributions.

The tax characteristics of distributions declared, in accordance with Section 19(a) of the 1940 Act, for our fiscal and taxable years ended September 30, 2023 and 2022 from ordinary income (including short-term gains), if any, totaled \$60.5 million, or \$1.19 per share, and \$46.7 million, or \$1.14 per share, respectively, based on the weighted average shares outstanding for the respective periods. Additionally, for both years ended September 30, 2023 and 2022, we did not pay any distributions from long-term capital gains.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage ratio for borrowings when applicable to us as a BDC under the 1940 Act and due to provisions in future credit facilities. If we do not distribute a certain minimum percentage of our income annually, we will suffer adverse tax consequences, including possible loss of our ability to be subject to tax as a RIC. We cannot assure stockholders that they will receive any distributions or distributions at a particular level.

### Stock Performance Graph

This graph compares the return on our common stock with that of the Standard & Poor's 500 Stock Index (the "S&P Index") and the Russell 2000 Financial Services Index, for the last five fiscal years. The graph assumes that, on September 30, 2018, a person invested \$100 in each of our common stock, the S&P 500 Index, and the Russell 2000 Financial Services Index. The graph measures total stockholder return, which takes into account both changes in stock price and distributions. It assumes that distributions paid are invested in like securities.



The graph and other information furnished under this Part II Item 5 of this Report shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act. The stock price performance included in the above graph is not necessarily indicative of future stock price performance.

### FEES AND EXPENSES

The following table is being provided to update, as of September 30, 2023, certain information in our registration statement on Form N-2 (File No. 333-268813), most recently declared effective by the SEC on January 9, 2023. This table will assist you in understanding the various costs and expenses that an investor in shares of our common stock will bear directly or indirectly. However, we caution you that some of the percentages indicated in the table below are estimates and may vary from actual results. The following table should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown. Except where the context suggests otherwise, whenever reference is made to fees or expenses paid by "you" or "us" or that "we" will pay, stockholders will indirectly bear such fees or expenses as investors in us.

#### Stockholder transaction expenses

Sales load (as a percentage of offering price)	— % <sup>(1)</sup>
Offering expenses (as a percentage of offering price)	— % <sup>(2)</sup>
<b>Total stockholder expenses (as a percentage of offering price)</b>	<b>— %</b>

#### Estimated annual expenses (as a percentage of average net assets attributable to common shares)<sup>(3)</sup>

Management fees	2.00 % <sup>(4)</sup>
Incentive fees	2.95 % <sup>(5)</sup>
Interest on borrowed funds	6.68 % <sup>(6)</sup>
Acquired fund fees and expenses	12.56 % <sup>(7)</sup>
Other expenses	0.95 % <sup>(8)</sup>
<b>Total estimated annual expenses</b>	<b>25.14 %<sup>(9)</sup></b>

<sup>(1)</sup>In the event that the securities to which any applicable prospectus relates are sold to or through underwriters or agents, a corresponding prospectus supplement will disclose the applicable sales load.

<sup>(2)</sup>In the event that we conduct an offering of our securities, a corresponding prospectus supplement will disclose the estimated amount of offering expenses, the offering price and the offering expenses borne by us as a percentage of the offering price.

<sup>(3)</sup>Net assets attributable to common shares equals average net assets for the fiscal year ended September 30, 2023.

(4)The contractual management fee is calculated at an annual rate of 1.00% of our average adjusted gross assets on September 30, 2023. The contractual management fee is calculated at an annual rate of 1.00% of our average adjusted gross assets on September 30, 2023.

(5)The portion of incentive fees paid with respect to net investment income and capital gains, if any, is based on actual amounts incurred during the fiscal year ended September 30, 2023. Such incentive fees are based on performance, vary from period to period and are not paid unless our performance exceeds specified thresholds. Incentive fees in respect of net investment income do not include incentive fees in respect of net capital gains. The portion of our incentive fee paid in respect of net capital gains is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement, as of the termination date) and equals 20.0% of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. For purposes of this chart and our Consolidated Financial Statements, our incentive fees on capital gains are calculated in accordance with GAAP. As we cannot predict our future net investment income or capital gains, the incentive fee paid in future periods, if any, may be substantially different than the fee earned during the fiscal year ended September 30, 2023. For more detailed information about the incentive fee, please see "Item 1. Business—Investment Management Agreement" and "Item 1. Business—Investment Advisory Fees".

(6)As of September 30, 2023, we had \$9.4 million in borrowings outstanding under the Credit Facility, \$76.2 million outstanding under our 2023 Notes, \$185.0 million outstanding under of 2026 Notes and \$228.0 million outstanding under the 2031 Asset-Backed Debt. We may use proceeds of an offering of securities under any applicable registration statement to repay outstanding obligations under the Credit Facility. After completing any such offering, we may continue to borrow under the Credit Facility to finance our investment objectives. Annual interest expense on borrowed funds represents actual interest expense, amendment costs incurred on the Credit Facility, and debt issuance costs, if any, for the fiscal year ended September 30, 2023 and we caution you that our actual interest expense in the future will depend on prevailing interest rates and our rate of borrowing, which may be substantially higher than the amount provided in this table.

(7)Our stockholders indirectly bear 87.5% of the expenses of our investment in PSSSL. No management fee is charged by PennantPark Investment Advisers in connection with PSSSL. PSSSL pays the Administrator an annual fee of 0.25% of average gross assets under management. For this chart, PSSSL fees and operating expenses are based on our share of the actual fees and operating expenses of PSSSL for the fiscal year ended September 30, 2023. Expenses for PSSSL may fluctuate over time and may be substantially higher or lower in the future.

Our stockholders indirectly bear 23.08% of the expenses of our investment in PTSF. A management fee equal to 0.50% per annum of the gross assets of PTSF and its subsidiaries is charged by PennantPark Investment Advisers in connection with PTSF. For this chart, PTSF fees and operating expenses are based on our share of the actual fees and operating expenses of PTSF for the fiscal year ended September 30, 2023. Expenses for PSSSL may fluctuate over time and may be substantially higher or lower in the future.

(8)"Other expenses" includes our general and administrative expenses, professional fees, directors' fees, insurance costs, taxes and the expenses of the Investment Adviser reimbursable under our Investment Management Agreement and of the Administrator reimbursable under our Administration Agreement. Such expenses are based on estimated amounts for the current fiscal year.

(9)"Total estimated annual expenses" as a percentage of average net assets attributable to common shares, to the extent we borrow money to make investments, are higher than the total estimated annual expenses percentage would be for a company that is not leveraged. We may borrow money to leverage our net assets and increase our total assets. The SEC requires that the "total estimated annual expenses" percentage be calculated as a percentage of average net assets (defined as total assets less indebtedness) rather than total assets, which include assets that have been funded with borrowed money. If the "Total estimated annual expenses" percentage were calculated instead as a percentage of total assets, our "Total estimated annual expenses" would be 11.97% of average total assets.

#### Example

The following example illustrates the projected dollar amount of total cumulative expenses that you would pay on a \$1,000 hypothetical investment in common shares, assuming (1) a 3.0% sales load (underwriting discounts and commissions) and offering expenses totaling 0.50%, (2) total net estimated annual expenses of 22.19% of average net assets attributable to common shares as set forth in the table above (other than performance-based incentive fees) and (3) a 5% annual return.

<b>You would pay the following expenses on a \$1,000 common stock investment</b>	<b>1 Years</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
Assuming a 5% annual return (assumes no return from net realized capital gains or net unrealized capital appreciation)	\$ 231	\$ 527	\$ 730	\$ 1,001
Assuming a 5% annual return (assumes return only from realized capital gains and thus subject to the capital gains incentive fee)	\$ 238	\$ 541	\$ 744	\$ 1,003

This example and the expenses in the table above should not be considered a representation of our future expenses. Actual expenses may be greater or less than those assumed. The table above is provided to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. If we were to earn an annual return equal to or less than 5% from net investment income, the incentive fee under our Investment Management Agreement would not be earned or payable. If our returns on our investments, including the realized capital gains, result in an incentive fee, then our expenses would be higher. The example assumes that all distributions are reinvested at NAV. See "Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Distributions" for more information.

#### Item 6. Selected Financial Data

Not applicable.

## Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### FORWARD-LOOKING STATEMENTS

This Report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains statements that constitute forward-looking statements, which relate to us and our consolidated subsidiaries regarding future events or our future performance or future financial condition. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our Company, our industry, our beliefs and our assumptions. The forward-looking statements contained in this Report involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our prospective portfolio companies;
- changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets that could result in changes to the value of our assets;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the impact of investments that we expect to make;
- the impact of fluctuations in interest rates and foreign exchange rates on our business and our portfolio companies;
- our contractual arrangements and relationships with third parties;
- the valuation of our investments in portfolio companies, particularly those having no liquid trading market;
- the ability of our prospective portfolio companies to achieve their objectives;
- our expected financings and investments and ability to fund capital commitments to PSSSL;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our prospective portfolio companies;
- the impact of price and volume fluctuations in the stock market;
- increasing levels of inflation, and its impact on us and our portfolio companies;
- the ability of our Investment Adviser to locate suitable investments for us and to monitor and administer our investments;
- the impact of future legislation and regulation on our business and our portfolio companies;
- the impact of the ongoing invasion of Ukraine by Russia other world economic and political issues; and
- the inability to develop and maintain effective internal control over financial reporting.

We use words such as "anticipates," "believes," "expects," "intends," "seeks," "plans," "estimates" and similar expressions to identify forward-looking statements. You should not place undue influence on the forward-looking statements as our actual results could differ materially from those projected in the forward-looking statements for any reason, including the factors in "Risk Factors" and elsewhere in this Report.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this Report should not be regarded as a representation by us that our plans and objectives will be achieved.

We have based the forward-looking statements included in this Report on information available to us on the date of this Report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements in this Report, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including reports on Form 10-Q/K and current reports on Form 8-K.

You should understand that under Section 27A(b)(2)(B) of the Securities Act and Section 21E(b)(2)(B) of the Exchange Act, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 do not apply to forward-looking statements made in periodic reports we file under the Exchange Act.

The following analysis of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and the related notes thereto contained elsewhere in this Report.

#### **Overview**

PennantPark Floating Rate Capital Ltd. is a BDC whose objectives are to generate both current income and capital appreciation while seeking to preserve capital by investing primarily in floating rate loans and other investments made to U.S. middle-market companies.

We believe that floating rate loans to U.S. middle-market companies offer attractive risk-reward to investors due to a limited amount of capital available for such companies. We use the term "middle-market" to refer to companies with annual revenues between \$50 million and \$1 billion. Our investments are typically rated below

investment grade. Securities rated below investment grade are often referred to as “leveraged loans” or “high yield” securities or “junk bonds” and are often higher risk compared to debt instruments that are rated above investment grade and have speculative characteristics. However, when compared to junk bonds and other non-investment grade debt, senior secured floating rate loans typically have more robust capital-preserving qualities, such as historically lower default rates than junk bonds, represent the senior source of capital in a borrower’s capital structure and often have certain of the borrower’s assets pledged as collateral. Our debt investments may generally range in maturity from three to ten years and are made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions.

Under normal market conditions, we generally expect that at least 80% of the value of our managed assets will be invested in floating rate loans and other investments bearing a variable-rate of interest. We generally expect that first lien secured debt will represent at least 65% of our overall portfolio. We also generally expect to invest up to 35% of our overall portfolio opportunistically in other types of investments, including second lien secured debt and subordinated debt and, to a lesser extent, equity investments. We seek to create a diversified portfolio by generally targeting an investment size between \$5 million and \$30 million, on average, although we expect that this investment size will vary proportionately with the size of our capital base.

Our investment activity depends on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity for such companies, the general economic environment and the competitive environment for the types of investments we make. We have used, and expect to continue to use, our debt capital, proceeds from the rotation of our portfolio and proceeds from public and private offerings of securities to finance our investment objectives.

#### ***Organization and Structure of PennantPark Floating Rate Capital Ltd.***

PennantPark Floating Rate Capital Ltd., a Maryland corporation organized in October 2010, is a closed-end, externally managed, non-diversified investment company that has elected to be treated as a BDC under the 1940 Act. In addition, for federal income tax purposes we elected to be treated, and intend to qualify annually, as a RIC under the Code.

Our investment activities are managed by the Investment Adviser. Under our Investment Management Agreement, we have agreed to pay our Investment Adviser an annual base management fee based on our average adjusted gross assets as well as an incentive fee based on our investment performance. We have also entered into an Administration Agreement with the Administrator. Under our Administration Agreement, we have agreed to reimburse the Administrator for our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under our Administration Agreement, including rent and our allocable portion of the costs of compensation and related expenses of our Chief Compliance Officer, Chief Financial Officer, Corporate Counsel and their respective staffs. Our board of directors, a majority of whom are independent of us, provides overall supervision of our activities, and the Investment Adviser supervises our day-to-day activities.

#### ***At-the-Market Offering***

On August 20, 2021, we entered into equity distribution agreements with each of JMP Securities LLC and Raymond James & Associates, Inc., as the sales agents, in connection with the sale of shares of our common stock, with an aggregate offering price of up to \$75 million under an at-the-market offering (“ATM Program”). The equity distribution agreements provide that we may offer and sell shares of our common stock from time to time through a sales agent in amounts and at times to be determined by us. On May 5, 2022, we amended the equity distribution agreements to update references from NASDAQ to NYSE and reflect that the agents are now represented by Kirkland & Ellis LLP. On March 27, 2023 we terminated the equity distribution agreements and entered into new equity distribution agreements with JMP Securities LLC, Raymond James & Associates, Inc. and Truist Securities, Inc. (together, the “Equity Distribution Agreements”), as sales agents (each, as “Sales Agent,” and together, the “Sales Agents”) in connection with the sale of shares of our common stock, with an aggregate offering price of up to \$100 million under an ATM Program. On August 11, 2023, we amended the Equity Distribution Agreements with each of the Sales Agents (together, the “Amended and Restated Equity Distribution Agreements”) to increase the aggregate offering price to up to \$250 million. The Amended and Restated Equity Distribution Agreements provide that we may offer and sell shares of our common stock from time to time through a Sales Agent in amounts and at times to be determined by us. Actual sales will depend on a variety of factors to be determined by us from time to time, including, market conditions and the trading price of our common stock. The Investment Adviser may, from time to time, in its sole discretion, pay some or all of the commissions payable under the Equity Distribution Agreements or make additional supplemental payments to ensure that the sales price per share of our common stock in connection with all of the offerings made hereunder will not be less than our current NAV per share. Any such payments made by the Investment Adviser will not be subject to reimbursement by us.

#### ***Revenues***

We generate revenue in the form of interest income on the debt securities we hold and capital gains and dividends, if any, on investment securities that we may acquire in portfolio companies. Our debt investments, whether in the form of first lien secured debt, second lien secured debt or subordinated debt, typically have a term of three to ten years and bear interest at a floating or fixed rate. Interest on debt securities is generally payable quarterly or semiannually. In some cases, our investments provide for deferred interest payments or PIK interest. The principal amount of the debt securities and any accrued but unpaid interest generally becomes due at the maturity date. In addition, we may generate revenue in the form of amendment, commitment, origination, structuring or diligence fees, fees for providing significant managerial assistance and possibly consulting fees. Loan origination fees, OID and market discount or premium are capitalized and accreted or amortized using the effective interest method as interest income or, in the case of deferred financing costs, as interest expense. Dividend income, if any, is recognized on an accrual basis on the ex-dividend date to the extent that we expect to collect such amounts. From time to time, the Company receives certain fees from portfolio companies, which are non-recurring in nature. Such fees include loan prepayment penalties, structuring fees and amendment fees, and are recorded as other investment income when earned. Litigation settlements are accounted for in accordance with the gain contingency provisions of ASC Subtopic 450-30, Gain Contingencies, or ASC 450-30.

#### ***Expenses***

Our primary operating expenses include the payment of a management fee and the payment of an incentive fee to our Investment Adviser, if any, our allocable portion of overhead under our Administration Agreement and other operating costs as detailed below. Our management fee compensates our Investment Adviser for its work in identifying, evaluating, negotiating, consummating and monitoring our investments. Additionally, we pay interest expense on the outstanding debt and unused commitment fees on undrawn amounts, under our various debt facilities. We bear all other direct or indirect costs and expenses of our operations and transactions, including:

- the cost of calculating our NAV, including the cost of any third-party valuation services;
- the cost of effecting sales and repurchases of shares of our common stock and other securities;
- fees payable to third parties relating to, or associated with, making investments, including fees and expenses associated with performing due diligence and reviews of prospective investments or complementary businesses;

- expenses incurred by the Investment Adviser in performing due diligence and reviews of investments, including expenses incurred by the Investment Adviser payable to third parties (including agents and consultants) in monitoring financial and legal affairs for the Company and in monitoring the Company's investments;
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts;
- federal and state registration fees and any exchange listing fees;
- federal, state, local and foreign taxes;
- independent directors' fees and expenses;
- brokerage commissions;
- fidelity bond, directors and officers, errors and omissions liability insurance and other insurance premiums;
- direct costs such as printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits and outside legal costs;
- costs associated with our reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws; and
- all other expenses incurred by either the Administrator or us in connection with administering our business, including payments under our Administration Agreement that will be based upon our allocable portion of overhead, and other expenses incurred by the Administrator in performing its obligations under our Administration Agreement, including rent and our allocable portion of the costs of compensation and related expenses of our Chief Compliance Officer, Chief Financial Officer, Corporate Counsel and their respective staffs.

Generally, during periods of asset growth, we expect our general and administrative expenses to be relatively stable or to decline as a percentage of total assets and increase during periods of asset declines. Incentive fees, interest expense and costs relating to future offerings of securities would be additive to the expenses described above.

#### **Restatement of Previously Issued Financial Statements**

During the preparation of the financial statements as of and for the year ended September 30, 2023, Management identified an error in the classification and presentation of cash pertaining to the Company's affiliates – PSSL and PTSF in the September 30, 2022 financial statements. The Company recorded cash activity and due to affiliates pertaining to their investments as a reduction of the cash account instead of presenting the related cash and cash equivalents as an asset and a due to affiliates as a liability. The impact of the error correction is reflected as a \$3.6 million increase to cash and cash equivalents and offsetting increase to due to affiliates on the consolidated statement of assets and liabilities as of September 30, 2022 and an increase in due to affiliates within operating activities on the consolidated statement of cash flows totaling \$3.4 million and \$0.2 million, respectively for the years ended September 30, 2022 and 2021. There was no impact from the error correction to total net assets and net asset value per share as reported on the consolidated statement of assets and liabilities as of September 30, 2022. In addition, there was no impact from the error correction on net investment income or net increase (decrease) in net assets resulting from operations in total or on a per common share basis as reported on the consolidated statements of operations for the years ended September 30, 2022 and 2021. The corrections were reported in the year ended September 30, 2023.

As a result of the error in the classification and presentation of cash described above, we conducted an analysis to determine whether incentive-based compensation was erroneously awarded, thereby necessitating recovery under the Clawback Policy we adopted effective December 1, 2023. Because we do not pay or otherwise award incentive-based compensation to the Company's executives, we concluded that the error did not result in erroneously-awarded incentive-based compensation, and therefore no compensation recovery is required.

#### **PORTFOLIO AND INVESTMENT ACTIVITY**

As of September 30, 2023, our portfolio totaled \$1,067.2 million and consisted of \$906.2 million of first lien secured debt (including \$210.1 million in PSSL), \$0.1 million of second lien secured debt and \$160.9 million of preferred and common equity (including \$50.9 million in PSSL). Our debt portfolio consisted of approximately 100% variable-rate investments. As of September 30, 2023, we had three portfolio companies on non-accrual, representing 0.9% and 0.2% percent of our overall portfolio on a cost and fair value basis, respectively. Overall, the portfolio had net unrealized depreciation of \$25.7 million. Our overall portfolio consisted of 131 companies with an average investment size of \$8.1 million, had a weighted average yield on debt investments of 12.6%, and was invested 85% in first lien secured debt (including 20% in PSSL), less than 1% in second lien secured debt and 15% in preferred and common equity (including 5% in PSSL). As of September 30, 2023, over 99% of the investments held by PSSL were first lien secured debt.

As of September 30, 2022, our portfolio totaled \$1,164.3 million and consisted of \$1,009.6 million of first lien secured debt (including \$190.2 million in PSSL), \$0.1 million of second lien secured debt and \$154.5 million of preferred and common equity (including \$49.4 million in PSSL). Our debt portfolio consisted of approximately 100% variable-rate investments. As of September 30, 2022, we had two portfolio companies on non-accrual, representing 0.9% and zero percent of our overall portfolio on a cost and fair value basis, respectively. Overall, the portfolio had net unrealized depreciation of \$8.7 million. Our overall portfolio consisted of 125 companies with an average investment size of \$9.3 million, had a weighted average yield on debt investments of 10%, and was invested 87% in first lien secured debt (including 16% in PSSL), less than 1% in second lien secured debt and 13% in preferred and common equity (including 4% in PSSL). As of September 30, 2022, 99% of the investments held by PSSL were first lien secured debt.

For the year ended September 30, 2023, we invested \$324.5 million in 16 new and 71 existing portfolio companies with a weighted average yield on debt investments of 12.1%. Sales and repayments of investments for the same period totaled \$399.1 million.

For the year ended September 30, 2022, we invested \$607.8 million in 34 new and 129 existing portfolio companies with a weighted average yield on debt investments of 7.8%. Sales and repayments of investments for the same period totaled \$495.2 million.

#### **PennantPark Senior Secured Loan Fund I LLC**

As of September 30, 2023, PSSSL's portfolio totaled \$785.9 million, consisted of 105 companies with an average investment size of \$7.5 million and had a weighted average yield on debt investments of 12.1%. As of September 30, 2022, PSSSL's portfolio totaled \$754.7 million, consisted of 95 companies with an average investment size of \$8.0 million and had a weighted average yield on debt investments of 9.6%.

For the year ended September 30, 2023, PSSSL invested \$190.9 million (of which \$158.2 million was purchased from the Company) in 22 new and 27 existing portfolio companies with a weighted average yield on debt investments of 11.8%. PSSSL's sales and repayments of investments for the same period totaled \$155.2 million.

For the year ended September 30, 2022, PSSSL invested \$278.8 million (of which \$270.6 million was purchased from the Company) in 34 new and 20 existing portfolio companies with a weighted average yield on debt investments of 8.1%. PSSSL's sales and repayments of investments for the same period totaled \$102.4 million.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of our assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of income and expenses during the reported periods. In the opinion of management, all adjustments, which are of a normal recurring nature, considered necessary for the fair presentation of financial statements have been included. Actual results could differ from these estimates due to changes in the economic and regulatory environment, financial markets and any other parameters used in determining such estimates and assumptions. We may reclassify certain prior period amounts to conform to the current period presentation. We have eliminated all intercompany balances and transactions. References to ASC serve as a single source of accounting literature. Subsequent events are evaluated and disclosed as appropriate for events occurring through the date the Consolidated Financial Statements are issued. In addition to the discussion below, we describe our critical accounting policies in the notes to our Consolidated Financial Statements.

### *Investment Valuations*

We expect that there may not be readily available market values for many of our investments which are or will be in our portfolio, and we value such investments at fair value as determined in good faith by or under the direction of our board of directors using a documented valuation policy and a consistently applied valuation process, as described in this Report. With respect to investments for which there is no readily available market value, the factors that the board of directors may take into account in pricing our investments at fair value include, as relevant, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event to corroborate or revise our valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the price used in an actual transaction may be different than our valuation and the difference may be material.

Our portfolio generally consists of illiquid securities, including debt and equity investments. With respect to investments for which market quotations are not readily available, or for which market quotations are deemed not reflective of the fair value, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- (1) Our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of our Investment Adviser responsible for the portfolio investment;
- (2) Preliminary valuation conclusions are then documented and discussed with the management of our Investment Adviser;
- (3) Our board of directors also engages independent valuation firms to conduct independent appraisals of our investments for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment. The independent valuation firms review management's preliminary valuations in light of their own independent assessment and also in light of any market quotations obtained from an independent pricing service, broker, dealer or market maker;
- (4) The audit committee of our board of directors reviews the preliminary valuations of our Investment Adviser and those of the independent valuation firms on a quarterly basis, periodically assesses the valuation methodologies of the independent valuation firms, and responds to and supplements the valuation recommendations of the independent valuation firms to reflect any comments; and
- (5) Our board of directors discusses these valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of our Investment Adviser, the respective independent valuation firms and the audit committee.

Our board of directors generally uses market quotations to assess the value of our investments for which market quotations are readily available. We obtain these market values from independent pricing services or at the bid prices obtained from at least two brokers or dealers, if available, or otherwise from a principal market maker or a primary market dealer. The Investment Adviser assesses the source and reliability of bids from brokers or dealers. If the board of directors has a bona fide reason to believe any such market quote does not reflect the fair value of an investment, it may independently value such investments by using the valuation procedure that it uses with respect to assets for which market quotations are not readily available.

Fair value, as defined under ASC 820, is the price that we would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment or liability. ASC 820 emphasizes that valuation techniques maximize the use of observable market inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of us. Unobservable inputs reflect the assumptions market participants would use in pricing an asset or liability based on the best information available to us on the reporting period date.

ASC 820 classifies the inputs used to measure these fair values into the following hierarchies:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2: Inputs that are quoted prices for similar assets or liabilities in active markets, or that are quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term, if applicable, of the financial instrument.

Level 3: Inputs that are unobservable for an asset or liability because they are based on our own assumptions about how market participants would price the asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Generally, most of our investments, our 2031 Asset-Backed Debt and the Credit Facility are classified as Level 3. Our 2023 Notes and 2026 Notes are classified as Level 2 as they are financial instruments with readily observable market inputs. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the price used in an actual transaction may be different than our valuation and those differences may be material.

On December 3, 2020, the SEC adopted Rule 2a-5 under the 1940 Act, which establishes an updated regulatory framework for determining fair value in good faith for purposes of the 1940 Act. The new rule clarifies how fund boards of directors can satisfy their valuation obligations and requires, among other things, the board of directors to periodically assess material valuation risks and take steps to manage those risks. The rule also permit boards of directors, subject to board oversight and certain other conditions, to designate the fund's investment adviser to perform fair value determinations. The new rule went into effect on March 8, 2021 and had a compliance date of September 8, 2022. We came into compliance with Rule 2a-5 under the 1940 Act before the compliance date. While our board of directors has not elected to designate the Investment Adviser as the valuation designee at this time, we have adopted certain revisions to our valuation policies and procedures in order comply with the applicable requirements of Rule 2a-5 under the 1940 Act.

In addition to using the above inputs to value cash equivalents, investments, our 2023 Notes, our 2026 Notes, our 2031 Asset-Backed Debt and the Credit Facility, we employ the valuation policy approved by our board of directors that is consistent with ASC 820. Consistent with our valuation policy, we evaluate the source of inputs, including any markets in which our investments are trading, in determining fair value.

Generally, the carrying value of our consolidated financial liabilities approximates fair value. We have adopted the principles ASC Subtopic 825-10, Financial Instruments, or ASC 825-10, which provides companies with an option to report selected financial assets and liabilities at fair value, and made an irrevocable election to apply ASC 825-10 to the Credit Facility and the 2023 Notes. We elected to use the fair value option for the Credit Facility and the 2023 Notes to align the measurement attributes of both our assets and liabilities while mitigating volatility in earnings from using different measurement attributes. Due to that election and in accordance with GAAP, we incurred expenses of zero and zero relating to amendment costs on the Credit Facility and debt issuance costs on the 2023 Notes during the years ended September 30, 2023 and 2022, respectively. ASC 825-10 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect on earnings of a company's choice to use fair value. ASC 825-10 also requires entities to display the fair value of the selected assets and liabilities on the face of the Consolidated Statements of Assets and Liabilities and changes in fair value of the Credit Facility and the 2023 Notes are reported in our Consolidated Statements of Operations. We elected not to apply ASC 825-10 to any other financial assets or liabilities, including the 2026 Notes and the 2031 Asset-Backed Debt.

For the years September 30, 2023 and 2022, the Credit Facility or our Prior Credit Facility, as applicable, the 2023 Notes had a net change in unrealized (appreciation) depreciation of \$(2.3) million and \$(4.9) million, respectively. As of September 30, 2023 and 2022, the net unrealized depreciation on the Credit Facility or Prior Credit Facility, as applicable, the 2023 Notes totaled zero and \$2.3 million, respectively. We use a nationally recognized independent valuation service to measure the fair value of the Credit Facility and 2023 Notes in a manner consistent with the valuation process that our board of directors uses to value our investments.

#### **Revenue Recognition**

We record interest income on an accrual basis to the extent that we expect to collect such amounts. For loans and debt investments with contractual PIK interest, which represents interest accrued and added to the loan balance that generally becomes due at maturity, we will generally not accrue PIK interest when the portfolio company valuation indicates that such PIK interest is not collectable. We do not accrue as a receivable interest on loans and debt investments if we have reason to doubt our ability to collect such interest. Loan origination fees, OID, market discount or premium and deferred financing costs on liabilities, which we do not fair value, are capitalized and then accreted or amortized using the effective interest method as interest income or, in the case of deferred financing costs, as interest expense. We record prepayment penalties on loans and debt investments as income. Dividend income, if any, is recognized on an accrual basis on the ex-dividend date to the extent that we expect to collect such amounts. From time to time, the Company receives certain fees from portfolio companies, which are non-recurring in nature. Such fees include loan prepayment penalties, structuring fees and amendment fees, and are recorded as other investment income when earned.

#### **Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation**

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees and prepayment penalties. Net change in unrealized appreciation or depreciation reflects the change in the fair values of our portfolio investments, the Credit Facility, the 2023 Notes during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

#### **Foreign Currency Translation**

Our books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

1. Fair value of investment securities, other assets and liabilities – at the exchange rates prevailing at the end of the applicable period; and
2. Purchases and sales of investment securities, income and expenses – at the exchange rates prevailing on the respective dates of such transactions.

Although net assets and fair values are presented based on the applicable foreign exchange rates described above, we do not isolate that portion of the results of operations due to changes in foreign exchange rates on investments, other assets and debt from the fluctuations arising from changes in fair value of investments and liabilities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments and liabilities.

#### **Payment-in-kind, or PIK, Interest**

We have investments in our portfolio which contain a PIK interest provision. PIK interest is added to the principal balance of the investment and is recorded as income. In order for us to maintain our ability to be subject to tax as a RIC, substantially all of this income must be paid out to stockholders in the form of dividends for U.S. federal income tax purposes, even though we may not have collected any cash with respect to interest on PIK securities.

#### **Federal Income Taxes**

We have elected to be treated, and intend to qualify annually to maintain our election to be treated, as a RIC under Subchapter M of the Code. To maintain our RIC tax election, we must, among other requirements, meet certain annual source-of-income and quarterly asset diversification requirements. We also must annually distribute dividends for federal income tax purposes to our stockholders out of the assets legally available for distribution of an amount generally at least equal to 90% of the sum of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, or investment company taxable income, determined without regard to any deduction for dividends paid.

Although not required for us to maintain our RIC tax status, in order to preclude the imposition of a 4% nondeductible federal excise tax imposed on RICs, we must distribute dividends for U.S. federal income tax purposes to our stockholders in respect of each calendar year of an amount at least equal to the sum of (1) 98% of our net ordinary income (subject to certain deferrals and elections) for the calendar year, (2) 98.2% of our capital gain net income (i.e., the excess, if any, of our capital gains over capital losses), adjusted for certain ordinary losses, generally for the one-year period ending on October 31 of the calendar year plus (3) any net ordinary income or capital gain net income for the preceding years that was not distributed during such years on which we did not incur any corporate income tax, or the Excise Tax Avoidance Requirement. In addition, although we may distribute realized net capital gains (i.e., net long-term capital gains in excess of net short-term capital losses), if any, at least annually, out of the assets legally available for such distributions in the manner described above, we have retained and may continue to retain such net capital gains or investment company taxable income, subject to maintaining our ability to be taxed as a RIC, in order to provide us with additional liquidity.

Because federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and net realized gain recognized for financial reporting purposes. Differences between tax regulations and GAAP may be permanent or temporary. Permanent differences are reclassified among capital accounts in the Consolidated Financial Statements to reflect their appropriate tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future.

For the years ended September 30, 2023, 2022 and 2021, we recorded a provision for taxes on net investment income of \$1.0 million, \$0.4 million, and \$0.4 million, respectively, pertaining to federal excise tax.

The Taxable Subsidiary (PFLT Investment Holdings, LLC, a wholly-owned subsidiary of the Company) is subject to U.S. federal, state and local corporate income taxes. The income tax expense and related tax liabilities of the Taxable Subsidiary are reflected in the Company's consolidated financial statements.

For the years ended September 30, 2023, 2022 and 2021, the Company recognized a provision for taxes of \$(2.8) million, \$4.6 million and zero, respectively, on unrealized appreciation on investments by the Taxable Subsidiary. The provision for taxes on unrealized appreciation on investments is the result of netting (i) the expected tax liability on gains from sales of investments and (ii) the expected tax benefit from the use of losses in the current year. As of September 30, 2023 and 2022, \$1.8 million and \$4.6 million, respectively, was accrued as a deferred tax liability on the Consolidated Statements of Assets and Liabilities relating to unrealized gain on investments held by the Taxable Subsidiary. As of September 30, 2023 and 2022, \$0.3 million and zero, respectively, the Company recognized a provision for taxes on realized gain on investments held by the Taxable Subsidiary. During the years ended September 30, 2023 and 2022, the Company paid zero and \$1.2 million, respectively, in taxes on realized gains on the sale of investments held by the Taxable Subsidiary which were offset by subsequently realized losses, resulting in a \$1.2 million prepaid tax asset as of September 30, 2023 included under prepaid expenses and other assets in the consolidated statement of assets and liabilities.

We have formed and expect to continue to form certain taxable subsidiaries, including the Taxable Subsidiary, which are taxed as corporations. These taxable subsidiaries allow us to hold equity securities of certain portfolio companies treated as pass-through entities for U.S. federal income tax purposes while facilitating our ability to qualify as a RIC under the Code.

## **RESULTS OF OPERATIONS**

Set forth below are the results of operations for the years ended September 30, 2023 and 2022. For information regarding results of operations for the year ended September 30, 2021, see the Company's Form 10-K for the fiscal year ended September 30, 2022, as filed with the SEC on November 17, 2022.

### ***Investment Income***

Investment income for the year ended September 30, 2023 was \$139.3 million and was attributable to \$120.0 million from first lien secured debt and \$19.3 million from other investments. The increase in investment income compared to the same periods in the prior year was primarily due to an increase in the SOFR index.

Investment income for the year ended September 30, 2022 was \$105.5 million and was attributable to \$89.1 million from first lien secured debt and \$16.4 million from other investments.

### ***Expenses***

Expenses for the year ended September 30, 2023 totaled \$71.8 million. Base management fee for the same period totaled \$11.4 million, incentive fee totaled \$16.9 million, debt related interest and expenses totaled \$38.2 million, general and administrative expenses totaled \$4.4 million and provision for taxes totaled \$1.0 million. The increase in expenses compared to the prior year was primarily due to an increase in debt related interest and expenses and incentive fees.

Expenses for the year ended September 30, 2022 totaled \$56.9 million. Base management fee for the same period totaled \$11.9 million, incentive fee totaled \$11.6 million, debt related interest and expenses totaled \$29.8 million (including \$0.4 million attributable to fees associated with entering into the New Credit Facility amendment fees) general and administrative expenses totaled \$3.2 million and provision for taxes totaled \$0.4 million.

### ***Net Investment Income***

Net investment income totaled \$67.5 million, or \$1.33 per share, and \$48.6 million, or \$1.18 per share, for the years ended September 30, 2023 and 2022, respectively. The increase in net investment income compared to the prior year was primarily due to an increase in the size of our portfolio as well as the increase in the SOFR index.

### ***Net Realized Gains or Losses***

Sales and repayments of investments for the years ended September 30, 2023 and 2022 totaled \$399.1 million and \$495.2 million, respectively. Net realized losses totaled \$15.9 million and \$11.1 million for the same periods, respectively. The change in realized gains (losses) was primarily due to changes in market conditions of our investments and the values at which they were realized, caused by the fluctuations in the market and in the economy, as discussed above under "Forward-Looking Statements".

### ***Unrealized Appreciation or Depreciation on Investments, the Credit Facility and the 2023 Notes***

For the years ended September 30, 2023 and 2022, we reported net change in unrealized appreciation (depreciation) on investments of \$(12.6) million and \$(24.5) million, respectively. As of September 30, 2023 and 2022, our net unrealized appreciation (depreciation) on investments totaled \$(25.7) million and \$(13.1) million, respectively. The net change in unrealized appreciation/depreciation on our investments for the year ended September 30, 2023 compared to the prior year was primarily due to changes in the capital market conditions of our investments and the values at which they were realized, caused by the fluctuations in the market and in the economy, as discussed above under the "Forward-Looking Statements" section above.

For the year ended September 30, 2023 and 2022, the Credit Facility or Prior Credit Facility, as applicable, and the 2023 Notes had a net change in unrealized (appreciation) depreciation of \$(2.3) million and \$(4.9) million and, respectively. As of September 30, 2023 and 2022, our net unrealized depreciation on the Credit Facility or our Prior Credit Facility, as applicable, and the 2023 Notes totaled zero million and \$2.3 million, respectively. The net change in unrealized depreciation for the year ended September 30, 2023 compared to the prior year was primarily due to changes in the capital markets, with the economic instability negatively affecting the value, as further discussed above under "Forward-Looking Statements".

#### **Net Change in Net Assets Resulting from Operations**

Net change in net assets resulting from operations totaled \$39.3 million, or \$0.77 per share, and \$3.5 million, or \$0.08 per share, for the years ended September 30, 2023 and 2022, respectively. The increase in net assets from operations for the year ended September 30, 2023 compared to the prior year was primarily due to less depreciation of the portfolio primarily driven by changes in market conditions, as discussed above under "Forward-Looking Statements" as well as higher investment income.

#### **LIQUIDITY AND CAPITAL RESOURCES**

Our liquidity and capital resources are derived primarily from proceeds of securities offerings, debt capital and cash flows from operations, including investment sales and repayments, and income earned. Our primary use of funds from operations includes investments in portfolio companies and payments of fees and other operating expenses we incur. We have used, and expect to continue to use, our debt capital, proceeds from the rotation of our portfolio and proceeds from public and private offerings of securities to finance our investment objectives. As of September 30, 2023, in accordance with the 1940 Act, with certain limited exceptions, we are only allowed to borrow amounts such that we are in compliance with a 150% asset coverage ratio requirement after such borrowing. For information regarding liquidity and capital resources for the year ended September 30, 2021, see the Company's Form 10-K for the fiscal year ended September 30, 2022, as filed with the SEC on November 17, 2022.

On April 5, 2018, our board of directors approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the Consolidated Appropriations Act of 2018 (which includes the SBCAA). As a result, the asset coverage requirement applicable to us for senior securities was reduced from 200% (i.e., \$1 of debt outstanding for each \$1 of equity) to 150% (i.e., \$2 of debt outstanding for each \$1 of equity), effective as of April 5, 2019, subject to compliance with certain disclosure requirements. As of September 30, 2023 and 2022, our asset coverage ratio, as computed in accordance with the 1940 Act, was 230% and 178%, respectively.

The annualized weighted average cost of debt for the years ended September 30, 2023 and 2022, inclusive of the fee on the undrawn commitment on the Credit Facility or Prior Credit Facility, as applicable, amendment costs and debt issuance costs, was 6.3% and 4.5%, respectively. As of September 30, 2023 and 2022, we had \$376.6 million and \$197.2 million of unused borrowing capacity under the Credit Facility, subject to leverage and borrowing base restrictions.

Funding I's multi-currency Credit Facility with the Lenders upsized during the quarter with the addition of a new lender on July 24, 2023 increasing the facility by \$20 million and was \$386 million as of September 30, 2023, subject to satisfaction of certain conditions and regulatory restrictions that the 1940 Act imposes on us as a BDC, has an interest rate spread above SOFR (or an alternative risk-free floating interest rate index) of 236 basis points, a maturity date of August 2026 and a revolving period that ends in August 2024. As of September 30, 2023 and 2022, Funding I had \$9.4 million and \$168.8 million of outstanding borrowings under the Credit Facility or the Prior Credit Facility, as applicable, respectively. The Credit Facility had a weighted average interest rate of 7.7% and 4.9%, exclusive of the fee on undrawn commitments, as of September 30, 2023 and 2022, respectively.

During the revolving period, the Credit Facility bears interest at SOFR (or an alternative risk-free floating interest rate index) plus 236 basis points and, after the revolving period, the rate will reset to Base Rate (or an alternative risk-free floating interest rate index) plus 250 basis points for the remaining two years, maturing in August 2026. The Credit Facility is secured by all of the assets of Funding I. Both PennantPark Floating Rate Capital Ltd. and Funding I have made customary representations and warranties and are required to comply with various covenants, reporting requirements and other customary requirements for similar credit facilities.

The Credit Facility contains covenants, including, but not limited to, restrictions of loan size, currency types and amounts, industry requirements, average life of loans, geographic and individual portfolio concentrations, minimum portfolio yield and loan payment frequency. Additionally, the Credit Facility requires the maintenance of a minimum equity investment in Funding I and income ratio as well as restrictions on certain payments and issuance of debt. The Credit Facility compliance reporting is prepared on a basis of accounting other than GAAP. As of September 30, 2023, we were in compliance with the covenants relating to the Credit Facility.

We own 100% of the equity interest in Funding I and treat the indebtedness of Funding I as our leverage. Our Investment Adviser serves as collateral manager to Funding I under the Credit Facility.

Our interest in Funding I (other than the management fee) is subordinate in priority of payment to every other obligation of Funding I and is subject to certain payment restrictions set forth in the Credit Facility. We may receive cash distributions on our equity interests in Funding I only after it has made (1) all required cash interest and, if applicable, principal payments to the Lenders, (2) required administrative expenses and (3) claims of other unsecured creditors of Funding I. We cannot assure you that there will be sufficient funds available to make any distributions to us or that such distributions will meet our expectations from Funding I. The Investment Adviser has irrevocably directed that the management fee owed with respect to such services is to be paid to the Company so long as the Investment Adviser remains the collateral manager.

In November 2017, we issued \$138.6 million of our 2023 Notes. The 2023 Notes were issued pursuant to a deed of trust between the Company and Mishmeret Trust Company, Ltd. as trustee, of which \$76.2 million and \$97.0 million was outstanding as of September 30, 2023 and September 30, 2022, respectively.

The 2023 Notes pay interest at a rate of 4.3% per year. Interest on the 2023 Notes is payable semi-annually in arrears on June 15 and December 15 of each year, commencing June 15, 2018. The principal on the 2023 Notes will be payable in four annual installments as follows: 15% of the original principal amount on December 15, 2020, 15% of the original principal amount on December 15, 2021, 15% of the original principal amount on December 15, 2022 and 55% of the original principal amount on December 15, 2023.

The 2023 Notes are general, unsecured obligations, rank equal in right of payment with all of our existing and future senior unsecured indebtedness and are generally redeemable at our option. The deed of trust governing the 2023 Notes includes certain customary covenants, including minimum equity requirements, and events of default. Please refer to the deed of trust filed as Exhibit (d)(8) to our post-effective amendment filed on December 13, 2017 for more information. The 2023 Notes are rated iA- by S&P Global Ratings Maalot Ltd. and are listed on the TASE. In connection with this offering, we have dual listed our common stock on the TASE.

The 2023 Notes have not been and will not be registered under the Securities Act and may not be offered or sold in the United States absent registration under the Securities Act or in transactions exempt from, or not subject to, such registration requirements.

In March 2021 and in October 2021, we issued \$100.0 million and \$85.0 million, respectively, in aggregate principal amount of our 2026 Notes at a public offering price per note of 99.4% and 101.5%, respectively. Interest on the 2026 Notes is paid semi-annually on April 1 and October 1 of each year, at a rate of 4.25% per year.

commencing October 1, 2021. The 2026 Notes mature on April 1, 2026 and may be redeemed in whole or in part at our option subject to a make-whole premium if redeemed more than three months prior to maturity. The 2026 Notes are our general, unsecured obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The 2026 Notes are effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, financing vehicles, or similar facilities. We do not intend to list the 2026 Notes on any securities exchange or automated dealer quotation system.

In September 2019, the Securitization Issuers completed the Debt Securitization. The 2031 Asset-Backed Debt is secured by the middle market loans, participation interests in middle market loans and other assets of the Securitization Issuer. The Debt Securitization was executed through (A) a private placement of: (i) \$78.5 million Class A-1 Senior Secured Floating Rate Notes maturing 2031, which bear interest at the three-month SOFR plus 1.8%, (ii) \$15.0 million Class A-2 Senior Secured Fixed Rate Notes due 2031, which bear interest at 3.7%, (iii) \$14.0 million Class B-1 Senior Secured Floating Rate Notes due 2031, which bear interest at the three-month SOFR plus 2.9%, (iv) \$16.0 million Class B-2 Senior Secured Fixed Rate Notes due 2031, which bear interest at 4.3%, (v) \$19.0 million Class C-1 Secured Deferrable Floating Rate Notes due 2031, which bear interest at the three-month SOFR plus 4.0%, (vi) \$8.0 million Class C-2 Secured Deferrable Fixed Rate Notes due 2031, which bear interest at 5.4%, and (vii) \$18.0 million Class D Secured Deferrable Floating Rate Notes due 2031, which bear interest at the three-month SOFR plus 4.8% and (B) the borrowing of \$77.5 million Class A-1 Senior Secured Floating Rate Loans due 2031, which bear interest at the three-month SOFR plus 1.8%, under a credit agreement by and among the Securitization Issuers, as borrowers, various financial institutions, as lenders, and U.S. Bank National Association, as collateral agent and as loan agent. The 2031 Asset-Backed Debt is scheduled to mature on October 15, 2031. As of both September 30, 2023 and 2022, the Company had \$228.0 million, respectively, of 2031 Asset-Backed Debt outstanding with a weighted average interest rate of 7.1% and 4.6%, respectively.

On the closing date of the Debt Securitization, in consideration of our transfer to the Securitization Issuer of the initial closing date loan portfolio, which included loans distributed to us by our wholly-owned subsidiary, the Securitization Issuer transferred to us 100% of the Preferred Shares of the Securitization Issuer, 100% of the Class D Secured Deferrable Floating Rate Notes issued by the Securitization Issuer, and a portion of the net cash proceeds received from the sale of the 2031 Asset-Backed Debt. The Preferred Shares of the Securitization Issuer do not bear interest and had a stated value of \$55.4 million at the closing of the Debt Securitization.

The 2031 Asset-Backed Debt constitutes secured obligations of the Securitization Issuers, and the indenture governing the 2031 Asset-Backed Debt includes customary covenants and events of default. The 2031 Asset-Backed Debt has not been, and will not be, registered under the Securities Act or any state securities or "blue sky" laws and may not be offered or sold in the United States absent registration with the SEC or an applicable exemption from registration.

Our Investment Adviser serves as collateral manager to the Securitization Issuer pursuant to a collateral management agreement between our Investment Adviser and the Securitization Issuer, or the Collateral Management Agreement. For so long as our Investment Adviser serves as collateral manager, it will elect to irrevocably waive any collateral management fee to which it may be entitled under the Collateral Management Agreement.

On August 20, 2021, we entered into equity distribution agreements with each of JMP Securities LLC and Raymond James & Associates, Inc., as the sales agents, in connection with the sale of shares of our common stock, with an aggregate offering price of up to \$75 million under an at-the-market offering ("ATM Program"). The equity distribution agreements provide that we may offer and sell shares of our common stock from time to time through a sales agent in amounts and at times to be determined by us. On May 5, 2022, we amended the equity distribution agreements to update references from NASDAQ to NYSE and reflect that the agents are now represented by Kirkland & Ellis LLP. On March 27, 2023 we terminated the equity distribution agreements and entered into new equity distribution agreements with JMP Securities LLC, Raymond James & Associates, Inc. and Truist Securities, Inc. (together, the "Equity Distribution Agreements"), as sales agents (each, as "Sales Agent," and together, the "Sales Agents") in connection with the sale of shares of our common stock, with an aggregate offering price of up to \$100 million under an ATM Program. On August 11, 2023, we amended the Equity Distribution Agreements with each of the Sales Agents (together, the "Amended and Restated Equity Distribution Agreements") to increase the aggregate offering price to up to \$250 million. The Amended and Restated Equity Distribution Agreements provide that we may offer and sell shares of our common stock from time to time through a Sales Agent in amounts and at times to be determined by us. Actual sales will depend on a variety of factors to be determined by us from time to time, including, market conditions and the trading price of our common stock. The Investment Adviser may, from time to time, in its sole discretion, pay some or all of the commissions payable under the Equity Distribution Agreements or make additional supplemental payments to ensure that the sales price per share of our common stock in connection with all of the offerings made hereunder will not be less than our current NAV per share. Any such payments made by the Investment Adviser will not be subject to reimbursement by us.

During the years ended September 30, 2023, and 2022 we issued 9,089,064 and 2,464,910 shares of our Common Stock, respectively, under the ATM Program at an average price of \$11.03 and \$13.12 per share, respectively, raising \$100.2 million and \$31.9 million of net proceeds after commissions to the sales agents and inclusive of proceeds from the Investment Adviser to ensure that all shares were sold at or above NAV. We incurred \$0.5 million and \$0.1 million, respectively, of deferred offering costs incurred related to establishing the ATM Program. As of September 30, 2023, and 2022, we had \$154.1 million and \$41.3 million available under the ATM Program.

Since inception of the ATM Program through September 30, 2023, we issued 11,662,628 shares of our Common Stock under the ATM Program at a weighted-average price of \$11.44, raising \$133.5 million of net proceeds after commissions to the sales agents and inclusive of proceeds from the Investment Adviser to ensure that all shares were sold at or above NAV. We incurred \$1.0 million of legal and other offering costs associated with establishing the ATM Program.

We may raise equity or debt capital through both registered offerings off our shelf registration statement and private offerings of securities, securitizing a portion of our investments among other considerations or mergers and acquisitions. Furthermore, the Credit Facility availability depends on various covenants and restrictions as discussed in the preceding paragraphs. The primary use of existing funds and any funds raised in the future is expected to be for repayment of indebtedness, investments in portfolio companies, cash distributions to our stockholders or for other general corporate purposes.

We have entered into certain contracts under which we have material future commitments. Under our Investment Management Agreement, which was most recently reapproved by our board of directors, including a majority of our directors who are not interested persons of us or the Investment Adviser, in February 2023, PennantPark Investment Advisers serves as our investment adviser. Payments under our Investment Management Agreement in each reporting period are equal to (1) a management fee equal to a percentage of the value of our average adjusted gross assets and (2) an incentive fee based on our performance.

Under our Administration Agreement, which was most recently reapproved by our board of directors, including a majority of our directors who are not interested persons of us, in February 2023, the Administrator furnishes us with office facilities and administrative services necessary to conduct our day-to-day operations. The Administration Agreement was amended on July 1, 2022. If requested to provide significant managerial assistance to our portfolio companies, we or the Administrator will be paid an additional amount based on the services provided. Payment under our Administration Agreement is based upon our allocable portion of the Administrator's overhead in performing its obligations under our Administration Agreement, including rent and our allocable portion of the costs of our Chief Compliance Officer, Chief Financial Officer, Corporate Counsel and their respective staffs.

If any of our contractual obligations discussed above are terminated, our costs under new agreements that we enter into may increase. In addition, we will likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under our Investment Management Agreement and our Administration Agreement. Any new investment management agreement would also be subject to approval by our stockholders.

As of September 30, 2023 and 2022, we had cash equivalents of \$100.6 million and \$51.5 million, respectively, available for investing and general corporate purposes. We believe our liquidity and capital resources are sufficient to take advantage of market opportunities.

Our operating activities used cash of \$140.6 million for the year ended September 30, 2023, and our financing activities provided cash of \$(91.5) million for the same period. Our operating activities used cash primarily for our investment activities and our financing activities used cash primarily for paying down the Credit Facility and paying distributions to stockholders.

Our operating activities used cash of \$(46.6) million for the year ended September 30, 2022, and our financing activities provided cash of \$47.7 million for the same period. Our operating activities used cash primarily for our investment activities and our financing activities provided cash primarily from offering proceeds and not issuance, offset by paying down the Credit Facility and paying distributions to stockholders.

### Senior Securities

Information about our senior securities is shown in the following table as of September 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014. The report of RSM US LLP, an independent registered public accounting firm, on the Senior Securities table as of September 30, 2023, is attached as an exhibit to this Report.

Class and Year	Total Amount Outstanding <sup>(1)</sup>	Asset Coverage Per Unit <sup>(2)</sup>	Average Market Value Per Unit <sup>(3)</sup>
<b>Credit Facility</b>			
Fiscal 2023	\$ 9,400	\$ 2,304	N/A
Fiscal 2022	168,830	1,784	N/A
Fiscal 2021	219,400	1,746	N/A
Fiscal 2020	308,599	1,677	N/A
Fiscal 2019	265,308	1,786	N/A
Fiscal 2018	333,728	2,122	N/A
Fiscal 2017	253,783	2,780	N/A
Fiscal 2016	232,908	2,601	N/A
Fiscal 2015	29,600	13,598	N/A
Fiscal 2014	146,400	2,469	N/A
<b>2023 Notes</b>			
Fiscal 2023	\$ 76,219	\$ 2,304	N/A
Fiscal 2022	97,006	1,784	N/A
Fiscal 2021	117,793	1,746	N/A
Fiscal 2020	138,580	1,677	N/A
Fiscal 2019	138,580	1,786	N/A
Fiscal 2018	138,580	2,122	N/A
<b>2026 Notes</b>			
Fiscal 2023	\$ 185,000	\$ 2,304	N/A
Fiscal 2022	185,000	1,784	N/A
Fiscal 2021	100,000	1,746	N/A
<b>2031 Asset-Backed Debt</b>			
Fiscal 2023	\$ 228,000	\$ 2,304	N/A
Fiscal 2022	228,000	1,784	N/A
Fiscal 2021	228,000	1,746	N/A
Fiscal 2020	228,000	1,677	N/A
Fiscal 2019	228,000	1,786	N/A

<sup>(1)</sup> Total cost of each class of senior securities outstanding at the end of the period presented in thousands (000s).

<sup>(2)</sup> The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness at par. This asset coverage ratio is multiplied by \$1,000 to determine the Asset Coverage Per Unit.

<sup>(3)</sup> Not applicable, as senior securities are not registered for public trading in the United States of America.

### PennantPark Senior Secured Loan Fund I LLC

In May 2017, we and Kemper formed PSSSL, an unconsolidated joint venture. PSSSL invests primarily in middle-market and other corporate debt securities consistent with our strategy. PSSSL was formed as a Delaware limited liability company. As of September 30, 2023 and 2022, PSSSL had total assets of \$869.4 million and \$796.8 million, respectively, and its investment portfolio consisted of investments in 105 and 95 portfolio companies, respectively. As of September 30, 2023, at fair value, the largest investment in a single portfolio company in PSSSL was \$18.5 million and the five largest investments totaled \$83.4 million. As of September 30, 2022, at fair value, the largest investment in a single portfolio company in PSSSL was \$19.3 million and the five largest investments totaled \$86.9 million. PSSSL invests in portfolio companies in the same industries in which we may directly invest.

We and Kemper provide capital to PSSSL in the form of first lien secured debt and equity interests. As of September 30, 2023, and 2022, we and Kemper owned 87.5% and 12.5%, respectively, of each of the outstanding first lien secured debt and equity interests. As of the same dates, our investment in PSSSL consisted of first lien secured debt of \$210.1 million (additional \$27.6 million unfunded) and \$190.2 million (additional \$19.9 million unfunded), respectively, and equity interests of \$90.0 million (additional \$11.8 million unfunded) and \$81.5 million (additional \$8.5 million unfunded), respectively.

We and Kemper each appointed two members to PSSSL's four-person board of directors and investment committee. All material decisions with respect to PSSSL, including those involving its investment portfolio, require unanimous approval of a quorum of the board of directors or investment committee. Quorum is defined as (i) the presence of two members of the board of directors or investment committee, provided that at least one individual is present that was elected, designated or appointed by each member; (ii) the presence of three members of the board of directors or investment committee, provided that the individual that was elected, designated or appointed by the member with only one individual present shall be entitled to cast two votes on each matter; and (iii) the presence of four members of the board of directors or investment committee shall constitute a quorum, provided that two individuals are present that were elected, designated or appointed by each member.

In August 2023 PSSL entered into a \$260.0 million (decreased from \$325.0 million) senior secured revolving credit facility which bears interest at daily simple SOFR plus 260 basis points (including a spread adjustment) with Ally Bank through its wholly-owned subsidiary, PennantPark Senior Secured Loan Facility LLC II, or PSSL Subsidiary II, subject to leverage and borrowing base restrictions.

In January 2021, PSSL completed a \$300.7 million debt securitization in the form of a collateralized loan obligation, or the "2032 Asset-Backed Debt". The 2032 Asset-Backed Debt is secured by a diversified portfolio of PennantPark CLO II, Ltd., a wholly-owned and consolidated subsidiary of PSSL, consisting primarily of middle market loans and participation interests in middle market loans. The 2032 Asset-Backed Debt is scheduled to mature in January 2032. On the closing date of the transaction, in consideration of PSSL's transfer to PennantPark CLO II, Ltd. of the initial closing date loan portfolio, which included loans distributed to PSSL by certain of its wholly owned subsidiaries and us, PennantPark CLO II, Ltd. transferred to PSSL 100% of the Preferred Shares of PennantPark CLO II, Ltd. and 100% of the Class E Notes issued by PennantPark CLO II, Ltd.

In April 2023, PSSL completed a \$297.8 million debt securitization in the form of a collateralized loan obligation, or the "2035 Asset-Backed Debt". The 2035 Asset-Backed Debt is secured by a diversified portfolio of PennantPark CLO VI, LLC, a wholly-owned and consolidated subsidiary of PSSL, consisting primarily of middle market loans and participation interests in middle market loans. The 2035 Asset-Backed Debt is scheduled to mature in April 2035. On the closing date of the transaction, in consideration of PSSL's transfer to PennantPark CLO VI, LLC of the initial closing date loan portfolio, which included loans distributed to PSSL by certain of its wholly owned subsidiaries and us, PennantPark CLO VI, LLC transferred to PSSL 100% of the Preferred Shares of CLO VI, LLC

Below is a summary of PSSL's portfolio at fair value (\$ in thousands):

(\$ in thousands)	<b>September 30, 2023</b>		<b>September 30, 2022</b>	
Total investments	\$	785,859	\$	754,722
Weighted average cost yield on income producing investments		12.1 %		9.6 %
Number of portfolio companies in PSSL		105		95
Largest portfolio company investment	\$	18,463	\$	19,250
Total of five largest portfolio company investments	\$	83,365	\$	86,872

Below is a listing of PSSS's individual investments as of September 30, 2023 (par and \$ in thousands):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value (2)
<b>First Lien Secured Debt - 1.347.5%</b>							
A1 Garage Merger Sub, LLC	12/22/2028	Commercial Services & Supplies	11.84 %	SOFR+660	2,940	\$ 2,886	\$ 2,925
Ad.net Acquisition, LLC	5/7/2026	Media	11.65 %	SOFR+626	8,798	8,723	8,754
Alpine Acquisition Corp II	11/30/2026	Containers and Packaging	11.24 %	SOFR+600	12,852	12,535	12,338
Anteriad, LLC (f/k/a MeritDirect, LLC)	5/23/2024	Media: Advertising, Printing & Publishing	11.04 %	SOFR+550	5,001	4,971	4,913
Anteriad Holdings Inc (fka MeritDirect) March 2023	5/23/2024	Media: Advertising, Printing & Publishing	12.04 %	SOFR+650	4,875	4,817	4,814
Any Hour Services	7/21/2027	Professional Services	11.59 %	SOFR+585	7,510	7,348	7,360
Apex Service Partners, LLC	7/31/2025	Diversified Consumer Services	10.52 %	SOFR+525	1,002	1,002	1,000
Apex Service Partners, LLC Term Loan B	7/31/2025	Diversified Consumer Services	11.04 %	SOFR+550	2,187	2,187	2,181
Apex Service Partners, LLC Term Loan C	7/31/2025	Diversified Consumer Services	10.69 %	SOFR+525	11,013	10,972	10,985
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	11.54 %	SOFR+615	9,579	9,475	9,387
Applied Technical Services, LLC - DDTL Unfunded <sup>(3)</sup>	12/29/2026	Commercial Services & Supplies			194	-	(2)
Arcfield Acquisition Corp.	8/3/2029	Aerospace and Defense	11.62 %	SOFR+625	9,218	9,093	9,126
Beta Plus Technologies, Inc.	7/1/2029	Business Services	11.14 %	SOFR+575	4,950	4,863	4,604
BioDerm, Inc.	1/31/2028	Healthcare and Pharmaceuticals	11.83 %	SOFR+650	8,978	8,874	8,933
Blackhawk Industrial Distribution, Inc.	9/17/2026	Distributors	11.79 %	SOFR+640	15,132	14,928	14,905
Broder Bros., Co.	12/4/2025	Consumer Products	11.50 %	SOFR+626	2,349	2,349	2,349
Burgess Point Purchaser Corporation	9/26/2029	Automotive	10.67 %	SOFR+525	447	418	420
By Light Professional IT Services, LLC	5/16/2025	High Tech Industries	12.43 %	SOFR+688	13,821	13,778	13,579
Cadence Aerospace, LLC	11/14/2023	Aerospace and Defense	12.07 %	SOFR+665	4,011	4,010	4,011
(PIK 2.00%)							
Cartessa Aesthetics, LLC	6/14/2028	Distributors	11.39 %	SOFR+600	9,636	9,509	9,636
CF512, Inc.	8/20/2026	Media	11.60 %	SOFR+619	6,820	6,722	6,684
CHA Holdings, Inc.	4/10/2025	Construction and Engineering	10.15 %	SOFR+476	5,499	5,455	5,499
Challenger Performance Optimization, Inc.	8/31/2024	Business Services	12.18 %	SOFR+675	9,232	9,201	8,955
(PIK 1.00%)							
Confluent Health, LLC	10/28/2028	Healthcare and Pharmaceuticals	9.32 %	SOFR+400	6,797	6,559	6,445
Connatix Buyer, Inc.	7/13/2027	Media	11.16 %	SOFR+576	3,815	3,762	3,681
Crane 1 Services, Inc.	8/16/2027	Commercial Services & Supplies	10.90 %	SOFR+551	2,089	2,067	2,079
Dr. Squatch, LLC	8/31/2027	Personal Products	11.24 %	SOFR+585	14,712	14,511	14,712
DRI Holding Inc.	12/21/2028	Media	10.67 %	SOFR+525	2,627	2,418	2,394
DRS Holdings III, Inc.	11/3/2025	Consumer Goods: Durable	11.79 %	SOFR+640	14,429	14,376	14,256
Duraco Specialty Tapes LLC	6/30/2024	Containers and Packaging	11.89 %	SOFR+650	10,904	10,838	10,740
ECL Entertainment, LLC	8/31/2030	Hotel, Gaming and Leisure	10.07 %	SOFR+475	5,000	4,900	4,985
EDS Buyer, LLC	1/10/2029	Electronic Equipment, Instruments, and Components	11.64 %	SOFR+625	8,955	8,833	8,821
Electro Rent Corporation	1/17/2024	Electronic Equipment, Instruments, and Components	11.00 %	SOFR+550	2,219	2,200	2,171
Exigo Intermediate II, LLC	3/15/2027	Software	11.17 %	SOFR+585	12,675	12,505	12,422
ETE Intermediate II, LLC	5/29/2029	Diversified Consumer Services	11.89 %	SOFR+650	12,404	12,154	12,193
Fairbanks Morse Defense	6/17/2028	Aerospace and Defense	10.40 %	SOFR+475	10,195	10,143	10,114
Global Holdings InterCo LLC	3/16/2026	Diversified Financial Services	11.96 %	SOFR+660	3,736	3,724	3,549
Graffiti Buyer, Inc.	8/10/2027	Trading Companies & Distributors	10.99 %	SOFR+575	2,345	2,316	2,322
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	10.92 %	SOFR+560	2,250	2,217	2,194
Holdco Sands Intermediate, LLC	11/23/2028	Aerospace and Defense	11.32 %	SOFR+585	4,913	4,838	4,913
HW Holdco, LLC	12/10/2024	Media	11.75 %	SOFR+640	3,014	2,988	2,968
Imagine Acquisitionco, LLC	11/15/2027	Software	10.72 %	SOFR+535	9,248	9,075	9,110
Inception Fertility Ventures, LLC	12/31/2024	Healthcare Providers and Services	12.51 %	SOFR+715	16,453	16,257	16,453
Infinity Home Services Holdco, Inc.	12/28/2028	Commercial Services & Supplies	12.24 %	SOFR+685	6,090	5,979	6,090
Integrated Data Services	8/1/2029	Business Services	11.87 %	SOFR+650	18,904	18,532	18,463
Integrative Nutrition, LLC	1/31/2025	Diversified Consumer Services	12.54 %	SOFR+700	11,105	11,083	10,439
(PIK 2.25%)							
Integrity Marketing Acquisition, LLC	8/27/2026	Insurance	11.57 %	SOFR+575	5,906	5,851	5,847
Inventus Power, Inc.	6/30/2025	Consumer Goods: Durable	12.93 %	SOFR+761	8,246	8,097	8,081
ITI Holdings, Inc.	3/3/2028	IT Services	11.06 %	SOFR+560	3,940	3,886	3,861
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	13.42 %	SOFR+810	15,509	15,487	15,509
Kinetic Purchaser, LLC	11/10/2027	Personal Products	11.54 %	SOFR+615	16,662	16,346	16,412
Lash OpCo, LLC	2/18/2027	Personal Products	12.13 %	SOFR+675	14,210	13,989	14,068
LAV Gear Holdings, Inc.	10/31/2024	Capital Equipment	11.74 %	SOFR+643	15,042	14,997	14,862
Lightspeed Buyer Inc.	2/3/2026	Healthcare Providers and Services	10.70 %	SOFR+535	12,056	11,911	11,935
LJ Avalon Holdings, LLC	1/31/2030	Environmental Industries	11.77 %	SOFR+640	2,585	2,537	2,534
Loving Tan Intermediate II, Inc.	5/26/2028	Consumer Products	12.39 %	SOFR+700	7,481	7,337	7,369
Lucky Bucks, LLC <sup>(4)</sup>	7/20/2027	Hotel, Gaming and Leisure	0.00 %		4,489	4,207	1,182
Lucky Bucks, LLC - OpCo DIP Loans	9/30/2025	Hotel, Gaming and Leisure	15.33 %	SOFR+1000	160	158	160
MAG DS Corp	4/1/2027	Aerospace and Defense	10.99 %	SOFR+550	2,097	2,007	1,986
Magenta Buyer, LLC	7/31/2028	Software	10.63 %	SOFR+500	3,006	2,845	2,228
Marketplace Events, LLC - Super Priority First Lien Term Loan	9/30/2025	Media: Diversified and Production	10.94 %	SOFR+525	647	647	647
Marketplace Events, LLC - Super Priority First Lien Unfunded Term Loan <sup>(3)</sup>	9/30/2025	Media: Diversified and Production			589	-	-
Marketplace Events, LLC	9/30/2026	Media: Diversified and Production	10.94 %	SOFR+525	4,837	3,782	4,837
Mars Acquisition Holdings Corp.	5/14/2026	Media	11.04 %	SOFR+565	11,588	11,476	11,472
MBS Holdings, Inc.	4/16/2027	Internet Software and Services	11.17 %	SOFR+585	7,859	7,758	7,749
MDI Buyer, Inc.	7/25/2028	Chemicals, Plastics and Rubber	11.32 %	SOFR+600	6,380	6,271	6,244
Meadowlark Acquirer, LLC	12/10/2027	Professional Services	11.04 %	SOFR+565	2,372	2,336	2,312

Below is a listing of PSSL's individual investments as of September 30, 2023 (continued):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value (2)
Mission Critical Electronics, Inc.	3/28/2024	Capital Equipment	11.29 %	SOFR+515	5,769	\$ 5,763	\$ 5,740
Municipal Emergency Services, Inc.	9/28/2027	Distributors	11.04 %	SOFR+565	3,430	3,380	3,355
NBH Group LLC	8/19/2026	Healthcare, Education & Childcare	10.93 %	SOFR+525	10,711	10,572	10,497
Neptune Flood Incorporated	5/9/2029	Insurance	11.97 %	SOFR+650	5,042	4,970	5,042
New Milani Group LLC	6/6/2024	Consumer Goods: Non-Durable	10.92 %	SOFR+550	14,213	14,194	14,213
One Stop Mailing, LLC	5/7/2027	Air Freight and Logistics	11.68 %	SOFR+636	15,849	15,588	15,849
ORL Acquisitions, Inc.	9/3/2027	Consumer Finance	12.84 %	SOFR+725	2,223	2,202	2,023
Output Services Group, Inc. <sup>(4)</sup>	6/27/2026	Business Services	0.00 %	—	7,759	7,689	1,513
Owl Acquisition, LLC	2/4/2028	Professional Services	10.80 %	SOFR+575	3,893	3,832	3,834
Ox Two, LLC	5/18/2026	Construction and Building	12.90 %	SOFR+751	4,345	4,306	4,269
Peaquod Merger Sub, Inc.	12/2/2026	Diversified Financial Services	11.79 %	SOFR+640	11,474	11,267	11,244
PH Beauty Holdings III, Inc.	9/29/2025	Wholesale	10.68 %	SOFR+500	9,493	9,282	7,974
PL Acquisitionco, LLC	11/9/2027	Textiles, Apparel and Luxury Goods	12.42 %	SOFR+710	7,565	7,467	6,809
			(PIK 4.00%)				
PlayPower, Inc.	5/8/2026	Consumer Goods: Durable	10.57 %	SOFR+565	2,551	2,491	2,436
Pragmatic Institute, LLC	7/6/2028	Education	11.17 %	SOFR+575	11,138	10,999	10,636
Quantic Electronics, LLC	11/19/2026	Aerospace and Defense	11.74 %	SOFR+635	2,803	2,776	2,761
Rancho Health MSO, Inc.	12/18/2025	Healthcare Providers and Services	11.22 %	SOFR+585	1,029	1,029	1,029
Reception Purchaser, LLC	2/28/2028	Air Freight and Logistics	11.54 %	SOFR+600	4,938	4,876	4,740
Recteq, LLC	1/29/2026	Leisure Products	12.54 %	SOFR+700	4,875	4,825	4,729
Research Now Group, LLC and Dynata, LLC	12/20/2024	Diversified Consumer Services	11.13 %	SOFR+576	12,432	12,322	10,878
Rural Sourcing Holdings, Inc. (HPA SPQ Merger Sub, Inc.)	6/15/2029	High Tech Industries	11.52 %	SOFR+625	3,749	3,676	3,692
Sales Benchmark Index LLC	1/3/2025	Professional Services	11.59 %	SOFR+620	9,522	9,474	9,475
Sargent & Greenleaf Inc.	12/20/2024	Wholesale	12.92 %	SOFR+760	5,167	5,148	5,116
			(PIK 1.00%)				
Schlesinger Global, Inc.	7/14/2025	Business Services	12.52 %	SOFR+715	11,791	11,777	11,407
			(PIK 0.50%)				
Seaway Buyer, LLC	6/13/2029	Chemicals, Plastics and Rubber	11.54 %	SOFR+615	4,950	4,884	4,802
Sigma Defense Systems, LLC	12/18/2025	Aerospace and Defense	14.04 %	SOFR+865	13,787	13,579	13,580
Skopima Consilio Parent, LLC	5/17/2028	Business Services	9.93 %	SOFR+450	1,300	1,274	1,272
Smile Brands Inc.	10/14/2025	Healthcare and Pharmaceuticals	9.70 %	SOFR+450	11,796	11,739	10,598
		Healthcare and Pharmaceuticals					
Solutionreach, Inc.	7/17/2025		12.37 %	SOFR+700	4,582	4,577	4,563
Spendmind Holdings LLC	3/1/2028	Healthcare Technology	11.04 %	SOFR+565	4,112	4,047	4,022
STV Group Incorporated	12/11/2026	Construction and Building	10.67 %	SOFR+535	9,075	9,025	8,894
Summit Behavioral Healthcare, LLC	11/24/2028	Healthcare and Pharmaceuticals	10.43 %	SOFR+475	1,786	1,696	1,779
System Planning and Analysis, Inc. (f/k/a Management Consulting & Research, LLC)	8/16/2027	Aerospace and Defense	11.49 %	SOFR+600	14,738	14,540	14,575
Team Services Group, LLC	11/24/2028	Healthcare and Pharmaceuticals	10.75 %	SOFR+500	346	333	339
Teneo Holdings LLC	7/18/2025	Business Services	10.67 %	SOFR+535	2,262	2,261	2,259
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	12.04 %	SOFR+665	5,602	5,560	5,518
The Bluebird Group LLC	7/27/2026	Professional Services	12.79 %	SOFR+700	5,403	5,336	5,382
The Vertex Companies, LLC	8/31/2027	Construction and Engineering	11.72 %	SOFR+635	7,716	7,591	7,656
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/2025	Consumer Goods: Non-Durable	10.95 %	SOFR+565	8,654	8,556	8,654
TWS Acquisition Corporation	6/16/2025	Diversified Consumer Services	11.80 %	SOFR+625	4,316	4,310	4,316
Tyto Athene, LLC	4/1/2028	IT Services	10.90 %	SOFR+550	14,670	14,565	13,379
Urology Management Holdings, Inc.	6/15/2026	Healthcare and Pharmaceuticals	11.79 %	SOFR+665	6,892	6,775	6,749
Walker Edison Furniture Company LLC	3/31/2027	Wholesale	12.18 %	SOFR+685	3,521	3,521	3,521
Walker Edison Furniture Company LLC - Junior Revolving Credit Facility	3/31/2027	Wholesale	11.68 %	SOFR+635	1,667	1,667	1,667
Walker Edison Furniture Company LLC - DDTL - Unfunded <sup>(3)</sup>	3/31/2027	Wholesale			333	-	-
		Electronic Equipment, Instruments, and Components					
Wildcat Buyerco, Inc.	2/27/2026		10.54 %	SOFR+515	10,565	10,491	10,460
Zips Car Wash, LLC	3/1/2024	Automobiles	12.67 %	SOFR+735	16,732	16,660	16,188
<b>Total First Lien Secured Debt</b>						801,215	783,598
<b>Equity Securities - 3.9%</b>							
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	-	-	495
Walker Edison Furniture - Common Equity	—	Wholesale			36	3,393	1,766
<b>Total Equity Securities</b>						3,393	2,261
<b>Total Investments - 1,351.4%</b>						804,608	785,859
<b>Cash and Cash Equivalents - 133.2%</b>							
BlackRock Federal FD Institutional 30						77,446	77,446
<b>Total Cash and Cash Equivalents</b>						77,446	77,446
<b>Total Investments and Cash Equivalents —1,485.4%</b>						\$ 882,054	863,305
<b>Liabilities in Excess of Other Assets — (1,385.4)%</b>							(805,155)
<b>Members' Equity—100.0%</b>							58,150

(1)Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable Secured Overnight Financing Rate or "SOFR", or Prime rate or "P". The spread may change based on the type of rate used. The terms in the Consolidated Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to a 30-day, 60-day, 90-day or 180-day SOFR rate (1M S, 2M S, 3M S, or 6M S, respectively), at the borrower's option. All securities are subject to a SOFR or Prime rate floor where a spread is provided, unless noted. The spread provided includes PIK interest and other fee rates, if any.

(2)Valued based on PSSL's accounting policy.

(3)Represents the purchase of a security with a delayed settlement or a revolving line of credit that is currently an unfunded investment. This security does not earn a basis point spread above an index while it is unfunded.

(4)Security currently on interest non-accrual status.

Below is a listing of PSSS's individual investments as of September 30, 2022 (Par and \$ in thousands):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value <sup>(2)</sup>
<b>First Lien Secured Debt - 1.330.4%</b>							
Ad.net Acquisition, LLC	5/6/2026	Media	9.67 %	3M L+600	8,888	\$ 8,788	\$ 8,821
Alpine Acquisition Corp II	11/30/2026	Containers and Packaging	8.22 %	SOFR+600	9,975	9,790	9,576
Altamira Technologies, LLC	7/24/2025	Business Services	10.81 %	3M L+800	5,225	5,113	5,042
American Insulated Glass, LLC	12/21/2023	Building Products	7.79 %	3M L+550	4,883	4,851	4,883
Anteriad, LLC (f/k/a MeritDirect, LLC)	5/23/2024	Media: Advertising, Printing & Publishing	9.67 %	3M L+550	5,284	5,208	5,284
Any Hour Services	7/21/2027	Professional Services	8.33 %	3M L+525	3,510	3,441	3,440
Apex Service Partners, LLC	7/31/2025	Diversified Consumer Services	6.72 %	1M L+525	1,010	1,010	1,005
Apex Service Partners, LLC Term Loan B	7/31/2025	Diversified Consumer Services	9.67 %	3M L+625	2,202	2,202	2,191
Apex Service Partners, LLC Term Loan C	7/31/2025	Diversified Consumer Services	7.86 %	3M L+525	11,115	11,050	11,059
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	8.76 %	3M L+575	8,421	8,317	8,211
Arcfield Acquisition Corp.	3/7/2028	Aerospace and Defense	8.99 %	SOFR + 575	4,677	4,588	4,583
Beta Plus Technologies, Inc.	7/1/2029	Business Services	7.76 %	SOFR + 525	5,000	4,903	4,900
Blackhawk Industrial Distribution, Inc.	9/17/2024	Distributors	8.62 %	SOFR + 500	15,293	15,102	14,956
Broder Bros., Co.	12/2/2022	Consumer Products	7.39 %	3M L+600	2,417	2,417	2,417
By Light Professional IT Services, LLC	5/16/2024	High Tech Industries	9.20 %	1M L+662	14,822	14,771	14,674
Cadence Aerospace, LLC	11/14/2023	Aerospace and Defense	11.31 %	3M L+325	12,412	12,385	12,288
(PIK 11.31%)							
Cartessa Aesthetics, LLC	5/13/2028	Distributors	9.55 %	SOFR + 600	6,484	6,359	6,386
CF512, Inc.	8/20/2026	Media	9.08 %	3M L+600	4,950	4,866	4,876
CHA Holdings, Inc.	4/10/2025	Construction and Engineering	8.17 %	3M L+450	5,557	5,487	5,557
Challenger Performance Optimization, Inc.	8/31/2023	Business Services	9.27 %	1M L+575	9,271	9,247	8,993
(PIK 1.00%)							
Connatx Buyer, Inc.	7/13/2027	Media	8.42 %	3M L+550	3,907	3,842	3,810
Crane 1 Services, Inc.	8/16/2027	Commercial Services & Supplies	9.39 %	3M L+575	2,110	2,084	2,089
Douglas Products and Packaging Company LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87 %	3M L+575	8,655	8,653	8,655
Douglas Sewer Intermediate, LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87 %	3M L+575	7,248	7,246	7,248
Dr. Squatch, LLC	8/31/2027	Personal Products	9.42 %	3M L+575	14,862	14,610	14,639
DRI Holding Inc.	12/21/2028	Media	8.37 %	1M L+525	1,832	1,680	1,643
DRS Holdings III, Inc.	11/3/2025	Consumer Goods: Durable	8.87 %	1M L+575	15,179	15,103	14,693
Duraco Specialty Tapes LLC	6/30/2024	Containers and Packaging	8.62 %	1M L+550	10,278	10,151	10,031
ECL Entertainment, LLC	5/1/2028	Hotels, Restaurants and Leisure	10.62 %	3M L+750	2,621	2,598	2,581
ECM Industries, LLC	12/23/2025	Electronic Equipment, Instruments, and Components	7.82 %	3M L+475	4,974	4,974	4,738
Exigo Intermediate II, LLC	3/15/2027	Software	8.87 %	1M L+575	12,935	12,759	12,644
Fairbanks Morse Defense	6/17/2028	Aerospace and Defense	8.39 %	3M L+475	10,300	10,238	9,528
Gantech Acquisition Corp.	5/14/2026	IT Services	9.37 %	1M L+625	14,638	14,427	14,199
Global Holdings InterCo LLC	3/16/2026	Diversified Financial Services	8.74 %	3M L+600	3,904	3,888	3,728
Graffiti Buyer, Inc.	8/10/2027	Trading Companies & Distributors	9.17 %	3M L+550	2,369	2,320	2,274
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	8.67 %	1M L+500	2,392	2,347	2,356
Holdco Sands Intermediate, LLC	11/23/2028	Aerospace and Defense	10.17 %	3M L+600	4,963	4,874	4,863
HW Holdco, LLC	12/10/2024	Media	6.00 %	6M L+575	3,052	3,006	3,014
Icon Partners III, LP	5/11/2028	Automobiles	7.55 %	3M L+450	2,327	1,997	1,701
IDC Infusion Services, Inc.	12/30/2026	Healthcare Equipment and Supplies	10.20 %	SOFR+700	9,950	9,833	9,502
Imagine Acquisitionco, LLC	11/15/2027	Software	8.42 %	1M L+550	5,364	5,261	5,230
Inception Fertility Ventures, LLC	12/7/2023	Healthcare Providers and Services	8.55 %	SOFR+700	16,620	16,309	16,454
Integrative Nutrition, LLC	9/29/2023	Diversified Consumer Services	8.42 %	3M L+475	11,187	11,168	10,963
Integrity Marketing Acquisition, LLC	8/27/2025	Insurance	7.58 %	1M L+550	5,966	5,885	5,906
ITI Holdings, Inc.	3/3/2028	IT Services	8.67 %	SOFR + 550	3,980	3,917	3,900
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	11.12 %	1M L+800	19,250	19,103	19,250
Kinetic Purchaser, LLC	11/10/2027	Personal Products	9.67 %	3M L+600	16,830	16,451	16,494
Lash OpCo, LLC	2/18/2027	Personal Products	11.17 %	3M L+700	14,355	14,074	14,068
LAV Gear Holdings, Inc.	10/31/2024	Capital Equipment	9.70 %	3M L+550	10,578	10,539	10,335
(PIK 2.00%)							
Lightspeed Buyer Inc.	2/3/2026	Healthcare Providers and Services	9.04 %	3M L+575	10,598	10,428	10,254
Lucky Bucks, LLC	7/20/2027	Hotel, Gaming and Leisure	8.31 %	3M L+550	4,331	4,258	3,183
Magenta Buyer, LLC	7/31/2028	Software	7.87 %	1M L+475	2,695	2,539	2,425
Marketplace Events, LLC - Super Priority First Lien Term Loan	9/30/2025	Media: Diversified and Production	8.19 %	1M L+525	647	647	647
Marketplace Events, LLC - Super Priority First Lien Unfunded Term Loan <sup>(3)</sup>	9/30/2025	Media: Diversified and Production			589	-	-
Marketplace Events, LLC	9/30/2026	Media: Diversified and Production	8.19 %	1M L+525	4,837	3,527	4,837
Mars Acquisition Holdings Corp.	5/14/2026	Media	8.62 %	1M L+550	9,900	9,782	9,851
MBS Holdings, Inc.	4/16/2027	Internet Software and Services	8.56 %	3M L+575	7,406	7,296	7,332
MDI Buyer, Inc.	7/25/2028	Chemicals, Plastics and Rubber	8.98 %	3M L+500	5,000	4,902	4,900
Meadowlark Acquirer, LLC	12/10/2027	Professional Services	9.17 %	3M L+650	2,396	2,353	2,372
Mission Critical Electronics, Inc.	3/28/2024	Capital Equipment	8.70 %	SOFR+500	5,829	5,817	5,759
Municipal Emergency Services, Inc.	9/28/2027	Distributors	8.67 %	3M L+500	3,465	3,405	3,264
NBH Group LLC	8/19/2026	Healthcare, Education & Childcare	7.80 %	1M L+550	10,820	10,641	10,820
New Milani Group LLC	6/6/2024	Consumer Goods: Non-Durable	7.75 %	3M L+500	14,363	14,319	14,111
OIS Management Services, LLC	7/9/2026	Healthcare Equipment and Supplies	8.40 %	SOFR+475	5,060	4,991	5,060
One Stop Mailing, LLC	5/7/2027	Air Freight and Logistics	9.37 %	1M L+625	14,598	14,353	14,160
Output Services Group, Inc.	3/27/2024	Business Services	9.80 %	3M L+425	7,682	7,676	5,838
Owl Acquisition, LLC	2/4/2028	Professional Services	8.41 %	3M L+575	3,990	3,918	3,890
Ox Two, LLC	5/18/2026	Construction and Building	9.81 %	3M L+600	4,925	4,866	4,827
PH Beauty Holdings III, Inc.	9/29/2025	Wholesale	8.07 %	1M L+500	9,593	9,234	7,674
PL Acquisitionco, LLC	11/9/2027	Textiles, Apparel and Luxury Goods	9.62 %	1M L+650	8,238	8,111	8,032
Plant Health Intermediate, Inc.	10/19/2022	Chemicals, Plastics and Rubber	8.87 %	3M L+575	1,562	1,561	1,562
PlayPower, Inc.	5/8/2026	Consumer Goods: Durable	9.17 %	3M L+550	2,580	2,500	2,309
Pragmatic Institute, LLC	7/6/2028	Education	9.30 %	SOFR+575	11,250	11,056	11,138
Quantic Electronics, LLC	11/19/2026	Aerospace and Defense	8.41 %	1M L+625	4,845	4,755	4,729
Quantic Electronics, LLC - Unfunded Term Loan <sup>(3)</sup>	11/19/2026	Aerospace and Defense			1,888	-	-
Reception Purchaser, LLC	2/28/2028	Air Freight and Logistics	9.13 %	SOFR+600	4,975	4,904	4,751
Recteq, LLC	1/29/2026	Leisure Products	9.92 %	3M L+600	4,925	4,856	4,753
Research Now Group, LLC and Dynata, LLC	12/20/2024	Diversified Consumer Services	8.84 %	3M L+550	12,564	12,354	11,291

Below is a listing of PSSS's individual investments as of September 30, 2022 (continued):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
Sales Benchmark Index LLC	1/3/2025	Professional Services	9.67 %	3M L+600	5,013	\$ 4,960	\$ 4,963
Sargent & Greenleaf Inc.	12/20/2024	Wholesale	8.62 %	3M L+550	5,240	5,202	5,187
Schlesinger Global, Inc.	7/14/2025	Business Services	10.27 %	SOFR+500	11,847	11,829	11,551
			(PIK 0.50%)				
Sigma Defense Systems, LLC	12/18/2025	Aerospace and Defense	12.17 %	1M L+850	14,716	14,411	14,421
Smile Brands Inc.	10/14/2025	Healthcare and Pharmaceuticals	7.05 %	3M L+450	11,917	11,807	11,470
Solutionreach, Inc.	1/17/2024	Healthcare and Pharmaceuticals	8.87 %	1M L+575	5,647	5,625	5,511
Spendmnd Holdings LLC	3/1/2028	Healthcare Technology	8.63 %	SOFR+575	2,956	2,916	2,873
STV Group Incorporated	12/11/2026	Construction and Building	8.37 %	3M L+525	9,075	9,011	8,985
System Planning and Analysis, Inc. (f/k/a Management Consulting & Research, LLC)	8/16/2027	Aerospace and Defense	8.73 %	SOFR+600	14,888	14,623	14,649
Teneo Holdings LLC	7/18/2025	Business Services	8.38 %	3M L+625	2,786	2,757	2,623
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	9.55 %	3M L+500	5,659	5,600	5,603
The Bluebird Group LLC	7/27/2026	Professional Services	10.67 %	1M L+700	1,707	1,679	1,724
The Infosoft Group, LLC	9/16/2024	Media: Broadcasting and Subscription	8.47 %	3M L+525	12,957	12,952	12,859
The Vertex Companies, LLC	8/30/2027	Construction and Engineering	8.62 %	1M L+550	5,578	5,479	5,550
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/2025	Consumer Goods: Non-Durable	8.30 %	3M L+475	8,744	8,604	8,482
TVC Enterprises, LLC	3/26/2026	Diversified Consumer Services	8.87 %	3M L+550	14,952	14,871	14,578
TWS Acquisition Corporation	6/16/2025	Diversified Consumer Services	8.76 %	3M L+625	5,468	5,450	5,441
Tyto Athene, LLC (New Issue)							
	4/1/2028	IT Services	7.76 %	3M L+550	15,550	15,421	14,446
UBEO, LLC	4/3/2024	Capital Equipment	8.17 %	3M L+450	17,390	17,305	17,129
Unique Indoor Comfort, LLC	5/24/2027	Home and Office Furnishings, Housewares	8.95 %	SOFR+525	4,975	4,880	4,866
Walker Edison Furniture Company LLC	3/31/2027	Wholesale	12.42 %	3M L+575	12,684	12,438	8,473
			(PIK 3.0%)				
Wildcat Buyerco, Inc.	2/27/2026	Electronic Equipment, Instruments, and Components	9.45 %	SOFR+550	8,546	8,506	8,261
Zips Car Wash, LLC	3/1/2024	Automobiles	10.35 %	3M L+725	16,957	16,711	16,536
<b>Total First Lien Secured Debt</b>						767,316	751,628
<b>Second Lien Secured Debt - 5.2%</b>							
Inventus Power, Inc.	9/29/2024	Consumer Goods: Durable	12.17 %	3M L+850	3,000	2,963	2,955
<b>Total Second Lien Secured Debt</b>						2,963	2,955
<b>Equity Securities - 0.3%</b>							
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	—	—	139
<b>Total Equity Securities</b>							139
<b>Total Investments - 1,335.9%</b>						770,280	754,722
<b>Cash and Cash Equivalents - 53.4%</b>							
BlackRock Federal FD Institutional 30						30,152	30,152
<b>Total Cash and Cash Equivalents</b>						30,152	30,152
<b>Total Investments and Cash Equivalents —1,389.26%</b>						\$ 800,432	\$ 784,874
<b>Liabilities in Excess of Other Assets — (1,289.26)%</b>							(728,378 )
<b>Members' Equity—100.0%</b>							\$ 56,496

(1)Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable LIBOR, or "L", Secured Overnight Financing Rate or "SOFR", or Prime rate or "P". The spread may change based on the type of rate used. The terms in the Consolidated Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to a 30-day, 60-day, 90-day or 180-day SOFR rate (1M S, 2M S, 3M S, or 6M S, respectively), at the borrower's option. All securities are subject to a SOFR or Prime rate floor where a spread is provided, unless noted. The spread provided includes PIK interest and other fee rates, if any.

(2)Valued based on PSSS's accounting policy.

(3)Represents the purchase of a security with a delayed settlement or a revolving line of credit that is currently an unfunded investment. This security does not earn a basis point spread above an index while it is unfunded.

Below are the consolidated statements of assets and liabilities for PSSS (\$ in thousands):

	September 30, 2023	September 30, 2022
<b>Assets</b>		
Investments at fair value (amortized cost—\$804,608 and \$770,280, respectively)	\$ 785,859	\$ 754,722
Cash and cash equivalents (cost—\$77,446 and \$30,152, respectively)	77,446	30,152
Interest receivable	5,179	3,025
Receivable for investment sold	—	3,637
Prepaid expenses and other assets	490	1,722
Due from affiliate	436	3,553
<b>Total assets</b>	869,410	796,811
<b>Liabilities</b>		
Credit facility payable	48,600	259,500
2032 Asset-backed debt, net (par—\$246,000)	243,973	243,365
2035 Asset-backed debt, net (par—\$246,000)	243,483	—
Notes payable to members	240,100	217,350
Interest payable on Credit facility and asset backed debt	14,291	3,817
Payable for investments purchased	13,466	10,414
Interest payable on notes to members	6,488	4,719
Accrued expenses	859	1,150
<b>Total liabilities</b>	811,260	740,315
Commitments and contingencies		
<b>Members' equity</b>	58,150	56,496
<b>Total liabilities and members' equity</b>	\$ 869,410	\$ 796,811

<sup>(1)</sup>As of both September 30, 2023 and 2022, PSSL had \$1.1 million and \$2.5 million unfunded commitments to fund investments, respectively.

Below are the consolidated statements of operations for PSSL (\$ in thousands):

	Year Ended September 30,	
	2023	2022
<b>Investment income:</b>		
Interest	\$ 89,547	\$ 53,006
Other income	1,297	1,188
<b>Total investment income</b>	<b>90,844</b>	<b>54,194</b>
<b>Expenses:</b>		
Interest and expense on credit facility and asset-backed debt	42,797	18,410
Interest expense on notes to members	30,325	17,468
Administration fees	2,103	1,835
General and administrative expenses	1,116	1,156
<b>Total expenses</b>	<b>76,341</b>	<b>38,869</b>
<b>Net investment income</b>	<b>14,503</b>	<b>15,325</b>
<b>Realized and unrealized gain (loss) on investments:</b>		
Net realized gain (loss) on investments	(6,328)	(14,948)
Net change in unrealized appreciation (depreciation) on investments	(3,171)	(3,695)
<b>Net realized and unrealized gain (loss) on investments</b>	<b>(9,499)</b>	<b>(18,643)</b>
<b>Net increase (decrease) in members' equity resulting from operations</b>	<b>\$ 5,004</b>	<b>\$ (3,318)</b>

<sup>(1)</sup>No management or incentive fees are payable by PSSL. If any fees were to be charged, they would be separately disclosed in the Statements of Operations.

### Distributions

In order to be treated as a RIC for federal income tax purposes and to not be subject to corporate-level tax on undistributed income or gains, we are required, under Subchapter M of the Code, to annually distribute dividends for U.S. federal income tax purposes to our stockholders out of the assets legally available for distribution of an amount generally at least equal to 90% of investment company taxable income, determined without regard to any deduction for dividends paid.

Although not required for us to maintain our RIC tax status, in order to preclude the imposition of a 4% nondeductible federal excise tax imposed on RICs, we must distribute dividends for U.S. federal income tax purposes to our stockholders in respect of each calendar year an amount at least equal to the Excise Tax Avoidance Requirement. In addition, although we may distribute realized net capital gains (i.e., net long-term capital gains in excess of net short-term capital losses), if any, at least annually, out of the assets legally available for such distributions in the manner described above, we have retained and may continue to retain such net capital gains or investment company taxable income, subject to maintaining our ability to be taxed as a RIC, in order to provide us with additional liquidity.

During the years ended September 30, 2023 and 2022, we declared distributions of \$1.19 per share and \$1.14 per share, respectively, for total distributions of \$60.5 million and \$46.7 million, respectively. We monitor available net investment income to determine if a return of capital for tax purposes may occur for the fiscal year. To the extent our taxable earnings fall below the total amount of our distributions for any given fiscal year, stockholders will be notified of the portion of those distributions deemed to be a tax return of capital. Tax characteristics of all distributions will be reported to stockholders subject to information reporting on Form 1099-DIV after the end of each calendar year and in our periodic reports filed with the SEC.

We intend to continue to make monthly distributions to our stockholders. Our monthly distributions, if any, are determined by our board of directors quarterly.

On November 22, 2017, we terminated our dividend reinvestment plan. The termination of the plan applies to the reinvestment of cash distributions paid on or after December 22, 2017.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage ratio for borrowings applicable to us as a BDC under the 1940 Act and due to provisions in future credit facilities. If we do not distribute at least a certain percentage of our income annually, we could suffer adverse tax consequences, including possible loss of our ability to be subject to tax as a RIC. We cannot assure stockholders that they will receive any distributions at a particular level.

### Recent Accounting Pronouncements

In March 2020, the FASB issued Accounting Standards Update No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The guidance provides optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued because of the reference rate reform. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The FASB approved an (optional) two year extension to December 31, 2024, for transitioning away from LIBOR. The Company utilized the optional expedients and exceptions provided by ASU 2020-04 during the year ended September 30, 2023, the effect of which was not material to the consolidated financial statements and the notes thereto.

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326)", which is intended to address issues identified during the post-implementation review of ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". The amendment, among other things, eliminates the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, "Receivables - Troubled Debt Restructurings by Creditors", while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The new guidance is effective for interim and annual periods beginning after December 15, 2022. The Company has adopted the new accounting standard implementing appropriate controls and procedures, the effect which was not material to the consolidated financial statements and the notes thereto.

In June 2022, the FASB issued Accounting Standards Update No. 2022-03, or ASU, 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions, or ASU 2022-03, which changed the fair value measurement disclosure requirements of ASC Topic 820, Fair Value Measurements and Disclosures, or ASC 820. The amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The new guidance is effective for fiscal years beginning after December 15, 2023, including interim periods therein.

Early application is permitted. The Company is currently evaluating the impact the adoption of this new accounting standard will have on its consolidated financial statements, but the impact of the adoption is not expected to be material.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

We are subject to financial market risks, including changes in interest rates. As of September 30, 2023, our debt portfolio consisted of 100% variable-rate investments. The variable-rate loans are usually based on a LIBOR, SOFR (or an alternative risk-free floating interest rate index) rate and typically have durations of three months, after which they reset to current market interest rates. Variable-rate investments subject to a floor generally reset by reference to the current market index after one to nine months only if the index exceeds the floor. In regards to variable-rate instruments with a floor, we do not benefit from increases in interest rates until such rates exceed the floor and thereafter benefit from market rates above any such floor. In contrast, our cost of funds, to the extent it is not fixed, will fluctuate with changes in interest rates since it has no floor.

Assuming that the most recent Consolidated Statements of Assets and Liabilities was to remain constant, and no actions were taken to alter the existing interest rate sensitivity, the following table shows the annualized impact of hypothetical base rate changes in interest rates:

<b>Change in Interest Rates</b>	<b>Change in Interest Income, Net of Interest Expense (in thousands)</b>		<b>Change in Interest Income, Net of Interest Expense Per Share</b>	
Down 1%	\$	(7,230)	\$	(0.12)
Up 1%		7,230		0.12
Up 2%		14,461		0.25
Up 3%		21,691		0.37
Up 4%		28,929		0.49

Although management believes that this measure is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in the credit market, credit quality, size and composition of the assets on the Consolidated Statements of Assets and Liabilities and other business developments that could affect net increase in net assets resulting from operations or net investment income. Accordingly, no assurances can be given that actual results would not differ materially from those shown above.

Because we borrow money to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds and the rate at which we invest these funds, as well as our level of leverage. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income or net assets.

We may hedge against interest rate and foreign currency fluctuations by using standard hedging instruments such as futures, options and forward contracts or the Credit Facility subject to the requirements of the 1940 Act and applicable commodities laws. While hedging activities may insulate us against adverse changes in interest rates and foreign currencies, they may also limit our ability to participate in benefits of lower interest rates or higher exchange rates with respect to our portfolio of investments with fixed interest rates or investments denominated in foreign currencies. During the periods covered by this Report, we did not engage in interest rate hedging activities or foreign currency derivatives hedging activities.

**Item 8. Consolidated Financial Statements and Supplementary Data**

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## Management's Report on Internal Control Over Financial Reporting

The management of PennantPark Floating Rate Capital, Ltd. (except where the context suggests otherwise, the terms "we," "us," "our" and "PennantPark Floating" refer to PennantPark Floating Rate Capital, Ltd. and its Subsidiaries) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f), and for performing an assessment of the effectiveness of internal control over financial reporting as of September 30, 2023. Our internal control system is a process designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements.

PennantPark Floating's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions recorded necessary to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Our policies and procedures also provide reasonable assurance that receipts and expenditures are being made only in accordance with authorizations of management and the directors of PennantPark Floating, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of PennantPark Floating's internal control over financial reporting as of September 30, 2023. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 Internal Control—Integrated Framework. Based on such assessment management has determined that, as of September 30, 2023, we do not maintain effective internal control over financial reporting due to the material weaknesses described below.

A material weakness was identified in our internal control over financial reporting relating to procedures involving the operation of controls related to the review of quarterly cash and investment reconciliations. Additionally, a material weakness was identified in the operation of our internal controls over financial reporting relating to our review of interest income and non-accrual classification of investments. As a result of the material weaknesses, we performed additional analysis as deemed necessary to ensure that our consolidated financial statements included in this Annual Report on Form 10-K did not result in any material misstatements for the periods presented, other than the restatement discussed in Note 2 of the financial statements. If the material weaknesses are not remediate there is a possibility they could lead to a material misstatement of account balances or disclosures. Accordingly, management has concluded that these control deficiencies constitute a material weakness.

Management believes that the financial statements included in this Annual Report on Form 10-K present fairly, in all material respects, the Company's financial position, results of its operations, changes in net assets and cash flows for the periods presented. We believe that the audited consolidated financial statements included in this Annual Report on Form 10-K are accurate. We have begun the process of, and we are focused on, further enhancing effective internal control measures to improve our internal control over financial reporting and remediate these material weaknesses. Our internal control remediation efforts include the following:

- Enhancing existing controls to ensure the appropriate review of the quarterly cash and investment reconciliation and that it is adequately documented so as to provide evidence that the controls are operating effectively;
- Enhancing existing controls to ensure that our internal controls over financial reporting relating to our analysis of interest income and assessment of investments for classification as non-accrual investments are operating effectively; and
- Enhancing policies and procedures to demonstrate a commitment to improving our overall control environment.

We believe our planned actions to enhance our processes and controls will address these material weaknesses, but these actions are subject to ongoing management evaluation, and we will need a period of execution to demonstrate remediation. We are committed to the continuous improvement of our internal control over financial reporting and will continue to diligently review our internal control over financial reporting.

## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of  
PennantPark Floating Rate Capital Ltd. and its Subsidiaries

### Opinion on the Internal Control Over Financial Reporting

We have audited PennantPark Floating Rate Capital Ltd. and its Subsidiaries' (the Company) internal control over financial reporting as of September 30, 2023, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of September 30, 2023, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of assets and liabilities, including the consolidated schedules of investments, as of September 30, 2023 and 2022, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended September 30, 2023, and the related notes to the consolidated financial statements (collectively, the financial statements) of the Company and our report dated December 7, 2023 expressed an unqualified opinion on those consolidated financial statements and included an emphasis of matter paragraph regarding the information presented in the financial statements for the years ended September 30, 2022 and 2021, that have been restated to reclassify certain amounts presented therein.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment. Material weaknesses were identified in the operation of controls related to the Company's quarterly review of cash and investment par value and quantity reconciliations, the review of interest income earned, and the review of the non-accrual classification of investments. These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the financial statements for the year ended September 30, 2023, and this report does not affect our report dated December 7, 2023 on those financial statements.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

New York, New York  
December 7, 2023

## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of

PennantPark Floating Rate Capital Ltd. and its Subsidiaries

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of assets and liabilities of PennantPark Floating Rate Capital Ltd. and its Subsidiaries (the Company), including the consolidated schedules of investments, as of September 30, 2023 and 2022, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended September 30, 2023, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2023 and 2022, and the results of its operations, changes in net assets, and cash flows for each of the three years in the period ended September 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2023, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Our report dated December 7, 2023 expressed an opinion that the Company had not maintained effective internal control over financial reporting as of September 30, 2023, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

### Emphasis of Matter

As discussed in Note 2 of the consolidated financial statements, the 2022 and 2021 financial statements have been restated to reclassify certain amounts presented within.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2023 and 2022 by correspondence with the custodians and brokers or by other appropriate auditing procedures where replies from brokers were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

#### Level 3 Fair Value Measurements

The fair value of the Company's investments valued using Level 3 fair value measurements was approximately \$1.0 billion as of September 30, 2023. The fair value of the Company's financial instruments classified as liabilities valued using Level 3 fair value measurements was approximately \$85.6 million as of September 30, 2023. As discussed in Notes 2 and 5 to the consolidated financial statements, the Company's investment portfolio generally consists of illiquid securities, including debt and equity investments, which were acquired directly from the issuer. Such investments include first lien secured debt, second lien secured debt, subordinated debt and equity investments. Additionally, the Company has elected to apply the fair value option to certain financial instruments classified as liabilities. The inputs into the determination of fair value require significant management judgment or estimation.

We identified Level 3 fair value measurements as a critical audit matter due to the subjective nature of the judgments necessary for management to select valuation techniques and the use of significant unobservable inputs to estimate the fair value. Auditing the reasonableness of management's selection of valuation technique and the related unobservable inputs required a high degree of auditor judgment and increased audit effort, including the use of a valuation specialist.

The primary procedures we performed to address this critical audit matter included the following, among others:

- We obtained an understanding of the relevant controls related to management's valuation of Level 3 fair value measurements, including those related to valuation techniques and significant unobservable inputs and tested such controls for design and operating effectiveness.

•With the assistance of our valuation specialists, we evaluated the appropriateness of the selected valuation techniques, and any changes to selected valuation techniques from prior periods, used for Level 3 fair value measurements. For a sample of investments, we evaluated both the reasonableness of the significant unobservable inputs and the reasonableness of any significant changes in significant unobservable inputs from prior periods, when applicable, by comparing the unobservable inputs to external sources, including, but not limited to:

- o Historical operating results of the investee.
- o Available market data for comparable companies.
- o Subsequent events and transactions, where available.

We tested both the source information used to determine the unobservable input and the mathematical accuracy of the calculation used to compute the unobservable input for a sample of investments.

/s/ RSM US LLP

We have served as the Company's auditor since 2013.

New York, New York

December 7, 2023

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**  
(in thousands, except per share data)

	September 30, 2023	September 30, 2022
<b>Assets</b>		
Investments at fair value		
Non-controlled, non-affiliated investments (cost—\$768,240 and \$882,570, respectively)	\$ 772,178	\$ 893,249
Controlled, affiliated investments (cost— \$324,639 and \$294,787, respectively)	294,996	271,005
<b>Total of investments (cost—\$1,092,878 and \$1,177,357, respectively)</b>	<b>1,067,174</b>	<b>1,164,254</b>
Cash and cash equivalents (cost—\$100,555 and \$51,525, respectively)	100,555	51,488
Interest receivable	10,423	7,543
Receivable for investments sold	—	3,441
Distribution receivable	565	—
Prepaid expenses and other assets	894	748
<b>Total assets</b>	<b>1,179,611</b>	<b>1,227,474</b>
<b>Liabilities</b>		
Distributions payable	6,020	4,308
Payable for investments purchased	4,905	—
Credit Facility payable, at fair value (cost—\$9,400 and \$168,830, respectively) (See Notes 5 and 11)	9,400	167,563
2023 Notes payable, at fair value (par—\$76,219 and \$97,006, respectively) (See Notes 5 and 11)	76,219	96,812
2026 Notes payable, net (par—\$185,000) (See Notes 5 and 11)	183,054	182,276
2031 Asset-Backed Debt, net (par—\$228,000) (See Notes 5 and 11)	226,759	226,128
Interest payable on debt	8,615	8,163
Base management fee payable (See Note 3)	2,759	3,027
Performance-based incentive fee payable (See Note 3)	4,628	3,164
Accrued other expenses	1,287	765
Deferred tax liability	1,794	4,568
Due to Affiliates	566	3,608
<b>Total liabilities</b>	<b>526,006</b>	<b>700,382</b>
Commitments and contingencies (See Note 12)		
<b>Net assets</b>		
Common stock, 58,734,702 and 45,345,638 shares issued and outstanding, respectively Par value \$0.001 per share and 100,000,000 shares authorized	59	45
Paid-in capital in excess of par value	765,187	618,028
Accumulated deficit	(111,641 )	(90,981 )
<b>Total net assets</b>	<b>\$ 653,605</b>	<b>\$ 527,092</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,179,611</b>	<b>\$ 1,227,474</b>
<b>Net asset value per share</b>	<b>\$ 11.13</b>	<b>\$ 11.62</b>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)

	Years Ended September 30,		
	2023	2022	2021
<b>Investment income:</b>			
From non-controlled, non-affiliated investments:			
Interest	\$ 88,649	\$ 68,413	\$ 56,878
Dividend	6,279	2,308	—
Other income	1,899	4,278	4,153
From non-controlled, affiliated investments:			
Interest	—	112	1,309
Other income	—	—	123
From controlled, affiliated investments:			
Interest	31,047	16,724	11,241
Dividend	11,463	13,650	8,794
Other income	—	—	196
<b>Total investment income</b>	<b>139,337</b>	<b>105,485</b>	<b>82,694</b>
<b>Expenses:</b>			
Base management fee (See Note 3)	11,402	11,930	10,678
Performance-based incentive fee (See Note 3)	16,873	11,625	5,341
Interest and expenses on debt (See Note 11)	38,166	29,755	21,650
Administrative services expenses (See Note 3)	999	575	900
Other general and administrative expenses	3,422	2,618	1,201
<b>Expenses before amendment costs, debt issuance costs and provision for taxes</b>	<b>70,862</b>	<b>56,503</b>	<b>39,770</b>
Credit Facility amendment costs and debt issuance costs (See Notes 5 and 11)	—	—	2,898
Provision for taxes	984	400	400
<b>Total expenses</b>	<b>71,846</b>	<b>56,903</b>	<b>43,068</b>
<b>Net investment income</b>	<b>67,491</b>	<b>48,582</b>	<b>39,626</b>
<b>Realized and unrealized (loss) gain on investments and debt:</b>			
Net realized gain (loss) on:			
Non-controlled, non-affiliated investments	(15,892)	11,209	24,613
Non-controlled and controlled, affiliated investments	—	(22,315)	(37,409)
Provision for taxes on realized gain on investments	(263)	—	—
<b>Net realized loss on investments</b>	<b>(16,155)</b>	<b>(11,106)</b>	<b>(12,796)</b>
Net change in unrealized (depreciation) appreciation on:			
Non-controlled, non-affiliated investments	(6,707)	(22,009)	30,881
Controlled and non-controlled, affiliated investments	(5,858)	(2,503)	10,414
Provision for taxes on unrealized appreciation on investments	2,774	(4,568)	—
Debt depreciation (appreciation) (See Note 5 and 11)	(2,284)	(4,943)	(11,609)
<b>Net change in unrealized (depreciation) appreciation on investments and debt</b>	<b>(12,075)</b>	<b>(34,023)</b>	<b>29,686</b>
<b>Net realized and unrealized (loss) gain from investments and debt</b>	<b>(28,230)</b>	<b>(45,129)</b>	<b>16,890</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$ 39,261</b>	<b>\$ 3,453</b>	<b>\$ 56,516</b>
Net increase in net assets resulting from operations per common share (See Note 7)	<u>\$ 0.77</u>	<u>\$ 0.08</u>	<u>\$ 1.46</u>
Net investment income per common share	<u>\$ 1.33</u>	<u>\$ 1.18</u>	<u>\$ 1.02</u>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
(in thousands, except share issue data)

	Years Ended September 30,		
	2023	2022	2021
<b>Net increase in net assets from operations:</b>			
Net investment income	\$ 67,491	\$ 48,582	\$ 39,626
Net realized loss on investments	(15,892)	(11,106)	(12,796)
Net change in unrealized appreciation (depreciation) on investments	(12,565)	(24,512)	41,295
Net change in provision for taxes on unrealized appreciation (depreciation) on investments	2,774	(4,568)	—
Net change in provision for taxes on realized gain on investments	(263)	—	—
Net change in unrealized depreciation on debt	(2,284)	(4,943)	(11,609)
<b>Net increase in net assets resulting from operations</b>	<b>39,261</b>	<b>3,453</b>	<b>56,516</b>
<b>Distributions to stockholders:</b>			
Distribution of net investment income	(60,451)	(46,685)	(44,207)
Distribution of realized gains	—	—	—
<b>Total distributions to stockholders</b>	<b>(60,451)</b>	<b>(46,685)</b>	<b>(44,207)</b>
<b>Capital transactions</b>			
Public offering (See Note 1)	148,408	81,936	1,403
Offering costs	(705)	(2,223)	(371)
<b>Net increase in net assets resulting from capital transactions</b>	<b>147,703</b>	<b>79,713</b>	<b>1,032</b>
<b>Net increase (decrease) in net assets</b>	<b>126,513</b>	<b>36,481</b>	<b>13,341</b>
<b>Net assets:</b>			
Beginning of year	527,092	490,611	477,270
End of year	<u>\$ 653,605</u>	<u>\$ 527,092</u>	<u>\$ 490,611</u>
<b>Capital share activity:</b>			
Shares issued from public offering	<u>13,389,064</u>	<u>6,464,910</u>	<u>108,654</u>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Years Ended September 30,		
	2023	2022	2021
<b>Cash flows from operating activities:</b>			
Net increase in net assets resulting from operations	\$ 39,261	\$ 3,453	\$ 56,516
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in) provided by operating activities:			
Net change in unrealized (depreciation) appreciation on investments	12,565	24,512	(41,295)
Net change in unrealized (depreciation) appreciation on debt	2,284	4,943	11,609
Net realized loss on investments	15,892	11,106	12,796
Net accretion of discount and amortization of premium	(5,200)	(4,194)	(3,243)
Purchases of investments	(324,546)	(607,765)	(661,112)
Payment-in-kind interest	(1,296)	(1,389)	(3,020)
Proceeds from dispositions of investments	399,085	495,191	702,129
Amortization of deferred financing costs	1,408	737	961
(Increase) decrease in interest receivable	(2,880)	(2,097)	(1,772)
Decrease (increase) in receivable for investments sold	3,441	30,525	(33,966)
(Increase) decrease in dividend receivable	(565)	-	-
(Increase) decrease in prepaid expenses and other assets	(146)	(748)	173
Increase (Decrease) in payable for investments purchased	4,905	(13,546)	9,746
Increase (Decrease) in interest payable on debt	452	2,708	1,853
(Decrease) increase in base management fee payable	(268)	320	(70)
Increase (Decrease) in performance-based incentive fee payable	1,464	2,540	(1,448)
Increase (Decrease) in deferred tax liability	(2,774)	4,568	-
Increase (Decrease) in accrued other expenses	522	(826)	(285)
Increase (Decrease) in due to affiliates	(3,042)	3,383	225
Net cash (used in) provided by operating activities	140,562	(46,579)	49,797
<b>Cash flows from financing activities:</b>			
Public offering	148,408	81,936	1,403
Offering costs	(705)	(1,973)	(364)
Distributions paid to stockholders	(58,739)	(46,067)	(44,207)
Repayment of 2023 Notes (See Notes 5 and 11)	(20,787)	(20,787)	(20,787)
Proceeds from 2026 Notes issuance (See Notes 5 and 11)	—	84,333	96,841
Borrowings under Credit Facility (See Notes 5 and 11)	65,000	147,254	346,500
Repayments under Credit Facility (See Notes 5 and 11)	(224,709)	(197,000)	(435,699)
Net cash provided by (used in) financing activities	(91,532)	47,696	(56,313)
<b>Net decrease in cash and cash equivalents</b>	<b>49,030</b>	<b>1,117</b>	<b>(6,516)</b>
Effect of exchange rate changes on cash	37	320	(945)
<b>Cash and cash equivalents, beginning of year</b>	<b>51,488</b>	<b>50,051</b>	<b>57,512</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 100,555</b>	<b>\$ 51,488</b>	<b>\$ 50,051</b>
<b>Supplemental disclosures:</b>			
Interest paid	\$ 36,306	\$ 26,091	\$ 18,837
Taxes paid	\$ 530	\$ 1,167	\$ 405
Non-cash exchanges and conversions	\$ 3,393	\$ 50,352	\$ 20,491

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**SEPTEMBER 30, 2023**  
(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
<b>Investments in Non-Controlled, Non-Affiliated Portfolio Companies—118.1% <sup>(3),(4)</sup></b>							
<b>First Lien Secured Debt—101.9%</b>							
A1 Garage Merger Sub, LLC	12/22/2028	Commercial Services & Supplies	11.99 %	3M SOFR+660	1,520	\$ 1,499	\$ 1,512
A1 Garage Merger Sub, LLC - Unfunded Term Loan	12/22/2028	Commercial Services & Supplies	—	—	528	—	5
A1 Garage Merger Sub, LLC LLC (Revolver) <sup>(7),(9)</sup>	12/22/2028	Commercial Services & Supplies	—	—	748	—	(4)
Ad.net Acquisition, LLC	05/07/2026	Media	11.65 %	3M SOFR+626	4,888	4,846	4,863
Ad.net Acquisition, LLC (Revolver) <sup>(7)</sup>	05/07/2026	Media	11.65 %	3M SOFR+626	622	622	619
Ad.net Acquisition, LLC (Revolver) <sup>(7),(9)</sup>	05/07/2026	Media	—	—	622	—	(3)
Amsive Holding Corporation (f/k/a Vision Purchaser Corporation)	06/10/2025	Media	11.79 %	3M SOFR+640	13,958	13,859	13,749
Anteriad, LLC (f/k/a MeritDirect, LLC)	05/23/2024	Media	11.04 %	3M SOFR+565	13,786	13,755	13,545
Anteriad, LLC (f/k/a MeritDirect, LLC) - Incremental Term Loan	05/23/2024	Media	12.04 %	3M SOFR+665	2,212	2,186	2,184
Anteriad, LLC (f/k/a MeritDirect, LLC) (Revolver) <sup>(7),(9)</sup>	05/23/2024	Media	—	—	2,869	—	(50)
Any Hour Services	07/21/2027	Energy Equipment and Services	11.22 %	3M SOFR+585	6,395	6,326	6,267
Any Hour Services (Revolver) <sup>(7),(9)</sup>	07/21/2027	Energy Equipment and Services	—	—	1,147	—	(23)
Apex Service Partners, LLC	07/31/2025	Diversified Consumer Services	10.52 %	3M SOFR+525	6,160	6,132	6,145
Apex Service Partners, LLC Term Loan B	07/31/2025	Diversified Consumer Services	11.04 %	3M SOFR+550	294	294	294
Apex Service Partners, LLC Term Loan C	07/31/2025	Diversified Consumer Services	10.68 %	3M SOFR+525	12,826	12,732	12,793
Apex Service Partners, LLC (Revolver) <sup>(7)</sup>	07/31/2025	Diversified Consumer Services	10.86 %	3M SOFR+525	1,153	1,153	1,150
Apex Service Partners, LLC (Revolver) <sup>(7),(9)</sup>	07/31/2025	Diversified Consumer Services	—	—	692	—	(2)
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	11.54 %	3M SOFR+615	8,891	8,784	8,714
Applied Technical Services, LLC (Unfunded Term Loan)	12/29/2026	Commercial Services & Supplies	—	—	582	—	(6)
Applied Technical Services, LLC (Revolver) <sup>(7)</sup>	12/29/2026	Commercial Services & Supplies	13.25 %	3M SOFR+475	509	509	499
Applied Technical Services, LLC (Revolver) <sup>(7),(9)</sup>	12/29/2026	Commercial Services & Supplies	—	—	764	—	(15)
Arcfield Acquisition Corp.	08/03/2029	Aerospace and Defense	11.62 %	1M SOFR+625	6,526	6,429	6,461
Arcfield Acquisition Corp. (Revolver) <sup>(9)</sup>	08/04/2028	Aerospace and Defense	—	—	1,379	—	(14)
Beta Plus Technologies, Inc.	07/01/2029	Internet Software and Services	11.14 %	3M SOFR+575	4,950	4,862	4,604
BioDerm, Inc. (Revolver) <sup>(7)</sup>	01/31/2028	Healthcare Equipment and Supplies	11.81 %	1M SOFR+650	107	107	107
BioDerm, Inc. (Revolver) <sup>(9)</sup>	01/31/2028	Healthcare Equipment and Supplies	—	—	964	—	(5)
Blackhawk Industrial Distribution, Inc.	09/17/2026	Distributors	11.79 %	3M SOFR+640	631	628	622
Blackhawk Industrial Distribution, Inc. - Unfunded Term Loan	09/17/2026	Distributors	—	—	2,624	—	(26)
Blackhawk Industrial Distribution, Inc. (Revolver) <sup>(7)</sup>	09/17/2026	Distributors	13.75 %	3M SOFR+525	274	274	270
Blackhawk Industrial Distribution, Inc. <sup>(9)</sup>	09/17/2026	Distributors	—	—	2,469	—	(37)
Broder Bros., Co.	12/04/2025	Textiles, Apparel and Luxury Goods	11.50 %	3M SOFR+626	3,324	3,324	3,324
By Light Professional IT Services, LLC	05/16/2025	High Tech Industries	12.43 %	3M SOFR+688	25,674	25,499	25,224
By Light Professional IT Services, LLC (Revolver) <sup>(7),(9)</sup>	05/16/2025	High Tech Industries	—	—	3,507	—	(61)
Cadence Aerospace, LLC <sup>(7)</sup>	11/14/2023	Aerospace and Defense	12.07 %	3M SOFR+665	980	980	980
			(PIK 9.50%)				
Cartessa Aesthetics, LLC	06/14/2028	Distributors	11.39 %	3M SOFR+600	13,076	12,907	13,076
Cartessa Aesthetics, LLC (Revolver) <sup>(7)</sup>	06/14/2028	Distributors	11.39 %	3M SOFR+600	511	511	511
Cartessa Aesthetics, LLC (Revolver) <sup>(7),(9)</sup>	06/14/2028	Distributors	—	—	927	—	-
CF512, Inc.	08/20/2026	Media	11.59 %	3M SOFR+619	5,980	5,930	5,860
CF512, Inc. (Revolver) <sup>(7),(9)</sup>	08/20/2026	Media	—	—	955	—	(19)
CHA Holdings, Inc.	04/10/2025	Environmental Industries	10.15 %	3M SOFR+476	1,564	1,562	1,564
Challenger Performance Optimization, Inc.	08/31/2024	Business Services	12.18 %	3M L+675	237	237	230
Compex Legal Services, Inc.	02/09/2026	Professional Services	10.99 %	3M SOFR+525	8,925	8,891	8,925
Compex Legal Services, Inc. (Revolver) <sup>(7)</sup>	02/07/2025	Professional Services	10.94 %	3M SOFR+555	141	141	141
Compex Legal Services, Inc. (Revolver) <sup>(7),(9)</sup>	02/07/2025	Professional Services	—	—	1,265	—	—
Connatix Buyer, Inc.	07/13/2027	Media	11.16 %	1M SOFR+576	3,814	3,761	3,681
Connatix Buyer, Inc. <sup>(7),(9)</sup>	07/13/2027	Media	—	—	1,234	—	(43)
Crane 1 Services, Inc.	08/16/2027	Commercial Services & Supplies	10.90 %	3M SOFR+551	882	871	878
Crane 1 Services, Inc. (Revolver) <sup>(7)</sup>	08/16/2027	Commercial Services & Supplies	10.90 %	3M SOFR+551	135	135	134
Crane 1 Services, Inc. (Revolver) <sup>(7)</sup>	08/16/2027	Commercial Services & Supplies	—	—	202	—	(1)
Dr. Squatch, LLC	08/31/2027	Personal Products	11.24 %	3M SOFR+585	4,383	4,328	4,383
Dr. Squatch, LLC (Revolver) <sup>(7),(9)</sup>	08/31/2027	Personal Products	—	—	3,353	—	—
DRS Holdings III, Inc.	11/03/2025	Chemicals, Plastics and Rubber	11.79 %	3M SOFR+640	16,266	16,142	16,070
DRS Holdings III, Inc. (Revolver) <sup>(7),(9)</sup>	11/03/2025	Personal Products	—	—	1,426	—	(17)
Duraco Specialty Tapes LLC	06/30/2024	Containers and Packaging	11.93 %	1M SOFR+650	3,445	3,407	3,393
ECL Entertainment, LLC	08/31/2030	Hotels, Restaurants and Leisure	10.14 %	1M SOFR+475	5,000	4,900	4,985
eCommission Financial Services, Inc. <sup>(10)</sup>	10/05/2023	Banking, Finance, Insurance & Real Estate	10.43 %	1M SOFR+510	4,599	4,599	4,599
eCommission Financial Services, Inc. (Revolver) <sup>(7),(9),(10)</sup>	10/05/2023	Banking, Finance, Insurance & Real Estate	—	—	5,000	—	—
EDS Buyer, LLC - Unfunded Term Loan	01/10/2029	Electronic Equipment, Instruments, and Components	—	—	6,750	—	(17)
EDS Buyer, LLC. (Revolver) <sup>(7),(9)</sup>	01/10/2029	Electronic Equipment, Instruments, and Components	—	—	2,025	—	(30)
Efficient Collaborative Retail Marketing Company, LLC	06/15/2024	Media: Diversified and Production	13.15 %	3M SOFR+776	7,645	7,651	5,352
ETE Intermediate II, LLC (Revolver) <sup>(9)</sup>	05/25/2029	Diversified Consumer Services	—	—	1,656	—	(28)
Exigo Intermediate II, LLC (Revolver) <sup>(9)</sup>	03/15/2027	Software	—	—	689	—	(14)

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**SEPTEMBER 30, 2023**  
(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
Five Star Buyer, Inc.	02/23/2028	Hotels, Restaurants and Leisure	12.43 %	1M SOFR+710	4,569	\$ 4,488	\$ 4,500
Five Star Buyer, Inc. - DDTL B Unfunded	02/23/2028	Hotels, Restaurants and Leisure	—	—	837	-	(13)
Five Star Buyer, Inc. (Revolver) <sup>(9)</sup>	02/23/2028	Hotels, Restaurants and Leisure	—	—	741	-	(11)
Gauge ETF Blocker, LLC - Promissory Note	05/19/2029	Diversified Consumer Services	12.56 %	—	215	215	215
Global Holdings InterCo LLC	03/16/2026	Diversified Financial Services	11.96 %	3M SOFR+660	3,279	3,252	3,115
Graffiti Buyer, Inc.	08/10/2027	Trading Companies & Distributors	10.98 %	3M SOFR+550	736	729	729
Graffiti Buyer, Inc. <sup>(7),(9)</sup>	12/8/2023	Trading Companies & Distributors	—	—	332	—	—
Graffiti Buyer, Inc. (Revolver) <sup>(7)</sup>	08/10/2027	Trading Companies & Distributors	10.98 %	3M SOFR+575	269	269	266
Graffiti Buyer, Inc. (Revolver) <sup>(7),(9)</sup>	08/10/2027	Trading Companies & Distributors	—	—	596	—	(6)
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	10.93 %	3M SOFR+560	4,172	4,112	4,068
Hancock Roofing and Construction L.L.C. (Revolver) <sup>(7)</sup>	12/31/2026	Insurance	10.92 %	1M SOFR+560	335	335	327
Hancock Roofing and Construction L.L.C. (Revolver) <sup>(7),(9)</sup>	12/31/2026	Insurance	—	—	415	—	(10)
Holdco Sands Intermediate, LLC	11/23/2028	Aerospace and Defense	11.32 %	6M SOFR+585	4,913	4,835	4,913
Holdco Sands Intermediate, LLC (Revolver) <sup>(9)</sup>	11/23/2027	Aerospace and Defense	—	—	1,791	—	—
HW Holdco, LLC	12/10/2024	Media	11.70 %	3M SOFR+640	9,000	8,973	8,865
HW Holdco, LLC (Revolver)	12/10/2024	Media	11.82 %	3M SOFR+640	116	116	114
HW Holdco, LLC (Revolver) <sup>(7),(9)</sup>	12/10/2024	Media	—	—	1,335	—	(20)
IG Investments Holdings, LLC <sup>(7)</sup>	09/22/2028	Professional Services	11.45 %	3M SOFR+610	4,428	4,356	4,362
IG Investments Holdings, LLC (Revolver) <sup>(7),(9)</sup>	09/22/2027	Professional Services	—	—	477	—	(7)
Imagine Acquisitionco, LLC <sup>(9)</sup>	11/15/2027	Software	—	—	1,657	—	(8)
Imagine Acquisitionco, LLC (Revolver) <sup>(9)</sup>	11/15/2027	Software	—	—	1,193	—	(18)
Inception Fertility Ventures, LLC	12/31/2024	Healthcare Providers and Services	12.50 %	3M SOFR+715	14,803	14,656	14,803
Infinity Home Services Holdco, Inc.	12/28/2028	Commercial Services & Supplies	12.24 %	3M SOFR+685	2,089	2,089	2,089
Infinity Home Services Holdco, Inc. - Unfunded Term Loan	12/28/2023	Commercial Services & Supplies	—	—	1,135	—	—
Infinity Home Services Holdco, Inc. (Revolver) <sup>(9)</sup>	12/28/2028	Commercial Services & Supplies	—	—	1,292	—	—
Infolinks Media Buyco, LLC	11/01/2026	Media	11.17 %	1M SOFR+585	3,178	3,143	3,178
Infolinks Media Buyco, LLC - Unfunded Term Loan	11/01/2023	Media	—	—	387	—	4
Integrated Data Services (Revolver) <sup>(9)</sup>	08/01/2029	Professional Services	—	—	3,096	—	(72)
Integrative Nutrition, LLC	01/31/2025	Consumer Services	12.54 %	3M SOFR+715	15,521	15,457	14,590
Integrity Marketing Acquisition, LLC	08/27/2026	Insurance	11.57 %	3M SOFR+615	15,666	15,553	15,509
Integrity Marketing Acquisition, LLC - Unfunded Term Loan	08/31/2025	Insurance	—	—	8,000	-	(40)
Integrity Marketing Acquisition, LLC (Revolver) <sup>(7),(9)</sup>	08/27/2026	Insurance	—	—	511	-	-
ITI Holdings, Inc. (Revolver)	03/03/2028	IT Services	12.05 %	1M SOFR+560	500	500	490
ITI Holdings, Inc. (Revolver) <sup>(9)</sup>	03/03/2028	IT Services	—	—	165	—	(3)
Inventus Power, Inc.	06/30/2025	Electronic Equipment, Instruments, and Components	12.93 %	1M SOFR+761	4,988	4,894	4,888
Inventus Power, Inc. (Revolver) <sup>(7),(9)</sup>	06/30/2025	Electronic Equipment, Instruments, and Components	—	—	1,729	—	(35)
K2 Pure Solutions NoCal, L.P. (Revolver) <sup>(7),(9)</sup>	12/20/2023	Chemicals, Plastics and Rubber	—	—	1,429	—	—
Kinetic Purchaser, LLC	11/10/2027	Personal Products	11.54 %	3M SOFR+615	17,253	16,999	16,995
Kinetic Purchaser, LLC - (Revolver) <sup>(9)</sup>	11/10/2026	Personal Products	—	—	3,435	—	(52)
Lash OpCo, LLC	02/18/2027	Personal Products	11.88 %	1M SOFR+675	10,404	10,264	10,300
Lash OpCo, LLC (Revolver) <sup>(7)</sup>	08/16/2026	Personal Products	12.15 %	3M SOFR+675	2,086	2,086	2,065
Lash OpCo, LLC (Revolver) <sup>(7),(9)</sup>	08/16/2026	Personal Products	—	—	986	—	(10)
LAV Gear Holdings, Inc.	10/31/2024	Capital Equipment	11.83 %	1M SOFR+643	7,544	7,537	7,454
LAV Gear Holdings, Inc. (Revolver) <sup>(7)</sup>	10/31/2024	Capital Equipment	11.02 %	3M SOFR+565	1,721	1,721	1,700
Ledge Lounger, Inc.	11/09/2026	Leisure Products	11.79 %	3M SOFR+640	3,709	3,677	3,663
Ledge Lounger, Inc. (Revolver) <sup>(9)</sup>	11/09/2026	Leisure Products	—	—	789	—	(10)
Lightspeed Buyer Inc.	02/03/2026	Healthcare Technology	10.67 %	1M SOFR+535	22,543	22,282	22,317
Lightspeed Buyer Inc. (Revolver) <sup>(7),(9)</sup>	02/03/2026	Healthcare Technology	—	—	2,499	—	(25)
LJ Avalon Holdings, LLC	02/01/2030	Construction & Engineering	11.79 %	3M SOFR+640	400	394	392
LJ Avalon Holdings, LLC - Unfunded Term Loan	07/31/2024	Construction & Engineering	—	—	2,424	—	(12)
LJ Avalon Holdings, LLC (Revolver) <sup>(9)</sup>	01/31/2030	Construction & Engineering	—	—	1,130	—	(23)
Loving Tan Intermediate II, Inc.	05/31/2028	Personal Products	12.39 %	3M SOFR+700	19,263	18,894	18,974
Loving Tan Intermediate II, Inc. (Revolver)	05/31/2028	Personal Products	12.39 %	3M SOFR+700	1,861	1,861	1,833
Loving Tan Intermediate II, Inc. (Revolver) <sup>(7),(9)</sup>	05/31/2028	Personal Products	—	—	1,523	—	(23)
Lucky Bucks, LLC <sup>(9)</sup>	07/20/2027	Hotels, Restaurants and Leisure	0.00 %	—	4,489	4,210	1,182
Lucky Bucks, LLC - DIP	10/20/2023	Hotels, Restaurants and Leisure	15.30 %	3M SOFR+1000	160	158	160
MAG DS Corp.	04/01/2027	Aerospace and Defense	10.99 %	3M SOFR+550	3,674	3,564	3,481
Mars Acquisition Holdings Corp.	05/14/2026	Media	11.04 %	3M SOFR+565	8,728	8,616	8,640
Mars Acquisition Holdings Corp. (Revolver) <sup>(7),(9)</sup>	05/14/2026	Media	—	—	2,435	—	(24)
MBS Holdings, Inc. (Revolver)	04/16/2027	Internet Software and Services	11.17 %	1M SOFR+585	185	185	182
MBS Holdings, Inc. (Revolver) <sup>(7),(9)</sup>	04/16/2027	Internet Software and Services	—	—	972	—	(15)
MDI Buyer, Inc.	07/25/2028	Commodity Chemicals	11.09 %	3M SOFR+625	2,041	2,003	1,997
MDI Buyer, Inc. (Revolver) <sup>(7)</sup>	07/25/2028	Commodity Chemicals	10.91 %	3M SOFR+600	361	361	353
MDI Buyer, Inc. (Revolver) <sup>(9)</sup>	07/25/2028	Commodity Chemicals	—	—	412	—	(5)
Meadowlark Acquirer, LLC	12/10/2027	Professional Services	11.04 %	3M SOFR+565	1,978	1,954	1,929
Meadowlark Acquirer, LLC - Term Loan I <sup>(9)</sup>	12/10/2027	Professional Services	—	—	1,103	—	(17)
Meadowlark Acquirer, LLC - Term Loan II <sup>(9)</sup>	12/10/2027	Professional Services	—	—	9,483	—	(142)
Meadowlark Acquirer, LLC (Revolver) <sup>(9)</sup>	12/10/2027	Professional Services	—	—	1,693	—	(42)
Mission Critical Electronics, Inc.	03/28/2024	Capital Equipment	10.65 %	SOFR +515	3,571	3,560	3,553
Mission Critical Electronics, Inc. <sup>(9)</sup>	03/28/2024	Capital Equipment	—	—	707	—	(1)
Mission Critical Electronics, Inc. (Revolver) <sup>(7),(9)</sup>	03/28/2024	Capital Equipment	—	—	1,325	—	(6)
Municipal Emergency Services, Inc.	10/01/2027	Distributors	11.04 %	3M SOFR+565	1,181	1,144	1,155
Municipal Emergency Services, Inc. - Unfunded Term Loan A	06/16/2023	Distributors	—	—	387	—	(9)
Municipal Emergency Services, Inc. - Unfunded Term Loan B	12/16/2024	Distributors	—	—	1,264	—	(28)
Municipal Emergency Services, Inc. (Revolver) <sup>(7)</sup>	10/01/2027	Distributors	11.04 %	3M SOFR+565	379	379	370
Municipal Emergency Services, Inc. (Revolver) <sup>(7),(9)</sup>	10/01/2027	Distributors	—	—	568	—	(12)
Neptune Flood Incorporated - Revolver Unfunded	05/09/2029	Insurance	—	—	541	—	—
NBH Group LLC (Revolver) <sup>(7),(9)</sup>	08/19/2026	Healthcare Equipment and Supplies	—	—	1,677	—	(34)

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Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
NORA Acquisition, LLC	08/31/2029	Healthcare Providers and Services	11.74 %	3M SOFR+635	41,489	\$ 40,662	\$ 40,659
NORA Acquisition, LLC (Revolver) <sup>(7),(9)</sup>	08/31/2029	Healthcare Providers and Services	—	—	5,479	—	(110)
One Stop Mailing, LLC	05/07/2027	Air Freight and Logistics	11.68 %	1M SOFR+636	8,516	8,397	8,516
ORL Acquisition, Inc. <sup>(7)</sup>	09/03/2027	Consumer Finance	12.84 %	6M SOFR+725	4,900	4,828	4,459
ORL Acquisition, Inc. (Revolver) <sup>(7),(9)</sup>	09/03/2027	Consumer Finance	—	—	861	—	(77)
Output Services Group, Inc. <sup>(6)</sup>	06/27/2026	Business Services	0.00 %	—	4,923	4,469	960
Owl Acquisition, LLC	02/04/2028	Professional Services	10.80 %	6M SOFR+550	3,893	3,797	3,834
Ox Two, LLC	05/18/2026	Construction and Building	12.90 %	3M SOFR+751	22,736	22,513	22,338
Ox Two, LLC (Revolver) <sup>(9)</sup>	05/18/2026	Construction and Building	—	—	3,387	—	(59)
Pequod Merger Sub, Inc. - Unfunded Term Loan	12/02/2026	Diversified Financial Services	—	—	2,847	—	(57)
Pequod Merger Sub, Inc. (Revolver) <sup>(9)</sup>	12/02/2026	Diversified Financial Services	—	—	757	—	(15)
PL Acquisitionco, LLC	11/09/2027	Textiles, Apparel and Luxury Goods	12.42 %	1M SOFR+710	5,612	5,538	5,050
PL Acquisitionco, LLC - (Revolver) <sup>(9)</sup>	11/09/2027	Textiles, Apparel and Luxury Goods	—	—	2,290	—	(229)
PlayPower, Inc.	05/08/2026	Leisure Products	10.92 %	3M SOFR+565	3,401	3,386	3,248
Pragmatic Institute, LLC - Unfunded Term Loan	07/06/2028	Professional Services	—	—	2,290	—	(80)
Pragmatic Institute, LLC (Revolver)	07/06/2028	Professional Services	11.17 %	3M SOFR+575	1,526	1,526	1,458
Quantic Electronics, LLC	11/19/2026	Electronic Equipment, Instruments, and Components	11.74 %	3M SOFR+635	6,647	6,578	6,547
Quantic Electronics, LLC (Revolver) <sup>(7)</sup>	11/19/2026	Electronic Equipment, Instruments, and Components	11.74 %	3M SOFR+635	670	670	660
Questex, LLC	09/09/2024	Media: Diversified and Production	9.81 %	3M SOFR+425	6,731	6,706	6,731
Questex, LLC (Revolver) <sup>(7),(9)</sup>	09/09/2024	Media: Diversified and Production	—	—	1,197	—	-
Rancho Health MSO, Inc. (Revolver) <sup>(7)</sup>	12/18/2025	Healthcare Equipment and Supplies	11.24 %	3M SOFR+585	210	210	210
Rancho Health MSO, Inc. (Revolver) <sup>(7),(9)</sup>	12/18/2025	Healthcare Equipment and Supplies	—	—	315	—	—
Recteq, LLC	01/29/2026	Leisure Products	12.54 %	3M SOFR+715	1,463	1,448	1,419
Recteq, LLC (Revolver) <sup>(7),(9)</sup>	01/29/2026	Leisure Products	—	—	1,296	—	(39)
Research Now Group, Inc. and Dynata, LLC	12/20/2024	Business Services	11.13 %	3M SOFR+576	16,962	16,875	14,842
Riverpoint Medical, LLC	06/20/2025	Healthcare Equipment and Supplies	10.54 %	3M SOFR+515	7,939	7,903	7,828
Riverpoint Medical, LLC (Revolver) <sup>(7)</sup>	06/20/2025	Healthcare Equipment and Supplies	10.42 %	1M SOFR+510	114	114	112
Riverpoint Medical, LLC (Revolver) <sup>(7),(9)</sup>	06/20/2025	Healthcare Equipment and Supplies	—	—	795	—	(11)
Riverside Assessments, LLC	03/10/2025	Professional Services	11.29 %	3M SOFR+590	15,199	15,075	15,047
Rural Sourcing Holdings, Inc. (HPA SPQ Merger Sub, Inc.) - Unfunded Term Loan	06/15/2029	Professional Services	—	—	1,146	—	—
Rural Sourcing Holdings, Inc. (HPA SPQ Merger Sub, Inc.) (Revolver) <sup>(7),(9)</sup>	06/15/2029	Professional Services	—	—	860	—	(13)
Sales Benchmark Index LLC	01/03/2025	Professional Services	11.59 %	3M SOFR+620	2,596	2,581	2,583
Sales Benchmark Index LLC (Revolver) <sup>(7),(9)</sup>	01/03/2025	Professional Services	—	—	1,293	—	(7)
Sargent & Greenleaf Inc.	12/20/2024	Electronic Equipment, Instruments, and Components	12.93 %	1M SOFR+760	3,439	3,425	3,405
Sargent & Greenleaf Inc. (Revolver)	12/20/2024	Electronic Equipment, Instruments, and Components	12.92 %	1M SOFR+760	280	280	277
Sargent & Greenleaf Inc. (Revolver) <sup>(9)</sup>	12/20/2024	Electronic Equipment, Instruments, and Components	—	—	801	—	(8)
Schlesinger Global, Inc.	07/14/2025	Professional Services	12.07 %	3M SOFR + 715	14,490	14,428	14,019
Schlesinger Global, Inc. (Revolver)	07/14/2025	Professional Services	12.52 %	3M SOFR+715	1,495	1,495	1,446
Schlesinger Global, Inc. (Revolver) <sup>(7),(9)</sup>	07/14/2025	Professional Services	—	—	375	—	(12)
Seaway Buyer, LLC	06/13/2029	Chemicals, Plastics and Rubber	11.54 %	3M SOFR+615	1,921	1,895	1,863
Sigma Defense Systems, LLC	12/18/2025	IT Services	14.04 %	3M SOFR+865	10,277	10,123	10,123
Sigma Defense Systems, LLC (Revolver) <sup>(7)</sup>	12/18/2025	IT Services	14.04 %	3M SOFR+865	1,835	1,835	1,807
Sigma Defense Systems, LLC (Revolver) <sup>(7),(9)</sup>	12/18/2025	IT Services	—	—	786	—	(12)
Signature Systems Holding Company	05/03/2024	Commercial Services & Supplies	12.04 %	1M L+665	9,708	9,688	9,708
Signature Systems Holding Company (Revolver) <sup>(9)</sup>	05/03/2024	Commercial Services & Supplies	—	—	1,747	—	—
Skopima Consilio Parent, LLC	05/17/2028	Business Services	9.93 %	1M SOFR+450	600	588	587
Smile Brands Inc.	10/14/2025	Healthcare and Pharmaceuticals	9.97 %	3M SOFR+450	2,437	2,437	2,190
Smile Brands Inc. (Revolver)	10/14/2025	Healthcare and Pharmaceuticals	10.11 %	1M SOFR+450	1,508	1,508	1,355
Smile Brands Inc. LC (Revolver) <sup>(7),(9)</sup>	10/14/2025	Healthcare and Pharmaceuticals	—	—	108	—	(11)
Solutionreach, Inc.	01/17/2024	Healthcare Technology	12.37 %	1M SOFR+700	4,657	4,650	4,638
Solutionreach, Inc. (Revolver) <sup>(7),(9)</sup>	01/17/2024	Healthcare Technology	—	—	833	—	(3)
Spendmnd Holdings LLC	03/01/2028	Healthcare Technology	11.03 %	SOFR + 565	2,061	2,037	2,016
Spendmnd Holdings LLC - Unfunded Term Loan	03/01/2024	Healthcare Technology	—	—	1,707	—	(25)
Spendmnd Holdings LLC (Revolver)	03/01/2028	Healthcare Technology	11.03 %	1M SOFR+565	357	357	349
Spendmnd Holdings LLC (Revolver) <sup>(9)</sup>	03/01/2028	Healthcare Technology	—	—	535	—	(12)
STV Group Incorporated	12/11/2026	Construction & Engineering	10.67 %	1M SOFR+535	4,752	4,724	4,657
System Planning and Analysis, Inc. (f/k/a Management Consulting & Research, LLC)	08/16/2027	Aerospace and Defense	11.49 %	6M SOFR+615	18,373	18,109	18,171
System Planning and Analysis, Inc. (Revolver) <sup>(9)</sup> (f/k/a Management Consulting & Research, LLC)	08/16/2027	Aerospace and Defense	—	—	5,188	—	(57)
Teneo Holdings LLC	07/18/2025	Diversified Financial Services	10.67 %	1M SOFR+535	5,733	5,683	5,725
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	12.04 %	3M SOFR+665	5,421	5,374	5,340
The Bluebird Group LLC	07/28/2026	Professional Services	12.79 %	3M SOFR+740	2,368	2,331	2,359
The Bluebird Group LLC (Revolver) <sup>(7),(9)</sup>	07/28/2026	Professional Services	—	—	862	—	(3)
The Vertex Companies, LLC <sup>(7)</sup>	08/30/2027	Construction & Engineering	11.67 %	1M SOFR+635	1,979	1,949	1,961
The Vertex Companies, LLC (Revolver)	08/30/2027	Construction & Engineering	11.67 %	1M SOFR+635	305	305	303
The Vertex Companies, LLC (Revolver) <sup>(7),(9)</sup>	08/30/2027	Construction & Engineering	—	—	606	—	(5)
TPC Canada Parent, Inc. and TPC US Parent, LLC <sup>(5),(10)</sup>	11/24/2025	Food Products	10.90 %	3M SOFR+565	4,813	4,793	4,813
TWS Acquisition Corporation	06/16/2025	Diversified Consumer Services	11.81 %	3M SOFR+640	4,316	4,280	4,316
TWS Acquisition Corporation (Revolver) <sup>(7),(9)</sup>	06/16/2025	Diversified Consumer Services	—	—	2,628	—	—
Tyto Athene, LLC	04/01/2028	IT Services	10.90 %	3M SOFR+565	11,928	11,803	10,879
Tyto Athene, LLC (Revolver) <sup>(7),(9)</sup>	04/01/2026	IT Services	—	—	1,040	—	(94)

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Walker Edison Furniture, LLC - Term Loan	03/31/2027	Wholesale	12.18 %	1M SOFR+685	3,521	\$ 3,521	\$ 3,521
Walker Edison Furniture Company, LLC - Funded Junior Revolver	03/31/2027	Wholesale	11.68 %	1M SOFR+635	1,667	1,667	1,667
Walker Edison Furniture Company, LLC - Unfunded Term Loan	03/31/2027	Wholesale	—	—	333	—	—
Wildcat Buyerco, Inc.	02/27/2026	Electronic Equipment, Instruments, and Components	10.54 %	3M SOFR+515	7,646	7,579	7,570
Wildcat Buyerco, Inc. (Revolver) <sup>(9)</sup>	02/27/2026	Electronic Equipment, Instruments, and Components	—	—	534	—	(5)
Zips Car Wash, LLC	03/01/2024	Automobiles	12.67 %	1M SOFR+735	13,249	13,206	12,818
<b>Total First Lien Secured Debt</b>						683,940	665,725
<b>Second Lien Secured Debt—0.0%</b>							
Mailsouth Inc. <sup>(7)</sup>	04/23/2025	Media: Advertising, Printing and Publishing	— <sup>(6)</sup>	—	1,161	965	-
QuantiTech LLC	02/04/2027	Aerospace and Defense	15.50 %	3M SOFR+1,010	150	148	149
<b>Total Second Lien Secured Debt</b>						1,113	149
<b>Preferred Equity—1.8% <sup>(6)</sup></b>							
Ad.net Holdings, Inc. <sup>(7)</sup>	—	Media	—	—	6,720	672	757
Anteriad Holdings, LP (f/k/a MeritDirect Holdings, LP) <sup>(7),(8)</sup>	—	Media	—	—	2,018	2,018	1,633
Cartessa Aesthetics, LLC (Preferred) <sup>(8)</sup>	—	Distributors	—	—	1,437,500	1,438	2,007
Gauge Lash Coinvest LLC (Preferred)	—	Personal Products	—	—	108,546	586	1,319
Gauge Schlesinger Coinvest LLC (Preferred Equity)	—	Professional Services	—	—	64	64	47
Imagine Topco, LP	—	Software	8.00 %	—	1,236,027	1,236	1,246
Magnolia Topco LP - Class A Preferred Equity <sup>(8)</sup>	—	Automobiles	—	—	5	5	6
Magnolia Topco LP - Class B Preferred Equity <sup>(8)</sup>	—	Automobiles	—	—	28	17	24
Mars Intermediate Holdings II, Inc. <sup>(7)</sup>	—	Media	—	—	835	835	1,112
NXOF Holdings, Inc. (Tyto Athene, LLC) <sup>(7)</sup>	—	IT Services	—	—	733	733	489
ORL Holdco, Inc. <sup>(7)</sup>	—	Consumer Finance	—	—	1,327	133	-
PL Acquisitionco, LLC (Preferred Equity)	—	Textiles, Apparel and Luxury Goods	—	—	61	61	66
Signature CR Intermediate Holdco, Inc. <sup>(7)</sup>	—	Commercial Services & Supplies	12.00 %	—	1,323	1,323	2,158
TPC Holding Company, LP <sup>(5),(7),(8),(10)</sup>	—	Food Products	—	—	409	409	598
TWD Parent Holdings, LLC (The Vertex Companies, LLC) <sup>(7)</sup>	—	Construction & Engineering	—	—	37	35	45
UniTek Global Services, Inc. - Super Senior Preferred Equity <sup>(7)</sup>	—	Telecommunications	20.00 %	—	343,861	344	64
UniTek Global Services, Inc. - Senior Preferred Equity <sup>(7)</sup>	—	Telecommunications	19.00 %	—	448,851	449	—
UniTek Global Services, Inc. <sup>(7)</sup>	—	Telecommunications	13.50 %	—	1,047,317	670	—
<b>Total Preferred Equity</b>						11,028	11,571
<b>Common Equity/Warrants—14.5% <sup>(6)</sup></b>							
A1 Garage Equity, LLC <sup>(8)</sup>	—	Commercial Services & Supplies	—	—	647,943	648	691
Ad.net Holdings, Inc. <sup>(7)</sup>	—	Media	—	—	7,467	75	—
Affinion Group Holdings, Inc. (Warrants)	04/10/2024	Consumer Goods: Durable	—	—	8,893	245	—
AG Investco LP <sup>(7),(8)</sup>	—	Software	—	—	805,164	805	1,074
AG Investco LP <sup>(7),(8),(9)</sup>	—	Software	—	—	194,836	—	—
Altamira Intermediate Company II, Inc. <sup>(7)</sup>	—	IT Services	—	—	1,437,500	1,437	1,456
Anteriad Holdings, LP (f/k/a MeritDirect Holdings, LP) <sup>(7),(8)</sup>	—	Media	—	—	2,018	—	—
Athletico Holdings, LLC <sup>(8)</sup>	—	Healthcare Providers and Services	—	—	4,678	5,000	4,516
BioDerm Holdings, LP	—	Healthcare Equipment and Supplies	—	—	1,313	1,313	1,514
Burgess Point Holdings, LP	—	Auto Components	—	—	100	100	109
By Light Investco LP <sup>(7),(8)</sup>	—	High Tech Industries	—	—	22,789	849	11,610
Connatix Parent, LLC <sup>(7)</sup>	—	Media	—	—	38,278	421	222
Crane 1 Acquisition Parent Holdings, L.P. <sup>(7)</sup>	—	Commercial Services & Supplies	—	—	130	120	199
Delta InvestCo LP (Sigma Defense Systems, LLC) <sup>(7),(8)</sup>	—	IT Services	—	—	760,273	747	1,358
Delta InvestCo LP (Sigma Defense Systems, LLC) <sup>(7),(8),(9)</sup>	—	IT Services	—	—	244,597	—	—
eCommission Holding Corporation <sup>(7),(10)</sup>	—	Banking, Finance, Insurance & Real Estate	—	—	20	251	463
EDS Topco, LP	—	Electronic Equipment, Instruments, and Components	—	—	1,125,000	1,125	1,062
Exigo, LLC	—	Software	—	—	541,667	542	612
FedHC InvestCo LP <sup>(7),(8)</sup>	—	Aerospace and Defense	—	—	21,665	727	3,062
FedHC InvestCo LP <sup>(7),(8),(9)</sup>	—	Aerospace and Defense	—	—	7,566	—	—
Five Star Parent Holdings, LLC	—	Hotels, Restaurants and Leisure	—	—	655,714	656	800
Gauge ETE Blocker, LLC	—	Diversified Consumer Services	—	—	374,444	374	371
Gauge Lash Coinvest LLC <sup>(7)</sup>	—	Personal Products	—	—	1,485,953	227	6,810
Gauge Loving Tan, LP	—	Personal Products	—	—	2,481,781	2,482	2,088
Gauge Schlesinger Coinvest LLC <sup>(7)</sup>	—	Professional Services	—	—	465	476	344
Gauge TVC Coinvest, LLC (TVC Enterprises, LLC) <sup>(7)</sup>	—	Professional Services	—	—	391,144	—	1,153
GCOM InvestCo LP <sup>(7)</sup>	—	IT Services	—	—	19,184	3,342	3,165
Go Dawgs Capital III, LP (American Insulated Glass, LLC) <sup>(7),(8)</sup>	—	Building Products	—	—	324,675	325	711
Hancock Claims Consultants Investors, LLC <sup>(7),(8)</sup>	—	Insurance	—	—	450,000	448	338
HPA SPQ Aggregator LP	—	Professional Services	—	—	750,399	750	751
HV Watterson Holdings, LLC	—	Professional Services	—	—	100,000	100	111
Icon Partners V C, L.P.	—	Internet Software and Services	—	—	1,863,863	1,864	1,671
Icon Partners V C, L.P. <sup>(7),(8)</sup>	—	Internet Software and Services	—	—	636,137	—	(66)
IIN Group Holdings, LLC (Integrative Nutrition, LLC) <sup>(7),(8)</sup>	—	Consumer Services	—	—	1,000	1,000	—
Imagine Topco, LP (Common)	—	Software	—	—	1,236,027	—	—
IHS Parent Holdings, L.P.	—	Commercial Services & Supplies	—	—	1,218,045	1,218	1,642
Ironclad Holdco, LLC (Applied Technical Services, LLC) <sup>(7),(8)</sup>	—	Commercial Services & Supplies	—	—	5,811	573	844
ITC Infusion Co-invest, LP <sup>(8)</sup>	—	Healthcare Equipment and Supplies	—	—	116,032	1,160	1,268
ITC Rumba, LLC (Cano Health, LLC) <sup>(7),(8)</sup>	—	Healthcare and Pharmaceuticals	—	—	46,763	117	144

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**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS—(CONTINUED)**  
**SEPTEMBER 30, 2023**  
(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
Kentucky Racing Holdco, LLC <sup>(3)</sup>	—	Hotels, Restaurants and Leisure	—	—	87,345	—	883
Kinetic Purchaser, LLC	—	Personal Products	—	—	1,734,775	1,735	2,508
KL Stockton Co-Invest LP (Any Hour Services) <sup>(7)(8)</sup>	—	Energy Equipment and Services	—	—	382,353	382	775
Lightspeed Investment Holdco LLC <sup>(7)</sup>	—	Healthcare Technology	—	—	585,587	586	1,588
LJ Avalon, LP	—	Construction & Engineering	—	—	1,638,043	1,638	1,736
Magnolia Topco LP - Class A Common Equity <sup>(8)</sup>	—	Automobiles	—	—	5,144	—	—
Magnolia Topco LP - Class B Common Equity <sup>(8)</sup>	—	Automobiles	—	—	28,231	—	—
Mars Intermediate Holdings II, Inc. <sup>(7)</sup>	—	Media	—	—	835	—	468
MDI Aggregator, LP	—	Commodity Chemicals	—	—	10,761	1,077	1,155
Meadowlark Title, LLC <sup>(8)</sup>	—	Professional Services	—	—	819,231	805	—
MSpark, LLC	—	Media: Advertising, Printing and Publishing	—	—	3,988	1,287	—
Municipal Emergency Services, Inc. <sup>(7)</sup>	—	Distributors	—	—	1,973,370	2,005	2,230
NEPRT Parent Holdings, LLC (Recteq, LLC) <sup>(7),(8)</sup>	—	Leisure Products	—	—	1,494	1,448	101
NORA Parent Holdings, LLC	—	Healthcare Providers and Services	—	—	2,544	2,544	2,544
North Haven Saints Equity Holdings, LP <sup>(8)</sup>	—	Healthcare Technology	—	—	223,602	224	223
NXOF Holdings, Inc. (Tyto Athene, LLC) <sup>(7)</sup>	—	IT Services	—	—	14,960	15	—
OceanSound Discovery Equity, LP (Holdco Sands Intermediate, LLC) <sup>(7),(8)</sup>	—	Aerospace and Defense	—	—	173,638	1,614	3,768
OHCP V BC COI, L.P.	—	Distributors	—	—	743,750	744	650
OHCP V BC COI, L.P. <sup>(9)</sup>	—	Distributors	—	—	506,250	—	(64)
ORL Holdco, Inc. <sup>(7)</sup>	—	Consumer Finance	—	—	1,474	15	—
PennantPark-TSO Senior Loan Fund, LP <sup>(7)</sup>	—	Financial Services	—	—	11,167,847	11,168	9,345
LEP Pequot Holdings, LP	—	Financial Services	—	—	350	865	1,006
Pink Lily Holdco, LLC (PL Acquisitions, LLC) <sup>(8)</sup>	—	Textiles, Apparel and Luxury Goods	—	—	1,735	1,735	55
Pragmatic Institute, LLC	—	Professional Services	—	—	610,583	611	238
Quad (U.S.) Co-Invest, L.P.	—	Professional Services	—	—	266,864	267	312
QuantiTech InvestCo LP <sup>(7),(8)</sup>	—	Aerospace and Defense	—	—	712	68	446
QuantiTech InvestCo LP <sup>(7),(8),(9)</sup>	—	Aerospace and Defense	—	—	955	—	—
QuantiTech InvestCo II LP <sup>(7),(8)</sup>	—	Aerospace and Defense	—	—	40	24	26
RFMG Parent, LP (Rancho Health MSO, Inc.) <sup>(7)</sup>	—	Healthcare Equipment and Supplies	—	—	1,050,000	1,050	1,052
SBI Holdings Investments LLC (Sales Benchmark Index LLC) <sup>(7)</sup>	—	Professional Services	—	—	64,634	646	515
Seaway Topco, LP	—	Chemicals, Plastics and Rubber	—	—	296	296	235
Signature CR Intermediate Holdco, Inc. <sup>(7)</sup>	—	Commercial Services & Supplies	—	—	70	70	1,784
SP L2 Holdings, LLC (Ledge Lounger, Inc.)	—	Leisure Products	—	—	360,103	360	247
SSC Dominion Holdings, LLC	—	Capital Equipment	—	—	24	23	1,098
Class B (US Dominion, Inc.) <sup>(7)</sup>	—	—	—	—	—	—	—
StellPen Holdings, LLC (CFS12, Inc.) <sup>(7)</sup>	—	Media	—	—	161,538	161	178
TAC LifePort Holdings, LLC <sup>(7),(8)</sup>	—	Aerospace and Defense	—	—	533,833	524	850
Tower Arch Infolinks Media, LP (Infolinks Media Buyco, LLC) <sup>(8)</sup>	—	Media	—	—	219,056	206	388
Tower Arch Infolinks Media, LP (Infolinks Media Buyco, LLC) <sup>(8),(9)</sup>	—	Media	—	—	146,550	—	—
TPC Holding Company, LP <sup>(5),(7),(8),(10)</sup>	—	Food Products	—	—	21,527	21	212
TWD Parent Holdings, LLC (The Vertex Companies, LLC) <sup>(7)</sup>	—	Construction & Engineering	—	—	749	1	1
UniTek Global Services, Inc.(C)	—	Telecommunications	—	—	213,739	—	—
UniTek Global Services, Inc. (W)	—	Telecommunications	—	—	23,889	—	—
UniVista Insurance <sup>(7),(8)</sup>	—	Insurance	—	—	400	362	555
Urology Partners Co., L.P.	—	Healthcare Providers and Services	—	—	694,444	694	653
Walker Edison Holdco LLC	—	Healthcare Providers and Services	—	—	36,458	3,393	1,766
WCP IvyRehab QP CF Feeder, LP <sup>(8)</sup>	—	Healthcare Providers and Services	—	—	3,715,012	3,754	4,319
WCP IvyRehab QP CF Feeder, LP <sup>(8),(9)</sup>	—	Healthcare Providers and Services	—	—	284,988	—	—
Wildcat Parent, LP (Wildcat Buyerco, Inc.) <sup>(7)</sup>	—	Electronic Equipment, Instruments, and Components	—	—	2,240	224	794
<b>Total Common Equity/Warrants</b>						72,159	94,733
<b>Total Investments in Non-Controlled, Non-Affiliated Portfolio Companies</b>						768,240	772,178
<b>Investments in Controlled, Affiliated Portfolio Companies—45.1%</b> <sup>(9),(10)</sup>							
<b>First Lien Secured Debt—36.8%</b>							
Marketplace Events, LLC - Super Priority First Lien Term Loan <sup>(7)</sup>	09/30/2025	Media: Diversified and Production	10.94 %	3M SOFR+550	3,582	3,582	3,582
Marketplace Events, LLC - Super Priority First Lien <sup>(7),(9)</sup>	09/30/2025	Media: Diversified and Production	—	—	3,261	—	—
Marketplace Events, LLC	09/30/2026	Media: Diversified and Production	10.94 %	3M SOFR+550	26,771	20,931	26,770
PennantPark Senior Secured Loan Fund I LLC <sup>(7),(9),(10)</sup>	05/06/2024	Financial Services	13.33 %	3M SOFR+800	210,088	210,088	210,088
<b>Total First Lien Secured Debt</b>						234,601	240,440
<b>Equity Interests—8.3%</b>							
New MPE Holdings, LLC (Marketplace Events, LLC) <sup>(7),(8)</sup>	—	Media: Diversified and Production	—	—	349	—	3,675
PennantPark Senior Secured Loan Fund I LLC <sup>(7),(9),(10)</sup>	—	Financial Services	—	—	90,038	90,038	50,881
<b>Total Equity Interests</b>						90,038	54,556
<b>Total Investments in Controlled, Affiliated Portfolio Companies</b>						324,639	294,996
<b>Total Investments—163.3%</b>						1,092,878	1,067,174
<b>Cash and Cash Equivalents—15.3%</b>							
Money Market - BlackRock Federal FD Institutional 30						100,555	100,555
<b>Total Cash and Cash Equivalents</b>						100,555	100,555
<b>Total Investments and Cash Equivalents—178.6%</b>						\$ 1,193,433	\$ 1,167,729
<b>Liabilities in Excess of Other Assets—(78.6)%</b>							(514,124)
<b>Net Assets—100.0%</b>							\$ 653,605

(1) Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable Secured Overnight Financing Rate, or "SOFR", or Prime rate, or "P", or Sterling Overnight Index Average, or "SONIA." The spread may change based on the type of rate used. The terms in the Schedule of Investments disclose the actual interest rate in effect as of the reporting period. SOFR loans are typically indexed to a 30-day, 90-day or 180-day SOFR rates (1M S, 3M S, or 6M S, respectively) at the borrower's option. SONIA loans are typically indexed daily for GBP loans with a quarterly frequency payment. All securities are subject to a SOFR or Prime rate floor where a spread is provided, unless noted. The spread provided includes PIK interest and other fee rates, if any.

(2) Valued based on our accounting policy (See Note 2). The value of all securities was determined using significant unobservable inputs (See Note 5).

(3) The provisions of the 1940 Act classify investments based on the level of control that we maintain in a particular portfolio company. As defined in the 1940 Act, a company is generally presumed to be "non-controlled" when we own 25% or less of the portfolio company's voting securities and "controlled" when we own more than 25% of the portfolio company's voting securities.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(4)The provisions of the 1940 Act classify investments further based on the level of ownership that we maintain in a particular portfolio company. As defined in the 1940 Act, a company is generally deemed as "non-affiliated" when we own less than 5% of a portfolio company's voting securities and "affiliated" when we own 5% or more of a portfolio company's voting securities.

(5)Non-U.S. company or principal place of business outside the United States.

(6)Non-income producing securities.

(7)The securities, or a portion thereof, are not 1) pledged as collateral under the Credit Facility and held through Funding I; or 2) securing the 2031 Asset-Backed Debt (See Note 11) and held through PennantPark CLO I, Ltd.

(8)Investment is held through our Taxable Subsidiary (See Note 1).

(9)Represents the purchase of a security with delayed settlement or a revolving line of credit that is currently an unfunded investment. This security does not earn a basis point spread above an index while it is unfunded.

(10)The investment is treated as a non-qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of our total assets. As of September 30, 2023, qualifying assets represent 76% of our total assets and non-qualifying assets represent 24% of our total assets.

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**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**SEPTEMBER 30, 2022**  
(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
<b>Investments in Non-Controlled, Non-Affiliated Portfolio Companies—169.5% <sup>(3),(4)</sup></b>							
<b>First Lien Secured Debt—149.7%</b>							
Ad.net Acquisition, LLC	05/06/2026	Media	9.67 %	3M L+600	4,938	\$ 4,882	\$ 4,900
Ad.net Acquisition, LLC (Revolver) <sup>(7),(9)</sup>	05/06/2026	Media	—	—	1,244	—	(9)
Altamira Technologies, LLC	07/24/2025	IT Services	10.81 %	3M L+800	4,794	4,756	4,626
Altamira Technologies, LLC (Revolver) <sup>(7)</sup>	07/24/2025	IT Services	11.67 %	3M L+800	575	575	555
Altamira Technologies, LLC (Revolver) <sup>(7),(9)</sup>	07/24/2025	IT Services	—	—	1,581	—	(55)
American Insulated Glass, LLC	12/21/2023	Building Products	7.79 %	3M L+550	7,601	7,559	7,601
American Teleconferencing Services, Ltd. <sup>(7)</sup>	06/08/2023	Telecommunications	0.00% <sup>(6)</sup>	—	7,986	7,915	90
American Teleconferencing Services, Ltd. (Revolver) <sup>(7)</sup>	12/08/2022	Telecommunications	0.00% <sup>(6)</sup>	—	1,656	1,642	17
Amsive Holding Corporation (f/k/a Vision Purchaser Corporation)	06/10/2025	Media	9.85 %	3M L+625	14,104	13,951	13,892
Anteriad, LLC (f/k/a MeritDirect, LLC)	05/23/2024	Media	9.17 %	3M L+550	14,568	14,486	14,568
Anteriad, LLC (f/k/a MeritDirect, LLC) (Revolver) <sup>(7),(9)</sup>	05/23/2024	Media	—	—	2,869	—	—
Any Hour Services	07/21/2027	Energy Equipment and Services	7.43 %	3M L+525	10,536	10,432	10,326
Any Hour Services (Revolver) <sup>(7),(9)</sup>	07/21/2027	Energy Equipment and Services	—	—	1,147	—	(23)
Apex Service Partners, LLC	07/31/2025	Diversified Consumer Services	6.72 %	1M L+525	6,208	6,166	6,177
Apex Service Partners, LLC Term Loan B	07/31/2025	Diversified Consumer Services	9.67 %	1M L+550	296	296	295
Apex Service Partners, LLC Term Loan C	07/31/2025	Diversified Consumer Services	7.75 %	1M L+525	12,906	12,814	12,841
Apex Service Partners, LLC (Revolver) <sup>(7),(9)</sup>	07/31/2025	Diversified Consumer Services	—	—	1,845	—	(9)
API Holding III Corp.	05/11/2026	Electronic Equipment, Instruments, and Components	7.92 %	1M L+425	5,805	5,785	5,050
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	9.42 %	3M L+575	7,147	7,040	6,968
Applied Technical Services, LLC (Unfunded Term Loan)	04/21/2023	Commercial Services & Supplies	—	—	2,298	—	(32)
Applied Technical Services, LLC (Revolver) <sup>(7)</sup>	12/29/2026	Commercial Services & Supplies	10.25 %	3M L+475	255	255	248
Applied Technical Services, LLC (Revolver) <sup>(7),(9)</sup>	12/29/2026	Commercial Services & Supplies	—	—	1,018	—	(25)
Arcfield Acquisition Corp. (Revolver) <sup>(9)</sup>	03/07/2028	Aerospace and Defense	—	—	887	—	(18)
Beta Plus Technologies, Inc.	07/01/2029	Internet Software and Services	7.76 %	1M L+525	5,000	4,901	4,900
Blackhawk Industrial Distribution, Inc.	09/17/2024	Distributors	8.33 %	3M L+500	25	25	25
Blackhawk Industrial Distribution, Inc. <sup>(7),(9)</sup>	09/17/2024	Distributors	—	—	3,232	—	(40)
Blackhawk Industrial Distribution, Inc. (Revolver) <sup>(7)</sup>	09/17/2024	Distributors	8.87 %	3M L+500	549	549	533
Blackhawk Industrial Distribution, Inc. <sup>(9)</sup>	09/17/2024	Distributors	—	—	2,195	—	(62)
Broder Bros., Co.	12/02/2022	Textiles, Apparel and Luxury Goods	7.39 %	3M L+600	3,405	3,405	3,405
By Light Professional IT Services, LLC	05/16/2024	High Tech Industries	9.26 %	3M L+625	27,533	27,331	27,257
By Light Professional IT Services, LLC (Revolver)	05/16/2024	High Tech Industries	9.75 %	3M L+663	877	877	868
By Light Professional IT Services, LLC (Revolver) <sup>(9)</sup>	05/16/2024	High Tech Industries	—	—	3,189	—	(32)
Cadence Aerospace, LLC <sup>(7)</sup>	11/14/2023	Aerospace and Defense	11.31 %	3M L+850	3,033	3,024	3,003
			(PIK 9.50%)				
Cartessa Aesthetics, LLC	05/13/2028	Distributors	9.55 %	1M L+600	16,459	16,143	16,212
Cartessa Aesthetics, LLC (Revolver) <sup>(7)</sup>	05/13/2028	Distributors	9.55 %	1M L+600	511	511	503
Cartessa Aesthetics, LLC (Revolver) <sup>(7),(9)</sup>	05/13/2028	Distributors	—	—	927	—	(14)
CF512, Inc.	08/20/2026	Media	9.28 %	3M L+600	8,098	7,988	7,976
CF512, Inc. <sup>(7),(9)</sup>	08/20/2026	Media	—	—	191	—	(1)
CF512, Inc. (Revolver) <sup>(7),(9)</sup>	08/20/2026	Media	—	—	955	—	(14)
CHA Holdings, Inc.	04/10/2025	Environmental Industries	8.17 %	3M L+450	1,581	1,577	1,581
Challenger Performance Optimization, Inc. (Revolver) <sup>(7),(9)</sup>	08/31/2023	Business Services	9.27 %	1M L+675	357	357	346
Challenger Performance Optimization, Inc. (Revolver) <sup>(7),(9)</sup>	08/31/2023	Business Services	—	—	356	—	(11)
Compex Legal Services, Inc.	02/09/2026	Professional Services	8.83 %	3M L+525	8,038	8,010	8,038
Compex Legal Services, Inc. (Revolver) <sup>(7)</sup>	02/07/2025	Professional Services	8.92 %	3M L+525	773	773	773
Compex Legal Services, Inc. (Revolver) <sup>(7),(9)</sup>	02/07/2025	Professional Services	—	—	633	—	—
Connatix Buyer, Inc.	07/13/2027	Media	8.42 %	3M L+550	3,907	3,841	3,810
Connatix Buyer, Inc. <sup>(7),(9)</sup>	01/13/2023	Media	—	—	2,105	—	(32)
Connatix Buyer, Inc. <sup>(7),(9)</sup>	07/13/2027	Media	—	—	1,234	—	(30)
Crane 1 Services, Inc.	08/16/2027	Commercial Services & Supplies	9.39 %	3M L+575	891	885	882
Crane 1 Services, Inc. (Revolver) <sup>(7)</sup>	08/16/2027	Commercial Services & Supplies	8.87 %	3M L+575	224	224	222
Crane 1 Services, Inc. (Revolver) <sup>(7)</sup>	08/16/2027	Commercial Services & Supplies	—	—	112	—	(1)
Douglas Products and Packaging Company LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87 %	3M L+575	6,477	6,476	6,477
Douglas Products and Packaging Company LLC (Revolver)	10/19/2022	Chemicals, Plastics and Rubber	11.00 %	P+475	2,627	2,627	2,627
Douglas Products and Packaging Company LLC (Revolver) <sup>(9)</sup>	10/19/2022	Chemicals, Plastics and Rubber	—	—	3,425	—	—
Douglas Sewer Intermediate, LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87 %	3M L+575	3,920	3,920	3,920
Dr. Squatch, LLC	08/31/2027	Personal Products	9.42 %	3M L+600	4,428	4,356	4,362
Dr. Squatch, LLC (Revolver) <sup>(7)</sup>	08/31/2027	Personal Products	8.95 %	3M L+600	1,118	1,118	1,101
Dr. Squatch, LLC (Revolver) <sup>(7),(9)</sup>	08/31/2027	Personal Products	—	—	2,236	—	(34)
DRS Holdings III, Inc.	11/03/2025	Personal Products	8.87 %	3M L+575	17,111	16,993	16,564
DRS Holdings III, Inc. (Revolver) <sup>(7),(9)</sup>	11/03/2025	Personal Products	—	—	1,426	—	(46)
Duraco Specialty Tapes LLC	06/30/2024	Containers and Packaging	8.62 %	3M L+550	3,247	3,208	3,169
ECL Entertainment, LLC	05/01/2028	Hotels, Restaurants and Leisure	10.62 %	1M L+750	5,203	5,158	5,125
ECM Industries, LLC (Revolver)	12/23/2025	Electronic Equipment, Instruments, and Components	8.00 %	1M L+475	514	514	490
ECM Industries, LLC (Revolver) <sup>(9)</sup>	12/23/2025	Electronic Equipment, Instruments, and Components	—	—	400	—	(19)
eCommission Financial Services, Inc. <sup>(10)</sup>	10/05/2023	Banking, Finance, Insurance & Real Estate	7.63 %	1M L+500	5,837	5,837	5,837
eCommission Financial Services, Inc. (Revolver) <sup>(7),(10)</sup>	10/05/2023	Banking, Finance, Insurance & Real Estate	7.63 %	1M L+500	2,500	2,500	2,500
eCommission Financial Services, Inc. (Revolver) <sup>(7),(9),(10)</sup>	10/05/2023	Banking, Finance, Insurance & Real Estate	—	—	2,500	—	—
Efficient Collaborative Retail Marketing Company, LLC	06/15/2024	Media: Diversified and Production	10.42 %	3M L+675	7,150	7,123	6,936
Exigo Intermediate II, LLC <sup>(9)</sup>	03/15/2024	Software	—	—	2,758	—	(41)
Exigo Intermediate II, LLC (Revolver)	03/15/2027	Software	8.87 %	3M L+575	138	138	135
Exigo Intermediate II, LLC (Revolver) <sup>(9)</sup>	03/15/2027	Software	—	—	552	—	(12)
Findex Group Limited <sup>(5),(9),(11)</sup>	05/31/2024	Diversified Financial Services	7.17 %	3M L+450	AUD 10,000	7,399	6,430

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**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS—(Continued)**  
**SEPTEMBER 30, 2022**  
(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
Gantech Acquisition Corp.	05/14/2026	IT Services	9.37 %	1M L+625	21,982	\$ 21,632	\$ 21,322
Gantech Acquisition Corp. (Revolver) <sup>(7)</sup>	05/14/2026	IT Services	9.37 %	1M L+625	249	249	241
Gantech Acquisition Corp. (Revolver) <sup>(7),(9)</sup>	05/14/2026	IT Services	—	—	3,484	—	(105)
Global Holdings InterCo LLC	03/16/2026	Diversified Financial Services	8.74 %	3M L+600	3,427	3,388	3,273
Graffiti Buyer, Inc. <sup>(7),(9)</sup>	08/10/2023	Trading Companies & Distributors	—	—	1,071	—	(24)
Graffiti Buyer, Inc. (Revolver) <sup>(7)</sup>	08/10/2027	Trading Companies & Distributors	8.92 %	3M L+575	418	418	401
Graffiti Buyer, Inc. (Revolver) <sup>(7),(9)</sup>	08/10/2027	Trading Companies & Distributors	—	—	447	—	(18)
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	8.67 %	3M L+500	4,441	4,378	4,374
Hancock Roofing and Construction L.L.C. <sup>(7),(9)</sup>	12/31/2022	Insurance	—	—	400	—	(6)
Hancock Roofing and Construction L.L.C. (Revolver) <sup>(7)</sup>	12/31/2026	Insurance	7.82 %	3M L+500	270	270	266
Hancock Roofing and Construction L.L.C. (Revolver) <sup>(7),(9)</sup>	12/31/2026	Insurance	—	—	480	—	(7)
Holdco Sands Intermediate, LLC	11/23/2028	Aerospace and Defense	10.17 %	3M L+600	4,963	4,872	4,863
Holdco Sands Intermediate, LLC (Revolver) <sup>(9)</sup>	11/23/2027	Aerospace and Defense	—	—	1,791	—	(36)
HW Holdco, LLC	12/10/2024	Media	6.00 %	1M L+500	8,457	8,416	8,352
HW Holdco, LLC <sup>(9)</sup>	12/10/2024	Media	—	—	1,686	—	(4)
HW Holdco, LLC (Revolver) <sup>(7),(9)</sup>	12/10/2024	Media	—	—	1,452	—	(18)
IDC Infusion Services, Inc.	12/30/2026	Healthcare Equipment and Supplies	10.44 %	3M L+700	5,723	5,616	5,506
IDC Infusion Services, Inc. (Revolver) <sup>(9)</sup>	12/30/2026	Healthcare Equipment and Supplies	—	—	4,167	—	(188)
IG Investments Holdings, LLC <sup>(7)</sup>	09/22/2028	Professional Services	9.45 %	3M L+600	4,473	4,390	4,429
IG Investments Holdings, LLC (Revolver) <sup>(7),(9)</sup>	09/22/2027	Professional Services	—	—	477	—	(5)
Imagine Acquisitionco, LLC	11/15/2027	Software	8.42 %	3M L+550	3,979	3,909	3,879
Imagine Acquisitionco, LLC <sup>(9)</sup>	11/15/2027	Software	—	—	1,657	—	(25)
Imagine Acquisitionco, LLC (Revolver) <sup>(9)</sup>	11/15/2027	Software	—	—	1,193	—	(30)
Inception Fertility Ventures, LLC	12/07/2023	Healthcare Providers and Services	10.13 %	3M L+715	14,954	14,711	14,804
Infolinks Media Buyco, LLC	11/01/2026	Media	9.42 %	3M L+575	2,625	2,581	2,625
Infolinks Media Buyco, LLC <sup>(9)</sup>	11/01/2023	Media	—	—	969	—	10
Integrative Nutrition, LLC	09/29/2023	Consumer Services	8.42 %	3M L+450	15,636	15,600	15,323
Integrative Nutrition, LLC (Revolver) <sup>(7),(9)</sup>	09/29/2023	Consumer Services	—	—	5,000	—	—
Integrity Marketing Acquisition, LLC <sup>(7)</sup>	08/27/2025	Insurance	7.58 %	SOFR+550	15,825	15,697	15,667
ITI Holdings, Inc. (Revolver)	03/03/2028	IT Services	8.25 %	3M L+550	133	133	130
ITI Holdings, Inc. (Revolver) <sup>(9)</sup>	03/03/2028	IT Services	—	—	532	—	(11)
K2 Pure Solutions NoCal, L.P. (Revolver) <sup>(7),(9)</sup>	12/20/2023	Chemicals, Plastics and Rubber	—	—	1,429	—	—
Kinetic Purchaser, LLC	11/10/2027	Personal Products	9.67 %	3M L+600	17,428	17,120	17,079
Kinetic Purchaser, LLC - (Revolver) <sup>(9)</sup>	11/10/2026	Personal Products	9.67 %	3M L+600	3,435	3,435	3,366
Lash OpCo, LLC	02/18/2027	Personal Products	11.17 %	1M L+700	10,511	10,323	10,300
Lash OpCo, LLC (Revolver) <sup>(7)</sup>	08/16/2026	Personal Products	9.38 %	1M L+700	599	599	587
Lash OpCo, LLC (Revolver) <sup>(7),(9)</sup>	08/16/2026	Personal Products	—	—	1,321	—	(26)
LAV Gear Holdings, Inc.	10/31/2024	Capital Equipment	9.95 %	1M L+750	9,565	9,542	9,345
LAV Gear Holdings, Inc. (Revolver) <sup>(7)</sup>	10/31/2024	Capital Equipment	9.95 % (PIK 5.50%)	1M L+750	1,721	1,721	1,681
Ledge Lounger, Inc.	11/09/2026	Leisure Products	9.92 %	3M L+625	3,747	3,683	3,691
Ledge Lounger, Inc. (Revolver) <sup>(9)</sup>	11/09/2026	Leisure Products	—	—	789	—	(12)
Lightspeed Buyer Inc.	02/03/2026	Healthcare Technology	8.87 %	1M L+575	24,357	24,065	23,566
Lightspeed Buyer Inc. (Revolver) <sup>(7)</sup>	02/03/2026	Healthcare Technology	8.87 %	1M L+575	1,083	1,083	1,048
Lightspeed Buyer Inc. (Revolver) <sup>(7),(9)</sup>	02/03/2026	Healthcare Technology	—	—	1,416	—	(46)
Lucky Bucks, LLC	07/20/2027	Hotels, Restaurants and Leisure	8.31 %	3M L+550	4,331	4,258	3,183
MAG DS Corp.	04/01/2027	Aerospace and Defense	9.17 %	1M L+550	3,714	3,576	3,379
Mars Acquisition Holdings Corp.	05/14/2026	Media	8.62 %	3M L+550	6,052	5,958	6,022
Mars Acquisition Holdings Corp. (Revolver) <sup>(7),(9)</sup>	05/14/2026	Media	—	—	1,624	—	(8)
MBS Holdings, Inc. (Revolver) <sup>(7),(9)</sup>	04/16/2027	Internet Software and Services	—	—	1,157	—	(12)
MDI Buyer, Inc. - Unfunded Term Loan	07/25/2028	Commodity Chemicals	—	—	1,804	—	(18)
MDI Buyer, Inc. (Revolver) <sup>(9)</sup>	07/25/2028	Commodity Chemicals	—	—	773	—	(8)
Meadowlark Acquirer, LLC	12/10/2027	Professional Services	9.17 %	3M L+550	1,319	1,306	1,305
Meadowlark Acquirer, LLC - Term Loan I <sup>(9)</sup>	12/10/2027	Professional Services	—	—	1,782	—	—
Meadowlark Acquirer, LLC - Term Loan II <sup>(9)</sup>	12/10/2027	Professional Services	—	—	9,483	—	—
Meadowlark Acquirer, LLC (Revolver) <sup>(9)</sup>	12/10/2027	Professional Services	—	—	1,693	—	(17)
Mission Critical Electronics, Inc.	03/28/2024	Capital Equipment	8.03 %	SOFR +500	3,430	3,395	3,389
Mission Critical Electronics, Inc. <sup>(9)</sup>	03/28/2024	Capital Equipment	—	—	883	—	(7)
Mission Critical Electronics, Inc. (Revolver) <sup>(7)</sup>	03/28/2024	Capital Equipment	6.67 %	1M L+500	557	557	550
Mission Critical Electronics, Inc. (Revolver) <sup>(7),(9)</sup>	03/28/2024	Capital Equipment	—	—	769	—	(9)
Municipal Emergency Services, Inc. <sup>(7)</sup>	09/28/2027	Distributors	8.67 %	3M L+500	354	351	334
Municipal Emergency Services, Inc. <sup>(7),(9)</sup>	09/28/2027	Distributors	—	—	592	—	(29)
Municipal Emergency Services, Inc. (Revolver) <sup>(7)</sup>	09/28/2027	Distributors	8.67 %	3M L+500	142	142	134
Municipal Emergency Services, Inc. (Revolver) <sup>(7),(9)</sup>	09/28/2027	Distributors	—	—	805	—	(47)
NBH Group LLC (Revolver) <sup>(7),(9)</sup>	08/19/2026	Healthcare Equipment and Supplies	—	—	1,677	—	—
OIS Management Services, LLC	07/09/2026	Healthcare Equipment and Supplies	9.45 %	SOFR + 575	1,975	1,951	1,975
OIS Management Services, LLC (Revolver) <sup>(7),(9)</sup>	07/09/2026	Healthcare Equipment and Supplies	—	—	444	—	—
One Stop Mailing, LLC	05/07/2027	Air Freight and Logistics	9.37 %	3M L+625	8,759	8,612	8,496
ORL Acquisition, Inc. <sup>(7)</sup>	09/03/2027	Consumer Finance	8.92 %	3M L+525	7,195	7,069	7,195
ORL Acquisition, Inc. (Revolver) <sup>(7),(9)</sup>	09/03/2027	Consumer Finance	—	—	861	—	—
Output Services Group, Inc.	03/27/2024	Business Services	9.80 %	1M L+675	4,874	4,592	3,704
Owl Acquisition, LLC	02/04/2028	Professional Services	8.41 %	3M L+575	3,990	3,874	3,890
Ox Two, LLC	05/18/2026	Construction and Building	9.81 %	1M L+700	25,772	25,440	25,257
Ox Two, LLC (Revolver) <sup>(7)</sup>	05/18/2026	Construction and Building	9.81 %	1M L+700	2,484	2,484	2,434
Ox Two, LLC (Revolver) <sup>(9)</sup>	05/18/2026	Construction and Building	—	—	903	—	(18)
PL Acquisitionco, LLC	11/09/2027	Textiles, Apparel and Luxury Goods	9.62 %	3M L+650	6,110	6,015	5,958
PL Acquisitionco, LLC - (Revolver) <sup>(9)</sup>	11/09/2027	Textiles, Apparel and Luxury Goods	—	—	2,290	—	(57)
Plant Health Intermediate, Inc.	10/19/2022	Chemicals, Plastics and Rubber	8.87 %	3M L+575	637	637	637
PlayPower, Inc.	05/08/2026	Leisure Products	9.17 %	1M L+550	3,440	3,419	3,078
PRA Events, Inc.	08/07/2025	Business Services	14.17 %	1M L+1,050	3,323	2,903	3,323
Pragmatic Institute, LLC - Unfunded Term Loan	07/06/2028	Professional Services	—	—	2,290	—	—
Pragmatic Institute, LLC (Revolver)	07/06/2028	Professional Services	9.30 %	3M L+575	305	305	302
Pragmatic Institute, LLC (Revolver) <sup>(9)</sup>	07/06/2028	Professional Services	—	—	1,221	—	(12)

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**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS—(Continued)**  
**SEPTEMBER 30, 2022**  
(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
Quantic Electronics, LLC	11/19/2026	Electronic Equipment, Instruments, and Components	9.92 %	1M L+600	4,706	\$ 4,632	\$ 4,612
Quantic Electronics, LLC (Revolver) <sup>(7)</sup>	11/19/2026	Electronic Equipment, Instruments, and Components	9.51 %	1M L+600	268	268	263
Quantic Electronics, LLC (Revolver) <sup>(7),(9)</sup>	11/19/2026	Electronic Equipment, Instruments, and Components	—	—	402	—	(8)
Questex, LLC	09/09/2024	Media: Diversified and Production	7.45 %	3M L+500	7,200	7,146	7,056
Questex, LLC (Revolver) <sup>(7),(9)</sup>	09/09/2024	Media: Diversified and Production	—	—	1,197	—	(24)
Rancho Health MSO, Inc. <sup>(7)</sup>	12/18/2025	Healthcare Equipment and Supplies	7.75 %	3M L+550	1,040	1,040	1,040
Rancho Health MSO, Inc. (Revolver) <sup>(7),(9)</sup>	12/18/2025	Healthcare Equipment and Supplies	—	—	525	—	—
Recteq, LLC	01/29/2026	Leisure Products	9.92 %	3M L+600	1,478	1,457	1,426
Recteq, LLC (Revolver) <sup>(7)</sup>	01/29/2026	Leisure Products	9.92 %	3M L+600	360	360	347
Recteq, LLC (Revolver) <sup>(7),(9)</sup>	01/29/2026	Leisure Products	—	—	936	—	(33)
Research Now Group, Inc. and Dynata, LLC	12/20/2024	Business Services	8.84 %	3M L+550	17,142	16,985	15,406
Riverpoint Medical, LLC	06/20/2025	Healthcare Equipment and Supplies	8.65 %	3M L+575	7,980	7,924	7,781
Riverpoint Medical, LLC (Revolver) <sup>(7),(9)</sup>	06/20/2025	Healthcare Equipment and Supplies	—	—	909	—	(23)
Riverside Assessments, LLC	03/10/2025	Professional Services	9.95 %	3M L+625	15,356	15,201	15,049
Sales Benchmark Index LLC	01/03/2025	Professional Services	9.67 %	3M L+600	7,105	7,034	7,034
Sales Benchmark Index LLC (Revolver) <sup>(7),(9)</sup>	01/03/2025	Professional Services	—	—	1,293	—	(13)
Sargent & Greenleaf Inc.	12/20/2024	Electronic Equipment, Instruments, and Components	8.62 %	1M L+550	3,487	3,462	3,452
Sargent & Greenleaf Inc. (Revolver)	12/20/2024	Electronic Equipment, Instruments, and Components	8.28 %	1M L+550	1,048	1,048	1,037
Sargent & Greenleaf Inc. (Revolver) <sup>(9)</sup>	12/20/2024	Electronic Equipment, Instruments, and Components	—	—	9	—	—
Schlesinger Global, Inc.	07/14/2025	Professional Services	10.27 %	SOFR + 700	14,560	14,467	14,196
Schlesinger Global, Inc. (Revolver)	07/14/2025	Professional Services	10.14 %	1M L+600	1,487	1,487	1,450
Schlesinger Global, Inc. (Revolver) <sup>(7),(9)</sup>	07/14/2025	Professional Services	—	—	385	—	(10)
Seaway Buyer, LLC	06/13/2029	Chemicals, Plastics and Rubber	9.41 %	3M L+575	6,940	6,836	6,836
Sigma Defense Systems, LLC	12/18/2025	IT Services	12.17 %	3M L+850	10,969	10,742	10,750
Sigma Defense Systems, LLC (Revolver) <sup>(7)</sup>	12/18/2025	IT Services	12.17 %	3M L+850	996	996	976
Sigma Defense Systems, LLC (Revolver) <sup>(7),(9)</sup>	12/18/2025	IT Services	—	—	1,625	—	(32)
Signature Systems Holding Company	05/03/2024	Commercial Services & Supplies	10.17 %	1M L+650	10,358	10,301	10,280
Signature Systems Holding Company (Revolver) <sup>(9)</sup>	05/03/2024	Commercial Services & Supplies	—	—	1,747	—	(13)
Smile Brands Inc.	10/14/2025	Healthcare and Pharmaceuticals	7.42 %	1M L+450	2,462	2,462	2,370
Smile Brands Inc. (Revolver) <sup>(7),(9)</sup>	10/14/2025	Healthcare and Pharmaceuticals	—	—	1,508	—	(57)
Smile Brands Inc. LC (Revolver) <sup>(7),(9)</sup>	10/14/2025	Healthcare and Pharmaceuticals	—	—	108	—	(4)
Solutionreach, Inc.	01/17/2024	Healthcare Technology	8.87 %	3M L+575	5,740	5,705	5,602
Solutionreach, Inc. (Revolver) <sup>(7),(9)</sup>	01/17/2024	Healthcare Technology	—	—	1,665	—	(40)
Spear Education, LLC	02/26/2025	Professional Services	9.42 %	3M L+575	14,747	14,642	14,747
Spendmend Holdings LLC	03/01/2028	Healthcare Technology	8.63 %	SOFR + 575	3,216	3,179	3,126
Spendmend Holdings LLC <sup>(9)</sup>	03/01/2023	Healthcare Technology	—	—	1,771	—	(36)
Spendmend Holdings LLC (Revolver)	03/01/2028	Healthcare Technology	8.63 %	3M L+575	119	119	116
Spendmend Holdings LLC (Revolver) <sup>(9)</sup>	03/01/2028	Healthcare Technology	—	—	772	—	(22)
STV Group Incorporated	12/11/2026	Construction & Engineering	8.37 %	1M L+525	4,752	4,718	4,704
System Planning and Analysis, Inc. (f/k/a Management Consulting & Research, LLC)	08/16/2027	Aerospace and Defense	8.73 %	SOFR+600	18,560	18,237	18,263
System Planning and Analysis, Inc. (Revolver) (f/k/a Management Consulting & Research, LLC)	08/16/2027	Aerospace and Defense	—	—	5,188	—	(83)
Teneo Holdings LLC	07/18/2025	Diversified Financial Services	8.38 %	1M L+525	5,793	5,718	5,455
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	9.55 %	3M L+600	4,921	4,868	4,872
The Bluebird Group LLC	07/27/2026	Professional Services	10.67 %	3M L+700	6,265	6,162	6,328
The Bluebird Group LLC (Revolver) <sup>(7),(9)</sup>	07/27/2026	Professional Services	—	—	862	—	9
The InfoSoft Group, LLC	09/16/2024	Media: Broadcasting and Subscription	8.51 %	3M L+575	15,229	15,120	15,115
The Vertex Companies, LLC <sup>(7)</sup>	08/30/2027	Construction & Engineering	8.18 %	1M L+550	2,159	2,122	2,148
The Vertex Companies, LLC <sup>(7),(9)</sup>	08/30/2027	Construction & Engineering	—	—	573	—	3
The Vertex Companies, LLC (Revolver)	08/30/2027	Construction & Engineering	8.26 %	1M L+550	182	182	181
The Vertex Companies, LLC (Revolver) <sup>(7),(9)</sup>	08/30/2027	Construction & Engineering	—	—	729	—	(4)
TPC Canada Parent, Inc. and TPC US Parent, LLC <sup>(5),(10)</sup>	11/24/2025	Food Products	7.78 %	3M L+550	4,863	4,834	4,717
TVC Enterprises, LLC	03/26/2026	Commercial Services & Supplies	8.87 %	1M L+600	24,721	24,378	24,103
TVC Enterprises, LLC (Revolver) <sup>(7),(9)</sup>	03/26/2026	Commercial Services & Supplies	—	—	661	—	(17)
TWS Acquisition Corporation	06/16/2025	Diversified Consumer Services	8.76 %	1M L+625	5,468	5,398	5,441
TWS Acquisition Corporation (Revolver) <sup>(7),(9)</sup>	06/16/2025	Diversified Consumer Services	—	—	2,628	—	(13)
Tyto Athene, LLC	04/01/2028	IT Services	7.76 %	1M L+550	12,644	12,487	11,746
Tyto Athene, LLC (Revolver) <sup>(7),(9)</sup>	04/01/2026	IT Services	—	—	1,040	—	(74)
UBEO, LLC	04/03/2024	Capital Equipment	7.60 %	3M L+450	17,926	17,860	17,657
UBEO, LLC (Revolver)	04/03/2024	Capital Equipment	9.00 %	3M L+275	587	587	578
UBEO, LLC (Revolver) <sup>(9)</sup>	04/03/2024	Capital Equipment	—	—	2,347	—	(35)
Unique Indoor Comfort, LLC	05/24/2027	Diversified Consumer Services	8.95 %	3M L + 525	9,217	9,126	9,014
Unique Indoor Comfort, LLC Term Loan <sup>(7)</sup>	05/24/2027	Diversified Consumer Services	—	—	10,760	—	(129)
Unique Indoor Comfort, LLC (Revolver) <sup>(7),(9)</sup>	05/24/2027	Diversified Consumer Services	—	—	2,000	—	(44)
Walker Edison Furniture Company LLC	03/31/2027	Wholesale	12.42 %	1M L+875	12,684	12,434	8,474
Wildcat Buyerco, Inc.	02/27/2026	Electronic Equipment, Instruments, and Components	9.38 %	3M L+575	9,853	9,717	9,532
Wildcat Buyerco, Inc. (Revolver) <sup>(9)</sup>	02/27/2026	Electronic Equipment, Instruments, and Components	—	—	534	—	(34)
Zips Car Wash, LLC	03/01/2024	Automobiles	10.30 %	3M L+725	13,428	13,284	13,092
<b>Total First Lien Secured Debt</b>						815,742	789,107
<b>Second Lien Secured Debt—0%</b>							
Mailsouth Inc. <sup>(7)</sup>	04/23/2025	Media: Advertising, Printing and Publishing	0.00 % <sup>(6)</sup>	—	1,001	965	—
			(PIK 15.00%)				
QuantiTech LLC	02/04/2027	Aerospace and Defense	12.68 %	3M L+1,000	150	148	147
<b>Total Second Lien Secured Debt</b>						1,113	147
<b>Preferred Equity—1.6% <sup>(6)</sup></b>							
Ad.net Holdings, Inc. <sup>(7),(8)</sup>	—	Media	—	—	6,720	\$ 672	\$ 747
Cartessa Aesthetics, LLC	—	Distributors	—	—	1,437,500	1,438	1,499
Imagine Topco, LP	—	Software	8.00 %	—	1,236,027	1,236	1,170

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS—(Continued)**  
**SEPTEMBER 30, 2022**  
(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
Mars Intermediate Holdings II, Inc. <sup>(7)</sup>	—	Media	—	—	835	\$ 835	\$ 976
Anteriad Holdings, LP (f/k/a MeritDirect Holdings, LP) <sup>(7),(8)</sup>	—	Media	—	—	2,018	2,018	2,537
NXOF Holdings, Inc. (Tyto Athene, LLC) <sup>(7)</sup>	—	IT Services	—	—	733	733	1,042
ORL Holdco, Inc. <sup>(7)</sup>	—	Consumer Finance	—	—	1,327	133	144
Signature CR Intermediate Holdco, Inc. <sup>(7)</sup>	—	Commercial Services & Supplies	12.00 %	—	1,323	1,323	1,674
TPC Holding Company, LP <sup>(5),(7),(10)</sup>	—	Food Products	—	—	409	409	116
TWD Parent Holdings, LLC (The Vertex Companies, LLC) <sup>(7)</sup>	—	Construction & Engineering	—	—	37	37	40
UniTek Global Services, Inc. - Super Senior Preferred Equity <sup>(7)</sup>	—	Telecommunications	20.00 %	—	343,861	344	—
UniTek Global Services, Inc. - Senior Preferred Equity <sup>(7)</sup>	—	Telecommunications	19.00 %	—	448,851	449	—
UniTek Global Services, Inc. <sup>(7)</sup>	—	Telecommunications	13.50 %	—	1,047,317	670	—
<b>Total Preferred Equity</b>						<b>10,297</b>	<b>9,945</b>
<b>Common Equity/Warrants— 18.1% <sup>(6)</sup></b>							
Ad.net Holdings, Inc. <sup>(7),(8)</sup>	—	Media	—	—	7,467	75	98
Affinion Group Holdings, Inc. (Warrants) <sup>(7)</sup>	04/10/2024	Consumer Goods: Durable	—	—	8,893	245	—
AG Investco LP <sup>(7),(8)</sup>	—	Software	—	—	805,164	805	1,127
AG Investco LP <sup>(7),(8),(9)</sup>	—	Software	—	—	194,836	—	—
Altamira Intermediate Company II, Inc. <sup>(7)</sup>	—	IT Services	—	—	1,437,500	1,438	906
Anteriad Holdings, LP (f/k/a MeritDirect Holdings, LP) <sup>(7),(8)</sup>	—	Media	—	—	2,018	—	480
Athletic Holdings, LLC	—	Healthcare Providers and Services	—	—	4,678	5,000	4,758
Burgess Point Holdings, LP	—	Auto Components	—	—	100	100	101
By Light Investco LP <sup>(7),(8)</sup>	—	High Tech Industries	—	—	22,090	193	18,085
By Light Investco LP <sup>(7),(8),(9)</sup>	—	High Tech Industries	—	—	3,223	—	—
CI (Allied) Investment Holdings, LLC (PRA Events, Inc.) <sup>(7),(8)</sup>	—	Business Services	—	—	120,962	1,243	1,651
Connatix Parent, LLC <sup>(7)</sup>	—	Media	—	—	38,278	421	459
Crane 1 Acquisition Parent Holdings, L.P. <sup>(7)</sup>	—	Commercial Services & Supplies	—	—	130	120	140
Delta InvestCo LP (Sigma Defense Systems, LLC) <sup>(7),(8)</sup>	—	IT Services	—	—	615,484	602	1,255
Delta InvestCo LP (Sigma Defense Systems, LLC) <sup>(7),(8),(9)</sup>	—	IT Services	—	—	389,386	—	—
ECM Investors, LLC <sup>(7),(8)</sup>	—	Electronic Equipment, Instruments, and Components	—	—	295,982	65	633
eCommission Holding Corporation <sup>(7),(10)</sup>	—	Banking, Finance, Insurance & Real Estate	—	—	20	251	348
Exigo, LLC	—	Software	—	—	541,667	542	478
Express Wash Topco, LLC	—	Automobiles	—	—	20,000	100	102
FedHC InvestCo LP <sup>(7),(8)</sup>	—	Aerospace and Defense	—	—	21,083	711	2,142
FedHC InvestCo LP <sup>(7),(8),(9)</sup>	—	Aerospace and Defense	—	—	9,488	—	—
Gauge InfosoftColinvest, LLC (The Infosoft Group, LLC) <sup>(7)</sup>	—	Media: Broadcasting and Subscription	—	—	500	144	2,471
Gauge Lash Coinvest LLC <sup>(7)</sup>	—	Personal Products	—	—	1,485,953	227	7,030
Gauge Schlesinger Coinvest LLC <sup>(7)</sup>	—	Professional Services	—	—	465	476	496
Gauge TVC Coinvest, LLC (TVC Enterprises, LLC) <sup>(7)</sup>	—	Professional Services	—	—	391,144	—	1,558
GCOM InvestCo LP <sup>(7),(8)</sup>	—	IT Services	—	—	19,184	3,342	4,626
Go Dawgs Capital III, LP (American Insulated Glass, LLC) <sup>(7),(8)</sup>	—	Building Products	—	—	324,675	325	377
Hancock Claims Consultants Investors, LLC <sup>(7),(8)</sup>	—	Insurance	—	—	450,000	450	477
HV Watterson Holdings, LLC	—	Professional Services	—	—	100,000	100	87
Icon Partners V C, L.P.	—	Internet Software and Services	—	—	1,851,852	1,852	1,989
Icon Partners V C, L.P. <sup>(7),(9)</sup>	—	Internet Software and Services	—	—	648,148	—	—
IIN Group Holdings, LLC (Integrative Nutrition, LLC) <sup>(7),(8)</sup>	—	Consumer Services	—	—	1,000	1,000	54
Imagine Topco, LP (Common)	—	Software	—	—	1,236,027	—	—
Ironclad Holdco, LLC (Applied Technical Services, LLC) <sup>(7),(8)</sup>	—	Commercial Services & Supplies	—	—	5,811	573	754
ITC Infusion Co-invest, LP	—	Healthcare Equipment and Supplies	—	—	81,313	813	857
ITC Rumba, LLC (Cano Health, LLC) <sup>(7),(8)</sup>	—	Healthcare and Pharmaceuticals	—	—	46,763	117	5,232
JWC-WE Holdings, L.P. (Walker Edison Furniture Company LLC) <sup>(7),(8)</sup>	—	Wholesale	—	—	1,948	568	—
Kinetic Purchaser, LLC	—	Personal Products	—	—	1,734,775	1,735	2,458
KL Stockton Co-Invest LP (Any Hour Services) <sup>(7),(8)</sup>	—	Energy Equipment and Services	—	—	382,353	382	643
Kentucky Racing Holdco, LLC (Warrants) <sup>(7),(8)</sup>	—	Hotels, Restaurants and Leisure	—	—	87,345	—	961
Lightspeed Investment Holdco LLC <sup>(7)</sup>	—	Healthcare Technology	—	—	585,587	586	800
Mars Intermediate Holdings II, Inc. <sup>(7)</sup>	—	Media	—	—	835	—	255
MDI Aggregator, LP	—	Commodity Chemicals	—	—	668,747	670	669
Meadowlark Title, LLC	—	Professional Services	—	—	819,231	819	901
MSPark, LLC	—	Media: Advertising, Printing and Publishing	—	—	3,988	1,288	—
Municipal Emergency Services, Inc. <sup>(7)</sup>	—	Distributors	—	—	1,973,370	2,005	1,505
NEPRT Parent Holdings, LLC (Recteq, LLC) <sup>(7),(8)</sup>	—	Leisure Products	—	—	1,494	1,450	279
North Haven Saints Equity Holdings, LP	—	Healthcare Technology	—	—	223,602	224	237
NXOF Holdings, Inc. (Tyto Athene, LLC) <sup>(7)</sup>	—	IT Services	—	—	14,960	15	310
OceanSound Discovery Equity, LP (Holdco Sands Intermediate, LLC) <sup>(7),(8)</sup>	—	Aerospace and Defense	—	—	173,638	1,729	2,917
OHCP V BC COI, L.P.	—	Distributors	—	—	743,750	744	636
OHCP V BC COI, L.P. <sup>(8),(9)</sup>	—	Distributors	—	—	506,250	—	(73)
Oral Surgery (ITC) Holdings, LLC <sup>(7),(8)</sup>	—	Healthcare Equipment and Supplies	—	—	3,872	83	231
ORL Holdco, Inc. <sup>(7)</sup>	—	Consumer Finance	—	—	1,474	15	261
PennantPark-TSO Senior Loan Fund, LP <sup>(7)</sup>	—	Financial Services	—	—	11,167,847	11,168	9,892
Pink Lily Holdco, LLC (PL Acquisitions, LLC)	—	Textiles, Apparel and Luxury Goods	—	—	1,735	1,735	914

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
Pragmatic Institute, LLC	—	Professional Services	—	—	610,583	\$ 611	\$ 611
QuantiTech InvestCo LP <sup>(7),(8)</sup>	—	Aerospace and Defense	—	—	712	68	352
QuantiTech InvestCo LP <sup>(7),(8),(9)</sup>	—	Aerospace and Defense	—	—	955	—	—
QuantiTech InvestCo II LP <sup>(7),(8)</sup>	—	Aerospace and Defense	—	—	40	25	24
RFMG Parent, LP (Rancho Health MSO, Inc.) <sup>(7)</sup>	—	Healthcare Equipment and Supplies	—	—	1,050,000	1,050	1,091
SBI Holdings Investments LLC (Sales Benchmark Index LLC) <sup>(7),(8)</sup>	—	Professional Services	—	—	64,634	646	634
Seaway Topco, LP	—	Chemicals, Plastics and Rubber	—	—	296	296	296
Signature CR Intermediate Holdco, Inc. <sup>(7)</sup>	—	Commercial Services & Supplies	—	—	70	70	—
SP L2 Holdings, LLC (Ledge Lounger, Inc.)	—	Leisure Products	—	—	360,103	360	373
SSC Dominion Holdings, LLC	—	Capital Equipment	—	—	500	500	680
Class A (US Dominion, Inc.) <sup>(7)</sup>	—	Capital Equipment	—	—	500	—	1,463
Class B (US Dominion, Inc.) <sup>(7)</sup>	—	Capital Equipment	—	—	500	—	1,463
StellPen Holdings, LLC (CF512, Inc.) <sup>(7)</sup>	—	Media	—	—	161,538	162	160
TAC LifePort Holdings, LLC <sup>(7),(8)</sup>	—	Aerospace and Defense	—	—	488,372	488	621
Tower Arch Infolinks Media, LP (Infolinks Media Buyco, LLC)	—	Media	—	—	216,925	209	366
Tower Arch Infolinks Media, LP (Infolinks Media Buyco, LLC) <sup>(8),(9)</sup>	—	Media	—	—	148,681	—	—
TPC Holding Company, LP <sup>(5),(7),(9)</sup>	—	Food Products	—	—	21,527	22	—
TWD Parent Holdings, LLC (The Vertex Companies, LLC) <sup>(7)</sup>	—	Construction & Engineering	—	—	749	1	—
UniTek Global Services, Inc. <sup>(7)</sup>	—	Telecommunications	—	—	213,739	—	—
UniTek Global Services, Inc. (Warrants) <sup>(7)</sup>	—	Telecommunications	—	—	23,889	—	—
UniVista Insurance <sup>(7),(8)</sup>	—	Insurance	—	—	400	378	454
WCP IvyRehab QP CF Feeder, LP	—	Healthcare Providers and Services	—	—	3,762,257	3,762	3,762
WCP IvyRehab QP CF Feeder, LP <sup>(9)</sup>	—	Healthcare Providers and Services	—	—	237,743	—	—
Wildcat Parent, LP (Wildcat Buyerco, Inc.) <sup>(7),(8)</sup>	—	Electronic Equipment, Instruments, and Components	—	—	2,240	224	596
<b>Total Common Equity/Warrants</b>						55,418	94,050
<b>Total Investments in Non-Controlled, Non-Affiliated Portfolio Companies</b>						882,570	893,249
<b>Investments in Controlled, Affiliated Portfolio Companies—51.4%</b> <sup>(3),(4)</sup>							
<b>First Lien Secured Debt—41.8%</b>							
Marketplace Events, LLC - Super Priority First Lien Term Loan <sup>(7)</sup>	09/30/2025	Media: Diversified and Production	8.19 %	3M L+525	3,582	3,582	3,582
			(PIK 5.25%)				
Marketplace Events, LLC - Super Priority First Lien <sup>(7),(9)</sup>	09/30/2025	Media: Diversified and Production	—	—	3,261	—	—
Marketplace Events, LLC	09/30/2026	Media: Diversified and Production	8.19 %	3M L+525	26,771	19,518	26,771
PennantPark Senior Secured Loan Fund I LLC <sup>(7),(9),(10)</sup>	05/06/2024	Financial Services	10.71 %	3M L+800	190,181	190,181	190,182
<b>Total First Lien Secured Debt</b>						213,281	220,535
<b>Equity Interests—9.6%</b>							
New MPE Holdings, LLC (Marketplace Events, LLC) <sup>(7),(8)</sup>	—	Media: Diversified and Production	—	—	349	—	1,036
PennantPark Senior Secured Loan Fund I LLC <sup>(7),(9),(10)</sup>	—	Financial Services	—	—	81,506	81,506	49,434
<b>Total Equity Interests</b>						81,506	50,470
<b>Total Investments in Controlled, Affiliated Portfolio Companies</b>						294,787	271,005
<b>Total Investments—220.9%</b>						1,177,357	1,164,254
<b>Cash and Cash Equivalents—9.1%</b>							
BlackRock Federal FD Institutional 30						38,209	38,209
BNY Mellon Cash						13,243	13,279
<b>Total Cash and Cash Equivalents</b>						51,452	51,488
<b>Total Investments and Cash Equivalents—230.0%</b>						\$ 1,228,809	\$ 1,215,742
<b>Liabilities in Excess of Other Assets—(130.0)%</b>							(688,650)
<b>Net Assets—100.0%</b>							\$ 527,092

- (1) Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable LIBOR or “L” or Prime rate, or “P.” The spread may change based on the type of rate used. The terms in the Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to a 30-day, 60-day, 90-day or 180-day LIBOR rate (1M L, 2M L, 3M L, or 6M L, respectively), at the borrower’s option. All securities are subject to a LIBOR or Prime rate floor where a spread is provided, unless noted. The spread provided includes PIK interest and other fee rates, if any.
- (2) Valued based on our accounting policy (See Note 2). The value of all securities was determined using significant unobservable inputs (See Note 5).
- (3) The provisions of the 1940 Act classify investments based on the level of control that we maintain in a particular portfolio company. As defined in the 1940 Act, a company is generally presumed to be “non-controlled” when we own 25% or less of the portfolio company’s voting securities and “controlled” when we own more than 25% of the portfolio company’s voting securities.
- (4) The provisions of the 1940 Act classify investments further based on the level of ownership that we maintain in a particular portfolio company. As defined in the 1940 Act, a company is generally deemed as “non-affiliated” when we own less than 5% of a portfolio company’s voting securities and “affiliated” when we own 5% or more of a portfolio company’s voting securities.
- (5) Non-U.S. company or principal place of business outside the United States.
- (6) Non-income producing securities.
- (7) The securities, or a portion thereof, are not 1) pledged as collateral under the Credit Facility and held through Funding I; or 2) securing the 2031 Asset-Backed Debt (See Note 11) and held through PennantPark CLO I, Ltd.
- (8) Investment is held through our Taxable Subsidiary (See Note 1).
- (9) Represents the purchase of a security with delayed settlement or a revolving line of credit that is currently an unfunded investment. This security does not earn a basis point spread above an index while it is unfunded.
- (10) The investment is treated as a non-qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of our total assets. As of September 30, 2022, qualifying assets represent 81% of our total assets and non-qualifying assets represent 19% of our total assets.
- (11) Par amount is denominated in Australian Dollars (AUD) as denoted.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**1. ORGANIZATION**

PennantPark Floating Rate Capital Ltd. was organized as a Maryland corporation in October 2010. We are a closed-end, externally managed, non-diversified investment company that has elected to be treated as a BDC under the 1940 Act. On April 14, 2022, listing and trading of the Company's common stock commenced on the New York Stock Exchange after the Company voluntarily withdrew the principal listing of its common stock from the Nasdaq Stock Market LLC effective at market close on April 13, 2022.

Our investment objectives are to generate both current income and capital appreciation while seeking to preserve capital. We seek to achieve our investment objective by investing primarily in floating rate loans and other investments made to U.S. middle-market private companies whose debt is rated below investment grade. Floating rate loans pay interest at variable rates, which are determined periodically, on the basis of a floating base lending rate such as LIBOR, with or without a floor, plus a fixed spread. Under normal market conditions, we generally expect that at least 80% of the value of our managed assets will be invested in floating rate loans and other investments bearing a variable rate of interest, which may include, from time to time, variable rate derivative instruments. We generally expect that first lien secured debt will represent at least 65% of our overall portfolio. We generally expect to invest up to 35% of our overall portfolio opportunistically in other types of investments, including second lien secured debt, subordinated debt, and, to a lesser extent, equity investments.

We have entered into an investment management agreement, or the Investment Management Agreement with the Investment Adviser, an external adviser that manages our day-to-day operations. We have also entered into an administration agreement, or the Administration Agreement with the Administrator, which provides the administrative services necessary for us to operate.

Funding I, our wholly-owned subsidiary and a special purpose entity, was organized in Delaware as a limited liability company in May 2011. We formed Funding I in order to establish the Credit Facility. The Investment Adviser serves as the collateral manager to Funding I and has irrevocably directed that the management fee owed with respect to such services is to be paid to us so long as the Investment Adviser remains the collateral manager. This arrangement does not increase our consolidated management fee. The Credit Facility allows Funding I to borrow up to \$386 million at SOFR (or an alternative risk-free floating interest rate index) plus 236 basis points during the revolving period. The Credit Facility is secured by all of the assets held by Funding I. See Note 11.

We have formed and expect to continue to form certain taxable subsidiaries, including the Taxable Subsidiary, which are subject to tax as corporations. These taxable subsidiaries allow us to hold equity securities of certain portfolio companies treated as pass-through entities for U.S. federal income tax purposes while facilitating our ability to qualify as a RIC under the Code.

In May 2017, we and Kemper formed PSSL, an unconsolidated joint venture. PSSL invests primarily in middle-market and other corporate debt securities consistent with our strategy. PSSL was formed as a Delaware limited liability company. See Note 4.

In November 2017, we issued \$138.6 million of our 2023 Notes. The principal on the 2023 Notes will be payable in four annual installments as follows: 15% of the original principal amount on December 15, 2020, 15% of the original principal amount on December 15, 2021, 15% of the original principal amount on December 15, 2022 and 55% on December 15, 2023. The 2023 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The 2023 Notes are listed on the TASE. In connection with this offering, we have dual listed our common stock on the TASE.

In September 2019, the Securitization Issuers completed the Debt Securitization. The 2031 Asset-Backed Debt is secured by a diversified portfolio of the Securitization Issuer consisting primarily of middle market loans and participation interests in middle market loans. The 2031 Asset-Backed Debt is scheduled to mature on October 15, 2031. On the closing date of the Debt Securitization, in consideration of our transfer to the Securitization Issuer of the initial closing date loan portfolio, which included loans distributed to us by certain of our wholly-owned subsidiaries, the Securitization Issuer transferred to us 100% of the Preferred Shares of the Securitization Issuer, 100% of the Class D Secured Deferrable Floating Rate Notes issued by the Securitization Issuer, and a portion of the net cash proceeds received from the sale of the 2031 Asset-Backed Debt. See Note 11.

In March 2021 and October 2021, we issued \$100.0 million and \$85.0 million, respectively, in aggregate principal amount of our 2026 Notes at a public offering price per note of 99.4% and 101.5% respectively. Interest on the 2026 Notes is paid semi-annually on April 1 and October 1 of each year, at a rate of 4.25% per year, commencing October 1, 2021. The 2026 Notes mature on April 1, 2026 and may be redeemed in whole or in part at our option subject to a make-whole premium if redeemed more than three months prior to maturity. The 2026 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The 2026 Notes are effectively subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, financing vehicles, or similar facilities. We do not intend to list the 2026 Notes on any securities exchange or automated dealer quotation system.

In April 2021, we formed PennantPark-TSO Senior Loan Fund LP, ("PTSF") , an unconsolidated limited partnership, organized as a Delaware limited liability partnership. We sold \$81.4 million in investments to a wholly-owned subsidiary of PTSF in exchange for cash in the amount of \$69.5 million and an \$11.9 million equity interest in PTSF representing 23.08% of the total outstanding Class A Units of PTSF. We recognized \$0.4 million of realized gain upon the formation of PTSF. As of September 30, 2021, our capital commitment of \$15.3 million is fully funded and we hold 23.08% of the total outstanding Class A Units of PTSF and a 4.99% voting interest in the general partner which manages PTSF.

On August 20, 2021, we entered into equity distribution agreements with each of JMP Securities LLC and Raymond James & Associates, Inc., as the sales agents, in connection with the sale of shares of our common stock, with an aggregate offering price of up to \$75 million under an at-the-market offering ("ATM Program"). The equity distribution agreements provide that we may offer and sell shares of our common stock from time to time through a sales agent in amounts and at times to be determined by us. On May 5, 2022, we amended the equity distribution agreements to update references from NASDAQ to NYSE and reflect that the agents are now represented by Kirkland & Ellis LLP. On March 27, 2023 we terminated the equity distribution agreements and entered into new equity distribution agreements with JMP Securities LLC, Raymond James & Associates, Inc. and Truist Securities, Inc. (together, the "Equity Distribution Agreements"), as sales agents (each, as "Sales Agent," and together, the "Sales Agents") in connection with the sale of shares of our common stock, with an aggregate offering price of up to \$100 million under an ATM Program. On August 11, 2023 we amended the Equity Distribution Agreements with each of the Sales Agents (together, the "Amended and Restated Equity Distribution Agreements") to increase the aggregate offering price to up to \$250 million. The Amended and Restated Equity Distribution Agreements provide that we may offer and sell shares of our common stock from time to time through a Sales Agent in amounts and at times to be determined by us. Actual sales will depend on a variety of factors to be determined by us from time to time, including, market conditions and the trading price of our common stock. The Investment Adviser may, from time to time, in its sole discretion, pay some or all of the commissions payable under the Equity Distribution Agreements or make additional supplemental payments to ensure that the sales price per share of our common

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**SEPTEMBER 30, 2023**

stock in connection with all of the offerings made hereunder will not be less than our current NAV per share. Any such payments made by the Investment Adviser will not be subject to reimbursement by us.

During the years ended September 30, 2023, and 2022 we issued 9,089,064 and 2,464,910 shares of our Common Stock, respectively, under the ATM Program at a weighted-average price of \$11.03 and \$13.12 per share, respectively, raising \$100.2 million and \$31.9 million of net proceeds after commissions to the sales agents and inclusive of proceeds from the Investment Adviser to ensure that all shares were sold at or above NAV. We incurred \$0.5 million and \$0.1 million, respectively, of legal and other offering costs associated with establishing the ATM Program. As of September 30, 2023, and 2022, we had \$154.1 million and \$41.3 million available under the ATM Program.

Since inception of the ATM Program through September 30, 2023, we issued 11,662,628 shares of our Common Stock under the ATM Program at a weighted-average price of \$11.44, raising \$133.5 million of net proceeds after commissions to the sales agents and inclusive of proceeds from the Investment Adviser to ensure that all shares were sold at or above NAV. We incurred \$1.0 million of legal and other offering costs associated with establishing the ATM Program.

We are operated by a person who has claimed an exclusion from the definition of the term “commodity pool operator” under the Commodity Exchange Act of 1936, as amended, or the Commodity Exchange Act, and, therefore, is not subject to registration or regulation as a commodity pool operator under the Commodity Exchange Act.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of our Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles, or GAAP, requires management to make estimates and assumptions that affect the reported amount of our assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of income and expenses during the reported periods. In the opinion of management, all adjustments, which are of a normal recurring nature, considered necessary for the fair presentation of financial statements have been included. Changes in the economic and regulatory environment, financial markets, the credit worthiness of our portfolio companies and any other parameters used in determining these estimates and assumptions could cause actual results to differ from these estimates and assumptions. We may reclassify certain prior period amounts to conform to the current period presentation. We have eliminated all intercompany balances and transactions. References to the Financial Accounting Standards Board’s, or FASB’s, Accounting Standards Codification, as amended, or ASC, serve as a single source of accounting literature. Subsequent events are evaluated and disclosed as appropriate for events occurring through the date the Consolidated Financial Statements are issued.

Our Consolidated Financial Statements are prepared in accordance with GAAP, consistent with ASC Topic 946, Financial Services – Investment Companies, and pursuant to the requirements for reporting on Form 10-K/Q and Articles 6, 10 and 12 of Regulation S-X, as appropriate. In accordance with Article 6-09 of Regulation S-X, we have provided a Consolidated Statement of Changes in Net Assets in lieu of a Consolidated Statement of Changes in Stockholders’ Equity.

### ***Restatement of Previously Issued Financial Statements***

During the preparation of the financial statements as of and for the year ended September 30, 2023, Management identified an error in the classification and presentation of cash pertaining to the Company’s affiliates – PSSSL and PTSF in the September 30, 2022 financial statements. The Company recorded cash activity and due to affiliates pertaining to their investments as a reduction of the cash account instead of presenting the related cash and cash equivalents as an asset and a due to affiliates as a liability. The impact of the error correction is reflected as a \$3.6 million increase to cash and cash equivalents and offsetting increase to due to affiliates on the consolidated statement of assets and liabilities as of September 30, 2022 and an increase in due to affiliates within operating activities on the consolidated statement of cash flows totaling \$3.4 million and \$0.2 million, respectively for the years ended September 30, 2022 and 2021. There was no impact from the error correction to total net assets and net asset value per share as reported on the consolidated statement of assets and liabilities as of September 30, 2022. In addition, there was no impact from the error correction on net investment income or net increase (decrease) in net assets resulting from operations in total or on a per common share basis as reported on the consolidated statements of operations for the years ended September 30, 2022 and 2021. The corrections were reported in the year ended September 30, 2023.

Our significant accounting policies consistently applied are as follows:

#### ***(a) Investment Valuations***

We expect that there may not be readily available market values for many of the investments, which are or will be in our portfolio, and we value such investments at fair value as determined in good faith by or under the direction of our board of directors using a documented valuation policy and a consistently applied valuation process, as described in this Report. With respect to investments for which there is no readily available market value, the factors that the board of directors may take into account in pricing our investments at fair value include, as relevant, the nature and realizable value of any collateral, the portfolio company’s ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event to corroborate or revise our valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the price used in an actual transaction may be different than our valuation and the difference may be material. See Note 5.

Our portfolio generally consists of illiquid securities, including debt and equity investments. With respect to investments for which market quotations are not readily available, or for which market quotations are deemed not reflective of the fair value, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- (1) Our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of our Investment Adviser responsible for the portfolio investment;
- (2) Preliminary valuation conclusions are then documented and discussed with the management of the Investment Adviser;
- (3) Our board of directors also engages independent valuation firms to conduct independent appraisals of our investments for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment. The independent valuation firms review management’s preliminary valuations in light of their own independent assessment and also in light of any market quotations obtained from an independent pricing service, broker, dealer or market maker;
- (4) The audit committee of our board of directors reviews the preliminary valuations of our Investment Adviser and those of the independent valuation firms on a quarterly basis, periodically assesses the valuation methodologies of the independent valuation firms, and responds to and supplements the valuation recommendations of the independent valuation firms to reflect any comments; and

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(5) Our board of directors discusses these valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of our Investment Adviser, the respective independent valuation firms and the audit committee.

Our board of directors generally uses market quotations to assess the value of our investments for which market quotations are readily available. We obtain these market values from independent pricing services or at bid prices obtained from at least two brokers or dealers, if available, or otherwise from a principal market maker or a primary market dealer. The Investment Adviser assesses the source and reliability of bids from brokers or dealers. If the board of directors has a bona fide reason to believe any such market quote does not reflect the fair value of an investment, it may independently value such investments by using the valuation procedure that it uses with respect to assets for which market quotations are not readily available.

**(b) Security Transactions, Revenue Recognition, and Realized/Unrealized Gains or Losses**

Security transactions are recorded on a trade-date basis. We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized, but considering prepayment penalties. Net change in unrealized appreciation or depreciation reflects the change in the fair values of our portfolio investments, the Credit Facility, and the 2023 Notes during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

We record interest income on an accrual basis to the extent that we expect to collect such amounts. For loans and debt investments with contractual PIK interest, which represents interest accrued and added to the loan balance that generally becomes due at maturity, we will generally not accrue PIK interest when the portfolio company valuation indicates that such PIK interest is not collectable. We do not accrue as a receivable interest on loans and debt investments if we have reason to doubt our ability to collect such interest. Loan origination fees, original issue discount, or OID, market discount or premium and deferred financing costs on liabilities, which we do not fair value, are capitalized and then accreted or amortized using the effective interest method as interest income or, in the case of deferred financing costs, as interest expense. We record prepayment penalties earned on loans and debt investments as income. Dividend income, if any, is recognized on an accrual basis on the ex-dividend date to the extent that we expect to collect such amounts. From time to time, the Company receives certain fees from portfolio companies, which are non-recurring in nature. Such fees include loan prepayment penalties, structuring fees and amendment fees, and are recorded as other investment income when earned. Litigation settlements are accounted for in accordance with the gain contingency provisions of ASC Subtopic 450-30, Gain Contingencies, or ASC 450-30.

Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and/or if there is reasonable doubt that principal or interest will be collected. Accrued interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current. As of September 30, 2023, we had three portfolio companies on non-accrual, representing 0.9% and 0.2% of our overall portfolio on a cost and fair value basis, respectively. As of September 30, 2022, we had two portfolio companies on non-accrual, representing 0.9% and zero percent of our overall portfolio on a cost and fair value basis, respectively.

**(c) Income Taxes**

We have complied with the requirements of Subchapter M of the Code and have qualified to be treated as a RIC for federal income tax purposes. In this regard, we account for income taxes using the asset and liability method prescribed by ASC Topic 740, Income Taxes, or ASC 740. Under this method, income taxes are provided for amounts currently payable and for amounts deferred as tax assets and liabilities based on differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Based upon our qualification and election to be treated as a RIC for U.S. federal income tax purposes, we typically do not incur any material federal income taxes. However, we may choose to retain a portion of our calendar year income, which may result in the imposition of a federal tax, or we may incur taxes through our taxable subsidiaries, including the Taxable Subsidiary. For the years ended September 30, 2023, 2022, and 2021, we recorded a provision for taxes on net investment income of \$1.0 million, \$0.4 million and \$0.4 million, respectively, pertaining to federal excise tax.

We recognize the effect of a tax position in our Consolidated Financial Statements in accordance with ASC 740 when it is more likely than not, based on the technical merits, that the position will be sustained upon examination by the applicable tax authority. Tax positions not considered to satisfy the "more-likely-than-not" threshold would be recorded as a tax expense or benefit. Penalties or interest, if applicable, that may be assessed relating to income taxes would be classified as other operating expenses in the financial statements. There were no tax accruals relating to uncertain tax positions and no amounts accrued for any related interest or penalties with respect to the periods presented herein. The Company's determinations regarding ASC 740 may be subject to review and adjustment at a later date based upon factors including, but not limited to, an ongoing analysis of tax laws, regulations and interpretations thereof. Although the Company files both federal and state income tax returns, the Company's major tax jurisdiction is federal.

The Taxable Subsidiary is subject to U.S. federal, state and local corporate income taxes. The income tax expense and related tax liabilities of the Taxable Subsidiary are reflected in the Company's consolidated financial statements.

For the year ended September 30, 2023, the Company recognized a provision for taxes of \$(2.8) million on unrealized appreciation on investments by the Taxable Subsidiary. For the year ended September 30, 2022, the Company recognized a provision for taxes of \$4.6 million on unrealized appreciation on investments by the Taxable Subsidiary. The provision for taxes on unrealized appreciation on investments is the result of netting (i) the expected tax liability on gains from sales of investments and (ii) the expected tax benefit from the use of losses in the current year. As of September 30, 2023 and 2022, \$1.8 million and \$4.6 million, respectively, was accrued as a deferred tax liability on the Consolidated Statements of Assets and Liabilities relating to unrealized gain on investments held by the Taxable Subsidiary. As of September 30, 2023 and 2022, \$0.3 million and zero, respectively, the Company recognized a provision for taxes on realized gain on investments held by the Taxable Subsidiary. During the year ended September 30, 2023, the Company paid zero in taxes on realized gains on the sale of investments held by the Taxable Subsidiary which were offset by subsequent realized losses, resulting in a \$1.2 million prepaid tax asset as of September 30, 2023 included under prepaid expenses and other assets in the Consolidated Statements of Assets and Liabilities.

Because U.S. federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and net realized gains recognized for financial reporting purposes. Differences between tax regulations and GAAP may be permanent or temporary. Permanent differences are reclassified among capital accounts in the consolidated financial statements of assets and liabilities to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future.

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***(d) Distributions and Capital Transactions***

Distributions to common stockholders are recorded on the ex-dividend date. The amount to be paid, if any, as a distribution is determined by the board of directors each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, may be distributed at least annually. The tax attributes for distributions will generally include ordinary income and capital gains, but may also include certain tax-qualified dividends and/or a return of capital.

Capital transactions through offerings of our common stock, are recorded when issued and offering costs are charged as a reduction of capital upon issuance of our common stock.

***(e) Foreign Currency Translation***

Our books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

1. Fair value of investment securities, other assets and liabilities – at the exchange rates prevailing at the end of the applicable period; and
2. Purchases and sales of investment securities, income and expenses – at the exchange rates prevailing on the respective dates of such transactions.

Although net assets and fair values are presented based on the applicable foreign exchange rates described above, we do not isolate that portion of the results of operations due to changes in foreign exchange rates on investments, other assets and debt from the fluctuations arising from changes in fair value of investments and liabilities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments and liabilities.

Foreign security and currency translations may involve certain considerations and risks not typically associated with investing in U.S. companies and U.S. government securities. These risks include, but are not limited to, currency fluctuations and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices to be more volatile than those of comparable U.S. companies or U.S. government securities.

***(f) Consolidation***

As permitted under Regulation S-X and as explained by ASC paragraph 946-810-45-3, PennantPark Floating Rate Capital Ltd. will generally not consolidate its investment in a company other than an investment company wholly-owned subsidiary or a controlled operating company whose business consists of providing services to us. Accordingly, we have consolidated the results of our taxable subsidiaries, including the Taxable Subsidiary, Funding I and the Securitization Issuer in our Consolidated Financial Statements. We do not consolidate our non-controlling interest in PSSS or PTSF. See further description of our investment in PSSS in Note 4.

***(g) Asset Transfers and Servicing***

Asset transfers that do not meet ASC Topic 860, Transfers and Servicing, requirements for sale accounting treatment are reflected in the Consolidated Statements of Assets and Liabilities and the Consolidated Schedules of Investments as investments. The creditors of Funding I have received a security interest in all its assets and such assets are not intended to be available to the creditors of PennantPark Floating Rate Capital Ltd. or any of its affiliates.

***(h) Recent Accounting Pronouncements***

In March 2020, the FASB issued Accounting Standards Update No. 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.” The guidance provides optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued because of the reference rate reform. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. FASB approved an (optional) two year extension to December 31, 2024, for transitioning away from LIBOR. The Company utilized the optional expedients and exceptions provided by ASU 2020-04 during the year ended September 30, 2023, the effect of which was not material to the consolidated financial statements and the notes thereto.

In March 2022, the FASB issued ASU 2022-02, “Financial Instruments - Credit Losses (Topic 326)”, which is intended to address issues identified during the post-implementation review of ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”. The amendment, among other things, eliminates the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, “Receivables - Troubled Debt Restructurings by Creditors”, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The new guidance is effective for interim and annual periods beginning after December 15, 2022. The Company has adopted the new accounting standard implementing appropriate controls and procedures, the effect of which was not material to the consolidated financial statements and the notes thereto.

In June 2022, the FASB issued Accounting Standards Update No. 2022-03, or ASU, 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions, or ASU 2022-03, which changed the fair value measurement disclosure requirements of ASC Topic 820, Fair Value Measurements and Disclosures, or ASC 820. The amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The new guidance is effective for fiscal years beginning after December 15, 2023, including interim periods therein. Early application is permitted. The Company is currently evaluating the impact the adoption of this new accounting standard will have on its consolidated financial statements, but the impact of the adoption is not expected to be material.

**3. AGREEMENTS AND RELATED PARTY TRANSACTIONS**

***(a) Investment Management Agreement***

The Investment Management Agreement with the Investment Adviser was reapproved by our board of directors, including a majority of our directors who are not interested persons of us or the Investment Adviser, in February 2023. Under the Investment Management Agreement, the Investment Adviser, subject to the overall supervision of our board of directors, manages the day-to-day operations of and provides investment advisory services to us. The Investment Adviser serves as the collateral manager to Funding I and has irrevocably directed that any management fee owed with respect to such services is to be paid to the Company so long as the Investment Adviser remains the collateral manager. This arrangement does not increase our consolidated management fee. For providing these services, the Investment Adviser receives a fee from us consisting of two components—a base management fee and an incentive fee.

***Base Management Fee***

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The base management fee is calculated at an annual rate of 1.00% of our “average adjusted gross assets,” which equals our gross assets (net of U.S. Treasury Bills, temporary draws under any credit facility, cash and cash equivalents, repurchase agreements or other balance sheet transactions undertaken at the end of a fiscal quarter for purposes of preserving investment flexibility for the next quarter and unfunded commitments, if any) and is payable quarterly in arrears. The base management fee is calculated based on the average adjusted gross assets at the end of the two most recently completed calendar quarters, and appropriately adjusted for any share issuances or repurchases during the current calendar quarter. For example, if we sold shares on the 45th day of a quarter and did not use the proceeds from the sale to repay outstanding indebtedness, our gross assets for such quarter would give effect to the net proceeds of the issuance for only 45 days of the quarter during which the additional shares were outstanding. For the years ended September 30, 2023, 2022, and 2021, the Investment Adviser earned a base management fee of \$11.4 million, \$11.9 million, and \$10.7 million, respectively, from us.

***Incentive Fee***

The incentive fee has two parts, as follows:

One part is calculated and payable quarterly in arrears based on our Pre-Incentive Fee Net Investment Income for the immediately preceding calendar quarter. For this purpose, Pre-Incentive Fee Net Investment Income means interest income, dividend income and any other income, including any other fees (other than fees for providing managerial assistance), such as amendment, commitment, origination, prepayment penalties, structuring, diligence and consulting fees or other fees received from portfolio companies, accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, any expenses payable under the Administration Agreement and any interest expense or amendment fees under any credit facility and distribution paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as OID, debt instruments with PIK interest and zero coupon securities), accrued income not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, computed net of all realized capital losses or unrealized capital appreciation or depreciation. Pre-Incentive Fee Net Investment Income, expressed as a percentage of the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the hurdle rate of 1.75% per quarter (7.00% annualized). We pay the Investment Adviser an incentive fee with respect to our Pre-Incentive Fee Net Investment Income in each calendar quarter as follows: (1) no incentive fee in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate of 1.75%, (2) 50% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than 2.9167% in any calendar quarter (11.67% annualized) (we refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the hurdle but is less than 2.9167%) as the “catch-up,” which is meant to provide our Investment Adviser with 20% of our Pre-Incentive Fee Net Investment Income, as if a hurdle did not apply, if this net investment income exceeds 2.9167% in any calendar quarter), and (3) 20% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.9167% in any calendar quarter. These calculations are pro-rated for any share issuances or repurchases during the relevant quarter, if applicable. For the years ended September 30, 2023, 2022, and 2021, the Investment Adviser earned \$16.9 million, \$11.6 million, and \$5.3 million, respectively, in incentive fees on net investment income from us.

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement, as of the termination date) and equals 20% of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. For the years ended September 30, 2023, 2022, and 2021, the Investment Adviser did not accrue an incentive fee on capital gains as calculated under the Investment Management Agreement (as described above).

Under GAAP, we are required to accrue a capital gains incentive fee based upon net realized capital gains and net unrealized capital appreciation and depreciation on investments held at the end of each period. In calculating the capital gains incentive fee accrual, we considered the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Management Agreement. This accrual is calculated using the aggregate cumulative realized capital gains and losses and cumulative unrealized capital appreciation or depreciation. If such amount is positive at the end of a period, then we record a capital gains incentive fee equal to 20% of such amount, less the aggregate amount of actual capital gains related to incentive fees paid in all prior years. If such amount is negative, then there is no accrual for such year. There can be no assurance that such unrealized capital appreciation will be realized in the future. The incentive fee accrued for but, not payable, under GAAP on our unrealized and realized capital gains for the years ended September 30, 2023, 2022, and 2021 was zero, respectively.

***(b) Administration Agreement***

The Administration Agreement with the Administrator was reapproved by our board of directors, including a majority of the directors who are not interested persons of us, in February 2023. Under the Administration Agreement, the Administrator provides administrative services and office facilities to us. For providing these services, facilities and personnel, we have agreed to reimburse the Administrator for its allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including rent and our allocable portion of the costs of compensation and related expenses of our Chief Compliance Officer, Chief Financial Officer, Corporate Counsel and their respective staffs. The Administrator also offers, on our behalf, significant managerial assistance to portfolio companies to which we are required to offer such assistance. Reimbursement for certain of these costs is included in administrative services expenses in the Consolidated Statements of Operations. For the years ended September 30, 2023, 2022, and 2021, we reimbursed the Administrator approximately \$1.0 million, \$0.6 million, and \$1.1 million, respectively, including expenses the Administrator incurred for services described above.

On July 1, 2022, the Administration Agreement with the Administrator was amended to clarify that the Administrator may be reimbursed by the Company for certain (i) tax and general legal advice and/or services provided to the Company by in-house professionals of the Administrator related to ongoing operations of the Company; and (ii) transactional legal advice and/or services provided to the Company or portfolio companies by in-house professionals of the Administrator or its affiliates on matters related to potential or actual investments and transactions, including tax structuring and/or due diligence.

***(c) Other Related Party Transactions***

During the years ended September 30, 2023, 2022, and 2021, the Company made no purchases from and sold no investments to an affiliated fund managed by our Investment Adviser in accordance with, and pursuant to procedures adopted under, Rule 17a-7 of the 1940 Act. Net realized losses on those sales for the same periods amounted to zero, zero, and zero, respectively.

For the years ended September 30, 2023, 2022, and 2021, we sold \$158.2 million, \$275.6 million, and \$285.8 million of investments, respectively, in investments to PSSS at fair value and recognized \$(0.2) million, \$0.8 million, and \$0.4 million of net realized gains (loss) for the same periods, respectively.

As of September 30, 2023 and 2022, PFLT had payable to PSSS and PTSF of \$0.6 million and \$3.6 million, respectively, presented as a Due to Affiliates on the consolidated statement of assets and liabilities. These amounts are related to cash owed to PSSS and PTSF from PFLT in connection with trades between the funds.

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For the years ended September 30, 2023 and 2022, we sold no investments to PTSF.

**4. INVESTMENTS**

Purchases of investments, including PIK interest, for the years ended September 30, 2023, 2022, and 2021 totaled \$325.8 million, \$609.2 million, and \$664.1 million, respectively. Sales and repayments of investments for the same years totaled \$399.1 million, \$495.2 million, and \$702.1 million, respectively.

Investments and cash and cash equivalents consisted of the following (in thousands):

Investment Classification	September 30, 2023		September 30, 2022	
	Cost	Fair Value	Cost	Fair Value
First lien	\$ 708,452	\$ 696,078	\$ 838,842	\$ 819,461
First lien in PSSL	210,088	210,088	190,181	190,181
Second lien	1,113	149	1,113	147
Equity	83,188	109,978	65,715	105,031
Equity interests in PSSL	90,038	50,881	81,506	49,434
Total investments	1,092,878	1,067,174	1,177,357	1,164,254
Cash and cash equivalents	100,555	100,555	51,525	51,488
Total investments and cash and cash equivalents	<u>\$ 1,193,433</u>	<u>\$ 1,167,729</u>	<u>\$ 1,228,882</u>	<u>\$ 1,215,742</u>

The table below describes investments by industry classification and enumerates the percentage, by fair value, of the total portfolio assets (excluding cash and cash equivalents) in such industries:

Industry Classification	September 30, 2023 <sup>(1)</sup>	September 30, 2022 <sup>(1)</sup>
Media	9 %	7 %
Healthcare Providers and Services	9	3
Personal Products	8	7
Professional Services	7	9
Aerospace and Defense	6	4
Media: Diversified and Production	6	5
High Tech Industries	5	5
Healthcare Technology	4	4
Commercial Services & Supplies	4	5
IT Services	4	6
Diversified Consumer Services	3	4
Electronic Equipment, Instruments, and Components	3	3
Construction and Building	3	3
Insurance	3	2
Distributors	3	2
Chemicals, Plastics and Rubber	2	2
Business Services	2	3
Consumer Services	2	2
Capital Equipment	2	4
Automobiles	2	1
Hotels, Restaurants and Leisure	2	1
Healthcare Equipment and Supplies	1	2
Financial Services	1	1
Construction & Engineering	1	0
Diversified Financial Services	1	2
Leisure Products	1	1
Air Freight and Logistics	1	1
Textiles, Apparel and Luxury Goods	1	1
Energy Equipment and Services	1	1
Internet Software and Services	1	1
Food Products	1	1
Wholesale	1	1
Banking, Finance, Insurance & Real Estate	1	1
Consumer Finance	1	1
All Other	2	4
Total	<u>100 %</u>	<u>100 %</u>

<sup>(1)</sup>Excludes investments in PSSL.

**PennantPark Senior Secured Loan Fund I LLC**

In May 2017, we and Kemper formed PSSL, an unconsolidated joint venture. PSSL invests primarily in middle-market and other corporate debt securities consistent with our strategy. PSSL was formed as a Delaware limited liability company. As of September 30, 2023 and 2022, PSSL had total assets of \$869.4 million and \$796.8 million, respectively, and its investment portfolio consisted of investments in 105 and 95 portfolio companies, respectively. As of September 30, 2023, at fair value, the largest investment in a single portfolio company in PSSL was \$18.5 million and the five largest investments totaled \$83.4 million. As of September 30, 2022, at fair value, the largest investment in a single portfolio company in PSSL was \$19.3 million and the five largest investments totaled \$86.9 million. PSSL invests in portfolio companies in the same industries in which we may directly invest.

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We and Kemper provide capital to PSSL in the form of first lien secured debt and equity interests. As of September 30, 2023, and 2022, we and Kemper owned 87.5% and 12.5%, respectively, of each of the outstanding first lien secured debt and equity interests. As of the same dates, our investment in PSSL consisted of first lien secured debt of \$210.1 million (additional \$27.6 million unfunded) and \$190.2 million (additional \$19.9 million unfunded), respectively, and equity interests of \$90.0 million (additional \$11.8 million unfunded) and \$81.5 million (additional \$8.5 million unfunded), respectively.

We and Kemper each appointed two members to PSSL's four-person board of directors and investment committee. All material decisions with respect to PSSL, including those involving its investment portfolio, require unanimous approval of a quorum of the board of directors or investment committee. Quorum is defined as (i) the presence of two members of the board of directors or investment committee, provided that at least one individual is present that was elected, designated or appointed by each member; (ii) the presence of three members of the board of directors or investment committee, provided that the individual that was elected, designated or appointed by the member with only one individual present shall be entitled to cast two votes on each matter; and (iii) the presence of four members of the board of directors or investment committee shall constitute a quorum, provided that two individuals are present that were elected, designated or appointed by each member.

In August 2023 PSSL entered into a \$260.0 million (decreased from \$325.0 million) senior secured revolving credit facility which bears interest at daily simple SOFR plus 260 basis points (including a spread adjustment) with Ally Bank through its wholly-owned subsidiary, PennantPark Senior Secured Loan Facility LLC II, or PSSL Subsidiary II, subject to leverage and borrowing base restrictions.

In January 2021, PSSL completed a \$300.7 million debt securitization in the form of a collateralized loan obligation, or the "2032 Asset-Backed Debt". The 2032 Asset-Backed Debt is secured by a diversified portfolio of PennantPark CLO II, Ltd., a wholly-owned and consolidated subsidiary of PSSL, consisting primarily of middle market loans and participation interests in middle market loans. The 2032 Asset-Backed Debt is scheduled to mature in January 2032. On the closing date of the transaction, in consideration of PSSL's transfer to PennantPark CLO II, Ltd. of the initial closing date loan portfolio, which included loans distributed to PSSL by certain of its wholly owned subsidiaries and us, PennantPark CLO II, Ltd. transferred to PSSL 100% of the Preferred Shares of PennantPark CLO II, Ltd. and 100% of the Class E Notes issued by PennantPark CLO II, Ltd.

In April 2023, PSSL completed a \$297.8 million debt securitization in the form of a collateralized loan obligation, or the "2035 Asset-Backed Debt". The 2035 Asset-Backed Debt is secured by a diversified portfolio of PennantPark CLO VI, LLC, a wholly-owned and consolidated subsidiary of PSSL, consisting primarily of middle market loans and participation interests in middle market loans. The 2035 Asset-Backed Debt is scheduled to mature in April 2035. On the closing date of the transaction, in consideration of PSSL's transfer to PennantPark CLO VI, LLC of the initial closing date loan portfolio, which included loans distributed to PSSL by certain of its wholly owned subsidiaries and us, PennantPark CLO VI, LLC transferred to PSSL 100% of the Preferred Shares of CLO VI, LLC

Below is a summary of PSSL's portfolio at fair value (\$ in thousands):

(\$ in thousands)	September 30, 2023	September 30, 2022
Total investments	\$ 785,859	\$ 754,722
Weighted average cost yield on income producing investments	12.1%	9.6%
Number of portfolio companies in PSSL	105	95
Largest portfolio company investment	\$ 18,463	\$ 19,250
Total of five largest portfolio company investments	\$ 83,365	\$ 86,872

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**SEPTEMBER 30, 2023**

Below is a listing of PSSS's individual investments as of September 30, 2023 (par and \$ in thousands):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value (2)
<b>First Lien Secured Debt - 1.347.5%</b>							
A1 Garage Merger Sub, LLC	12/22/2028	Commercial Services & Supplies	11.84 %	SOFR+660	2,940	\$ 2,886	\$ 2,925
Ad.net Acquisition, LLC	5/7/2026	Media	11.65 %	SOFR+626	8,798	8,723	8,754
Alpine Acquisition Corp II	11/30/2026	Containers and Packaging	11.24 %	SOFR+600	12,852	12,535	12,338
Anteriad, LLC (f/k/a MeritDirect, LLC)	5/23/2024	Media: Advertising, Printing & Publishing	11.04 %	SOFR+550	5,001	4,971	4,913
Anteriad Holdings Inc (fka MeritDirect) March 2023	5/23/2024	Media: Advertising, Printing & Publishing	12.04 %	SOFR+650	4,875	4,817	4,814
Any Hour Services	7/21/2027	Professional Services	11.59 %	SOFR+585	7,510	7,348	7,360
Apex Service Partners, LLC	7/31/2025	Diversified Consumer Services	10.52 %	SOFR+525	1,002	1,002	1,000
Apex Service Partners, LLC Term Loan B	7/31/2025	Diversified Consumer Services	11.04 %	SOFR+550	2,187	2,187	2,181
Apex Service Partners, LLC Term Loan C	7/31/2025	Diversified Consumer Services	10.69 %	SOFR+525	11,013	10,972	10,985
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	11.54 %	SOFR+615	9,579	9,475	9,387
Applied Technical Services, LLC - DDTL Unfunded <sup>(3)</sup>	12/29/2026	Commercial Services & Supplies			194	-	(2)
Arctfield Acquisition Corp.	8/3/2029	Aerospace and Defense	11.62 %	SOFR+625	9,218	9,093	9,126
Beta Plus Technologies, Inc.	7/1/2029	Business Services	11.14 %	SOFR+575	4,950	4,863	4,604
BioDerm, Inc.	1/31/2028	Healthcare and Pharmaceuticals	11.83 %	SOFR+650	8,978	8,874	8,933
Blackhawk Industrial Distribution, Inc.	9/17/2026	Distributors	11.79 %	SOFR+640	15,132	14,928	14,905
Broder Bros., Co.	12/4/2025	Consumer Products	11.50 %	SOFR+626	2,349	2,349	2,349
Burgess Point Purchaser Corporation	9/26/2029	Automotive	10.67 %	SOFR+525	447	418	420
By Light Professional IT Services, LLC	5/16/2025	High Tech Industries	12.43 %	SOFR+688	13,821	13,778	13,579
Cadence Aerospace, LLC	11/14/2023	Aerospace and Defense	12.07 %	SOFR+665	4,011	4,010	4,011
			(PIK 2.00%)				
Cartessa Aesthetics, LLC	6/14/2028	Distributors	11.39 %	SOFR+600	9,636	9,509	9,636
				SOFR+619			
CF512, Inc.	8/20/2026	Media	11.60 %		6,820	6,722	6,684
CHA Holdings, Inc.	4/10/2025	Construction and Engineering	10.15 %	SOFR+476	5,499	5,455	5,499
Challenger Performance Optimization, Inc.	8/31/2024	Business Services	12.18 %	SOFR+675	9,232	9,201	8,955
			(PIK 1.00%)				
Confluent Health, LLC	10/28/2028	Healthcare and Pharmaceuticals	9.32 %	SOFR+400	6,797	6,559	6,445
Connatix Buyer, Inc.	7/13/2027	Media	11.16 %	SOFR+576	3,815	3,762	3,681
Crane 1 Services, Inc.	8/16/2027	Commercial Services & Supplies	10.90 %	SOFR+551	2,089	2,067	2,079
Dr. Squatch, LLC	8/31/2027	Personal Products	11.24 %	SOFR+585	14,712	14,511	14,712
DRI Holding Inc.	12/21/2028	Media	10.67 %	SOFR+525	2,627	2,418	2,394
DRS Holdings III, Inc.	11/3/2025	Consumer Goods: Durable	11.79 %	SOFR+640	14,429	14,376	14,256
Duraco Specialty Tapes LLC	6/30/2024	Containers and Packaging	11.89 %	SOFR+650	10,904	10,838	10,740
ECL Entertainment, LLC	8/31/2030	Hotel, Gaming and Leisure	10.07 %	SOFR+475	5,000	4,900	4,985
		Electronic Equipment, Instruments, and Components					
EDS Buyer, LLC	1/10/2029	Electronic Equipment, Instruments, and Components	11.64 %	SOFR+625	8,955	8,833	8,821
		Electronic Equipment, Instruments, and Components					
Electro Rent Corporation	1/17/2024	Electronic Equipment, Instruments, and Components	11.00 %	SOFR+550	2,219	2,200	2,171
Exigo Intermediate II, LLC	3/15/2027	Software	11.17 %	SOFR+585	12,675	12,505	12,422
ETE Intermediate II, LLC	5/29/2029	Diversified Consumer Services	11.89 %	SOFR+650	12,404	12,154	12,193
Fairbanks Morse Defense	6/17/2028	Aerospace and Defense	10.40 %	SOFR+475	10,195	10,143	10,114
Global Holdings InterCo LLC	3/16/2026	Diversified Financial Services	11.96 %	SOFR+660	3,736	3,724	3,549
Graffiti Buyer, Inc.	8/10/2027	Trading Companies & Distributors	10.99 %	SOFR+575	2,345	2,316	2,322
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	10.92 %	SOFR+560	2,250	2,217	2,194
Holdco Sands Intermediate, LLC	11/23/2028	Aerospace and Defense	11.32 %	SOFR+585	4,913	4,838	4,913
HW Holdco, LLC	12/10/2024	Media	11.75 %	SOFR+640	3,014	2,988	2,968
Imagine Acquisitionco, LLC	11/15/2027	Software	10.72 %	SOFR+535	9,248	9,075	9,110
Inception Fertility Ventures, LLC	12/31/2024	Healthcare Providers and Services	12.51 %	SOFR+715	16,453	16,257	16,453
Infinity Home Services Holdco, Inc.	12/28/2028	Commercial Services & Supplies	12.24 %	SOFR+685	6,090	5,979	6,090
			%				
Integrated Data Services	8/1/2029	Business Services	11.87 %	SOFR+650	18,904	18,532	18,463
Integrative Nutrition, LLC	1/31/2025	Diversified Consumer Services	12.54 %	SOFR+700	11,105	11,083	10,439
			(PIK 2.25%)				
Integrity Marketing Acquisition, LLC	8/27/2026	Insurance	11.57 %	SOFR+575	5,906	5,851	5,847
Inventus Power, Inc.	6/30/2025	Consumer Goods: Durable	12.93 %	SOFR+761	8,246	8,097	8,081
ITI Holdings, Inc.	3/3/2028	IT Services	11.06 %	SOFR+560	3,940	3,886	3,861
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	13.42 %	SOFR+810	15,509	15,487	15,509
Kinetic Purchaser, LLC	11/10/2027	Personal Products	11.54 %	SOFR+615	16,662	16,346	16,412
Lash OpCo, LLC	2/18/2027	Personal Products	12.13 %	SOFR+675	14,210	13,989	14,068
LAV Gear Holdings, Inc.	10/31/2024	Capital Equipment	11.74 %	SOFR+643	15,042	14,997	14,862
Lightspeed Buyer Inc.	2/3/2026	Healthcare Providers and Services	10.70 %	SOFR+535	12,056	11,911	11,935
LJ Avalon Holdings, LLC	1/31/2030	Environmental Industries	11.77 %	SOFR+640	2,585	2,537	2,534
Loving Tan Intermediate II, Inc.	5/26/2028	Consumer Products	12.39 %	SOFR+700	7,481	7,337	7,369
Lucky Bucks, LLC <sup>(4)</sup>	7/20/2027	Hotel, Gaming and Leisure	0.00 %		4,489	4,207	1,182
Lucky Bucks, LLC - OpCo DIP Loans	9/30/2025	Hotel, Gaming and Leisure	15.33 %	SOFR+1000	160	158	160
MAG DS Corp	4/1/2027	Aerospace and Defense	10.99 %	SOFR+550	2,097	2,007	1,986
Magenta Buyer, LLC	7/31/2028	Software	10.63 %	SOFR+500	3,006	2,845	2,228
Marketplace Events, LLC - Super Priority First Lien Term Loan	9/30/2025	Media: Diversified and Production	10.94 %	SOFR+525	647	647	647
Marketplace Events, LLC - Super Priority First Lien Unfunded Term Loan <sup>(5)</sup>	9/30/2025	Media: Diversified and Production			589	-	-
Marketplace Events, LLC	9/30/2026	Media: Diversified and Production	10.94 %	SOFR+525	4,837	3,782	4,837
Mars Acquisition Holdings Corp.	5/14/2026	Media	11.04 %	SOFR+565	11,588	11,476	11,472
MBS Holdings, Inc.	4/16/2027	Internet Software and Services	11.17 %	SOFR+585	7,859	7,758	7,749
MDI Buyer, Inc.	7/25/2028	Chemicals, Plastics and Rubber	11.32 %	SOFR+600	6,380	6,271	6,244
Meadowlark Acquirer, LLC	12/10/2027	Professional Services	11.04 %	SOFR+565	2,372	2,336	2,312

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**SEPTEMBER 30, 2023**

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value (2)
Mission Critical Electronics, Inc.	3/28/2024	Capital Equipment	11.29 %	SOFR+515	5,769	\$ 5,763	\$ 5,740
Municipal Emergency Services, Inc.	9/28/2027	Distributors	11.04 %	SOFR+565	3,430	3,380	3,355
NBH Group LLC	8/19/2026	Healthcare, Education & Childcare	10.93 %	SOFR+525	10,711	10,572	10,497
Neptune Flood Incorporated	5/9/2029	Insurance	11.97 %	SOFR+650	5,042	4,970	5,042
New Milani Group LLC	6/6/2024	Consumer Goods: Non-Durable	10.92 %	SOFR+550	14,213	14,194	14,213
One Stop Mailing, LLC	5/7/2027	Air Freight and Logistics	11.68 %	SOFR+636	15,849	15,588	15,849
ORL Acquisitions, Inc.	9/3/2027	Consumer Finance	12.84 %	SOFR+725	2,223	2,202	2,023
Output Services Group, Inc. <sup>(4)</sup>	6/27/2026	Business Services	0.00 %	—	7,759	7,689	1,513
Owl Acquisition, LLC	2/4/2028	Professional Services	10.80 %	SOFR+575	3,893	3,832	3,834
Ox Two, LLC	5/18/2026	Construction and Building	12.90 %	SOFR+751	4,345	4,306	4,269
Peaquod Merger Sub, Inc.	12/2/2026	Diversified Financial Services	11.79 %	SOFR+640	11,474	11,267	11,244
PH Beauty Holdings III, Inc.	9/29/2025	Wholesale	10.68 %	SOFR+500	9,493	9,282	7,974
PL Acquisitionco, LLC	11/9/2027	Textiles, Apparel and Luxury Goods	12.42 %	SOFR+710	7,565	7,467	6,809
			(PIK 4.00%)				
PlayPower, Inc.	5/8/2026	Consumer Goods: Durable	10.57 %	SOFR+565	2,551	2,491	2,436
Pragmatic Institute, LLC	7/6/2028	Education	11.17 %	SOFR+575	11,138	10,999	10,636
Quantic Electronics, LLC	11/19/2026	Aerospace and Defense	11.74 %	SOFR+635	2,803	2,776	2,761
Rancho Health MSO, Inc.	12/18/2025	Healthcare Providers and Services	11.22 %	SOFR+585	1,029	1,029	1,029
Reception Purchaser, LLC	2/28/2028	Air Freight and Logistics	11.54 %	SOFR+600	4,938	4,876	4,740
Recteq, LLC	1/29/2026	Leisure Products	12.54 %	SOFR+700	4,875	4,825	4,729
Research Now Group, LLC and Dynata, LLC	12/20/2024	Diversified Consumer Services	11.13 %	SOFR+576	12,432	12,322	10,878
Rural Sourcing Holdings, Inc. (HPA SPQ Merger Sub, Inc.)	6/15/2029	High Tech Industries	11.52 %	SOFR+625	3,749	3,676	3,692
Sales Benchmark Index LLC	1/3/2025	Professional Services	11.59 %	SOFR+620	9,522	9,474	9,475
Sargent & Greenleaf Inc.	12/20/2024	Wholesale	12.92 %	SOFR+760	5,167	5,148	5,116
			(PIK 1.00%)				
Schlesinger Global, Inc.	7/14/2025	Business Services	12.52 %	SOFR+715	11,791	11,777	11,407
			(PIK 0.50%)				
Seaway Buyer, LLC	6/13/2029	Chemicals, Plastics and Rubber	11.54 %	SOFR+615	4,950	4,884	4,802
Sigma Defense Systems, LLC	12/18/2025	Aerospace and Defense	14.04 %	SOFR+865	13,787	13,579	13,580
Skopima Consilio Parent, LLC	5/17/2028	Business Services	9.93 %	SOFR+450	1,300	1,274	1,272
			%				
Smile Brands Inc.	10/14/2025	Healthcare and Pharmaceuticals	9.70 %	SOFR+450	11,796	11,739	10,598
Solutionreach, Inc.	7/17/2025	Healthcare and Pharmaceuticals	12.37 %	SOFR+700	4,582	4,577	4,563
Spendmind Holdings LLC	3/1/2028	Healthcare Technology	11.04 %	SOFR+565	4,112	4,047	4,022
STV Group Incorporated	12/11/2026	Construction and Building	10.67 %	SOFR+535	9,075	9,025	8,894
Summit Behavioral Healthcare, LLC	11/24/2028	Healthcare and Pharmaceuticals	10.43 %	SOFR+475	1,786	1,696	1,779
System Planning and Analysis, Inc. (f/k/a Management Consulting & Research, LLC)	8/16/2027	Aerospace and Defense	11.49 %	SOFR+600	14,738	14,540	14,575
Team Services Group, LLC	11/24/2028	Healthcare and Pharmaceuticals	10.75 %	SOFR+500	346	333	339
Teneo Holdings LLC	7/18/2025	Business Services	10.67 %	SOFR+535	2,262	2,261	2,259
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	12.04 %	SOFR+665	5,602	5,560	5,518
			12.79 %	SOFR+700	5,403	5,336	5,382
The Bluebird Group LLC	7/27/2026	Professional Services	%	SOFR+700			
The Vertex Companies, LLC	8/31/2027	Construction and Engineering	11.72 %	SOFR+635	7,716	7,591	7,656
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/2025	Consumer Goods: Non-Durable	10.95 %	SOFR+565	8,654	8,556	8,654
TWS Acquisition Corporation	6/16/2025	Diversified Consumer Services	11.80 %	SOFR+625	4,316	4,310	4,316
Tyto Athene, LLC	4/1/2028	IT Services	10.90 %	SOFR+550	14,670	14,565	13,379
Urology Management Holdings, Inc.	6/15/2026	Healthcare and Pharmaceuticals	11.79 %	SOFR+665	6,892	6,775	6,749
Walker Edison Furniture Company LLC	3/31/2027	Wholesale	12.18 %	SOFR+685	3,521	3,521	3,521
Walker Edison Furniture Company LLC - Junior Revolving Credit Facility	3/31/2027	Wholesale	11.68 %	SOFR+635	1,667	1,667	1,667
Walker Edison Furniture Company LLC - DDTL - Unfunded <sup>(3)</sup>	3/31/2027	Wholesale			333	-	-
		Electronic Equipment, Instruments, and Components	10.54 %	SOFR+515	10,565	10,491	10,460
Wildcat Buyerco, Inc.	2/27/2026	Automobiles	12.67 %	SOFR+735	16,732	16,660	16,188
Zips Car Wash, LLC	3/1/2024	Automobiles					
<b>Total First Lien Secured Debt</b>						<b>801,215</b>	<b>783,598</b>
<b>Equity Securities - 3.9%</b>							
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	-	-	495
Walker Edison Furniture - Common Equity	—	Wholesale	—	—	36	3,393	1,766
<b>Total Equity Securities</b>						<b>3,393</b>	<b>2,261</b>
<b>Total Investments - 1,351.4%</b>						<b>804,608</b>	<b>785,859</b>
<b>Cash and Cash Equivalents - 133.2%</b>							
BlackRock Federal FD Institutional 30						77,446	77,446
<b>Total Cash and Cash Equivalents</b>						<b>77,446</b>	<b>77,446</b>
<b>Total Investments and Cash Equivalents—1,485.4%</b>						<b>\$ 882,054</b>	<b>863,305</b>
<b>Liabilities in Excess of Other Assets—(1,385.4)%</b>							<b>(805,155)</b>
<b>Members' Equity—100.0%</b>							<b>58,150</b>

(1)Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable Secured Overnight Financing Rate or "SOFR", or Prime rate or "P". The spread may change based on the type of rate used. The terms in the Consolidated Schedule of Investments disclose the actual interest rate in effect as of the reporting period. All securities are subject to a SOFR or Prime rate floor where a spread is provided, unless noted. The spread provided includes PIK interest and other fee rates, if any.

(2)Valued based on PSSSL's accounting policy.

(3)Represents the purchase of a security with a delayed settlement or a revolving line of credit that is currently an unfunded investment. This security does not earn a basis point spread above an index while it is unfunded.

(4)Security currently on interest non-accrual status.

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**SEPTEMBER 30, 2023**

Below is a listing of PSSS's individual investments as of September 30, 2022 (Par and \$ in thousands):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value <sup>(2)</sup>
<b>First Lien Secured Debt - 1,330.4%</b>							
Ad.net Acquisition, LLC	5/6/2026	Media	9.67 %	3M L+600	8,888	\$ 8,788	\$ 8,821
Alpine Acquisition Corp II	11/30/2026	Containers and Packaging	8.22 %	SOFR+600	9,975	9,790	9,576
Altamira Technologies, LLC	7/24/2025	Business Services	10.81 %	3M L+800	5,225	5,113	5,042
American Insulated Glass, LLC	12/21/2023	Building Products	7.79 %	3M L+550	4,883	4,851	4,883
Anteriad, LLC (f/k/a MeritDirect, LLC)	5/23/2024	Media: Advertising, Printing & Publishing	9.67 %	3M L+550	5,284	5,208	5,284
Any Hour Services	7/21/2027	Professional Services	8.33 %	3M L+525	3,510	3,441	3,440
Apex Service Partners, LLC	7/31/2025	Diversified Consumer Services	6.72 %	1M L+525	1,010	1,010	1,005
Apex Service Partners, LLC Term Loan B	7/31/2025	Diversified Consumer Services	9.67 %	3M L+625	2,202	2,202	2,191
Apex Service Partners, LLC Term Loan C	7/31/2025	Diversified Consumer Services	7.86 %	3M L+525	11,115	11,050	11,059
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	8.76 %	3M L+575	8,421	8,317	8,211
Arctfield Acquisition Corp.	3/7/2028	Aerospace and Defense	8.99 %	SOFR + 575	4,677	4,588	4,583
Beta Plus Technologies, Inc.	7/1/2029	Business Services	7.76 %	SOFR + 525	5,000	4,903	4,900
Blackhawk Industrial Distribution, Inc.	9/17/2024	Distributors	8.62 %	SOFR + 500	15,293	15,102	14,956
Broder Bros., Co.	12/2/2022	Consumer Products	7.39 %	3M L+600	2,417	2,417	2,417
By Light Professional IT Services, LLC	5/16/2024	High Tech Industries	9.20 %	1M L+662	14,822	14,771	14,674
Cadence Aerospace, LLC	11/14/2023	Aerospace and Defense	11.31 %	3M L+325	12,412	12,385	12,288
(PIK 11.31%)							
Cartessa Aesthetics, LLC	5/13/2028	Distributors	9.55 %	SOFR + 600	6,484	6,359	6,386
CF512, Inc.	8/20/2026	Media	9.08 %	3M L+600	4,950	4,866	4,876
CHA Holdings, Inc.	4/10/2025	Construction and Engineering	8.17 %	3M L+450	5,557	5,487	5,557
Challenger Performance Optimization, Inc.	8/31/2023	Business Services	9.27 %	1M L+575	9,271	9,247	8,993
(PIK 1.00%)							
Connatx Buyer, Inc.	7/13/2027	Media	8.42 %	3M L+550	3,907	3,842	3,810
Crane 1 Services, Inc.	8/16/2027	Commercial Services & Supplies	9.39 %	3M L+575	2,110	2,084	2,089
Douglas Products and Packaging Company LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87 %	3M L+575	8,655	8,653	8,655
Douglas Sewer Intermediate, LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87 %	3M L+575	7,248	7,246	7,248
Dr. Squatch, LLC	8/31/2027	Personal Products	9.42 %	3M L+575	14,862	14,610	14,639
DRI Holding Inc.	12/21/2028	Media	8.37 %	1M L+525	1,832	1,680	1,643
DRS Holdings III, Inc.	11/3/2025	Consumer Goods: Durable	8.87 %	1M L+575	15,179	15,103	14,693
Duraco Specialty Tapes LLC	6/30/2024	Containers and Packaging	8.62 %	1M L+550	10,278	10,151	10,031
ECL Entertainment, LLC	5/1/2028	Hotels, Restaurants and Leisure	10.62 %	3M L+750	2,621	2,598	2,581
ECM Industries, LLC	12/23/2025	Electronic Equipment, Instruments, and Components	7.82 %	3M L+475	4,974	4,974	4,738
Exigo Intermediate II, LLC	3/15/2027	Software	8.87 %	1M L+575	12,935	12,759	12,644
Fairbanks Morse Defense	6/17/2028	Aerospace and Defense	8.39 %	3M L+475	10,300	10,238	9,528
Gantech Acquisition Corp.	5/14/2026	IT Services	9.37 %	1M L+625	14,638	14,427	14,199
Global Holdings InterCo LLC	3/16/2026	Diversified Financial Services	8.74 %	3M L+600	3,904	3,888	3,728
Graffiti Buyer, Inc.	8/10/2027	Trading Companies & Distributors	9.17 %	3M L+550	2,369	2,320	2,274
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	8.67 %	1M L+500	2,392	2,347	2,356
Holdco Sands Intermediate, LLC	11/23/2028	Aerospace and Defense	10.17 %	3M L+600	4,963	4,874	4,863
HW Holdco, LLC	12/10/2024	Media	6.00 %	6M L+575	3,052	3,006	3,014
Icon Partners III, LP	5/11/2028	Automobiles	7.55 %	3M L+450	2,327	1,997	1,701
IDC Infusion Services, Inc.	12/30/2026	Healthcare Equipment and Supplies	10.20 %	SOFR+700	9,950	9,833	9,502
Imagine Acquisitionco, LLC	11/15/2027	Software	8.42 %	1M L+550	5,364	5,261	5,230
Inception Fertility Ventures, LLC	12/7/2023	Healthcare Providers and Services	8.55 %	SOFR+700	16,620	16,309	16,454
Integrative Nutrition, LLC	9/29/2023	Diversified Consumer Services	8.42 %	3M L+475	11,187	11,168	10,963
Integrity Marketing Acquisition, LLC	8/27/2025	Insurance	7.58 %	1M L+550	5,966	5,885	5,906
ITI Holdings, Inc.	3/3/2028	IT Services	8.67 %	SOFR + 550	3,980	3,917	3,900
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	11.12 %	1M L+800	19,250	19,103	19,250
Kinetic Purchaser, LLC	11/10/2027	Personal Products	9.67 %	3M L+600	16,830	16,451	16,494
Lash OpCo, LLC	2/18/2027	Personal Products	11.17 %	3M L+700	14,355	14,074	14,068
LAV Gear Holdings, Inc.	10/31/2024	Capital Equipment	9.70 %	3M L+550	10,578	10,539	10,335
(PIK 2.00%)							
Lightspeed Buyer Inc.	2/3/2026	Healthcare Providers and Services	9.04 %	3M L+575	10,598	10,428	10,254
Lucky Bucks, LLC	7/20/2027	Hotel, Gaming and Leisure	8.31 %	3M L+550	4,331	4,258	3,183
Magenta Buyer, LLC	7/31/2028	Software	7.87 %	1M L+475	2,695	2,539	2,425
Marketplace Events, LLC - Super Priority First Lien Term Loan	9/30/2025	Media: Diversified and Production	8.19 %	1M L+525	647	647	647
Marketplace Events, LLC - Super Priority First Lien Unfunded Term Loan <sup>(3)</sup>	9/30/2025	Media: Diversified and Production			589	-	-
Marketplace Events, LLC	9/30/2026	Media: Diversified and Production	8.19 %	1M L+525	4,837	3,527	4,837
Mars Acquisition Holdings Corp.	5/14/2026	Media	8.62 %	1M L+550	9,900	9,782	9,851
MBS Holdings, Inc.	4/16/2027	Internet Software and Services	8.56 %	3M L+575	7,406	7,296	7,332
MDI Buyer, Inc.	7/25/2028	Chemicals, Plastics and Rubber	8.98 %	3M L+500	5,000	4,902	4,900
Meadowlark Acquirer, LLC	12/10/2027	Professional Services	9.17 %	3M L+650	2,396	2,353	2,372
Mission Critical Electronics, Inc.	3/28/2024	Capital Equipment	8.70 %	SOFR+500	5,829	5,817	5,759
Municipal Emergency Services, Inc.	9/28/2027	Distributors	8.67 %	3M L+500	3,465	3,405	3,264
NBH Group LLC	8/19/2026	Healthcare, Education & Childcare	7.80 %	1M L+550	10,820	10,641	10,820
New Milani Group LLC	6/6/2024	Consumer Goods: Non-Durable	7.75 %	3M L+500	14,363	14,319	14,111
OIS Management Services, LLC	7/9/2026	Healthcare Equipment and Supplies	8.40 %	SOFR+475	5,060	4,991	5,060
One Stop Mailing, LLC	5/7/2027	Air Freight and Logistics	9.37 %	1M L+625	14,598	14,353	14,160
Output Services Group, Inc.	3/27/2024	Business Services	9.80 %	3M L+425	7,682	7,676	5,838
Owl Acquisition, LLC	2/4/2028	Professional Services	8.41 %	3M L+575	3,990	3,918	3,890
Ox Two, LLC	5/18/2026	Construction and Building	9.81 %	3M L+600	4,925	4,866	4,827
PH Beauty Holdings III, Inc.	9/29/2025	Wholesale	8.07 %	1M L+500	9,593	9,234	7,674
PL Acquisitionco, LLC	11/9/2027	Textiles, Apparel and Luxury Goods	9.62 %	1M L+650	8,238	8,111	8,032
Plant Health Intermediate, Inc.	10/19/2022	Chemicals, Plastics and Rubber	8.87 %	3M L+575	1,562	1,561	1,562
PlayPower, Inc.	5/8/2026	Consumer Goods: Durable	9.17 %	3M L+550	2,580	2,500	2,309
Pragmatic Institute, LLC	7/6/2028	Education	9.30 %	SOFR+575	11,250	11,056	11,138
Quantic Electronics, LLC	11/19/2026	Aerospace and Defense	8.41 %	1M L+625	4,845	4,755	4,729
Quantic Electronics, LLC - Unfunded Term Loan <sup>(3)</sup>	11/19/2026	Aerospace and Defense			1,888	-	-
Reception Purchaser, LLC	2/28/2028	Air Freight and Logistics	9.13 %	SOFR+600	4,975	4,904	4,751
Recteq, LLC	1/29/2026	Leisure Products	9.92 %	3M L+600	4,925	4,856	4,753
Research Now Group, LLC and Dynata, LLC	12/20/2024	Diversified Consumer Services	8.84 %	3M L+550	12,564	12,354	11,291

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Below is a listing of PSSS's individual investments as of September 30, 2022 (Par and \$ in thousands)(continued):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
Sales Benchmark Index LLC	1/3/2025	Professional Services	9.67 %	3M L+600	5,013	\$ 4,960	\$ 4,963
Sargent & Greenleaf Inc.	12/20/2024	Wholesale	8.62 %	3M L+550	5,240	5,202	5,187
Schlesinger Global, Inc.	7/14/2025	Business Services	10.27 %	SOFR+500	11,847	11,829	11,551
			(PIK 0.50%)				
Sigma Defense Systems, LLC	12/18/2025	Aerospace and Defense	12.17 %	1M L+850	14,716	14,411	14,421
Smile Brands Inc.	10/14/2025	Healthcare and Pharmaceuticals	7.05 %	3M L+450	11,917	11,807	11,470
Solutionreach, Inc.	1/17/2024	Healthcare and Pharmaceuticals	8.87 %	1M L+575	5,647	5,625	5,511
Spendmend Holdings LLC	3/1/2028	Healthcare Technology	8.63 %	SOFR+575	2,956	2,916	2,873
STV Group Incorporated	12/11/2026	Construction and Building	8.37 %	3M L+525	9,075	9,011	8,985
System Planning and Analysis, Inc. (f/k/a Management Consulting & Research, LLC)	8/16/2027	Aerospace and Defense	8.73 %	SOFR+600	14,888	14,623	14,649
Teneo Holdings LLC	7/18/2025	Business Services	8.38 %	3M L+625	2,786	2,757	2,623
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	9.55 %	3M L+500	5,659	5,600	5,603
The Bluebird Group LLC	7/27/2026	Professional Services	10.67 %	1M L+700	1,707	1,679	1,724
The Infosoft Group, LLC	9/16/2024	Media: Broadcasting and Subscription	8.47 %	3M L+525	12,957	12,952	12,859
The Vertex Companies, LLC	8/30/2027	Construction and Engineering	8.62 %	1M L+550	5,578	5,479	5,550
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/2025	Consumer Goods: Non-Durable	8.30 %	3M L+475	8,744	8,604	8,482
TVC Enterprises, LLC	3/26/2026	Diversified Consumer Services	8.87 %	3M L+550	14,952	14,871	14,578
TWS Acquisition Corporation	6/16/2025	Diversified Consumer Services	8.76 %	3M L+625	5,468	5,450	5,441
Tyto Athene, LLC (New Issue)	4/1/2028	IT Services	7.76 %	3M L+550	15,550	15,421	14,446
UBEO, LLC	4/3/2024	Capital Equipment	8.17 %	3M L+450	17,390	17,305	17,129
Unique Indoor Comfort, LLC	5/24/2027	Home and Office Furnishings, Housewares	8.95 %	SOFR+525	4,975	4,880	4,866
Walker Edison Furniture Company LLC	3/31/2027	Wholesale	12.42 %	3M L+575	12,684	12,438	8,473
			(PIK 3.0%)				
Wildcat Buyerco, Inc.	2/27/2026	Electronic Equipment, Instruments, and Components	9.45 %	SOFR+550	8,546	8,506	8,261
Zips Car Wash, LLC	3/1/2024	Automobiles	10.35 %	3M L+725	16,957	16,711	16,536
<b>Total First Lien Secured Debt</b>						767,316	751,628
<b>Second Lien Secured Debt - 5.2%</b>							
Inventus Power, Inc.	9/29/2024	Consumer Goods: Durable	12.17 %	3M L+850	3,000	2,963	2,955
<b>Total Second Lien Secured Debt</b>						2,963	2,955
<b>Equity Securities - 0.3%</b>							
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	—	—	139
<b>Total Equity Securities</b>							139
<b>Total Investments - 1,335.9%</b>						770,280	754,722
<b>Cash and Cash Equivalents - 53.4%</b>							
BlackRock Federal FD Institutional 30						30,152	30,152
<b>Total Cash and Cash Equivalents</b>						30,152	30,152
<b>Total Investments and Cash Equivalents—1,389.26%</b>						\$ 800,432	\$ 784,874
<b>Liabilities in Excess of Other Assets—(1,289.26)%</b>							(728,378)
<b>Members' Equity—100.0%</b>							\$ 56,496

(1)Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable LIBOR, or "L", Secured Overnight Financing Rate or "SOFR", or Prime rate or "P". The spread may change based on the type of rate used. The terms in the Consolidated Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to a 30-day, 60-day, 90-day or 180-day SOFR rate (1M S, 2M S, 3M S, or 6M S, respectively), at the borrower's option. All securities are subject to a SOFR or Prime rate floor where a spread is provided, unless noted. The spread provided includes PIK interest and other fee rates, if any.

(2)Valued based on PSSS's accounting policy.

(3)Represents the purchase of a security with a delayed settlement or a revolving line of credit that is currently an unfunded investment. This security does not earn a basis point spread above an index while it is unfunded.

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
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Below are the consolidated statements of assets and liabilities for PSSL (in thousands):

	September 30, 2023	September 30, 2022
<b>Assets</b>		
Investments at fair value (amortized cost—\$804,608 and \$770,280, respectively)	\$ 785,859	\$ 754,722
Cash and cash equivalents (cost—\$77,446 and \$30,152, respectively)	77,446	30,152
Interest receivable	5,179	3,025
Receivable for investment sold	—	3,637
Prepaid expenses and other assets	490	1,722
Due from affiliate	436	3,553
<b>Total assets</b>	<b>869,410</b>	<b>796,811</b>
<b>Liabilities</b>		
Credit facility payable	48,600	259,500
2032 Asset-backed debt, net (par—\$246,000)	243,973	243,365
2035 Asset-backed debt, net (par—\$246,000)	243,483	—
Notes payable to members	240,100	217,350
Interest payable on Credit facility and asset backed debt	14,291	3,817
Payable for investments purchased	13,466	10,414
Interest payable on notes to members	6,488	4,719
Accrued expenses	859	1,150
<b>Total liabilities</b>	<b>811,260</b>	<b>740,315</b>
<b>Commitments and contingencies</b>		
<b>Members' equity</b>	<b>58,150</b>	<b>56,496</b>
<b>Total liabilities and members' equity</b>	<b>\$ 869,410</b>	<b>\$ 796,811</b>

<sup>(1)</sup>As of both September 30, 2023 and 2022, PSSL had \$2.5 million and \$0.6 million unfunded commitments to fund investments, respectively.

Below are the consolidated statements of operations for PSSL (in thousands):

	Year Ended September 30,	
	2023	2022
<b>Investment income:</b>		
Interest	\$ 89,547	\$ 53,006
Other income	1,297	1,188
<b>Total investment income</b>	<b>90,844</b>	<b>54,194</b>
<b>Expenses:</b>		
Interest and expense on credit facility and asset-backed debt	42,797	18,410
Interest expense on notes to members	30,325	17,468
Administration fees	2,103	1,835
General and administrative expenses	1,116	1,156
<b>Total expenses</b>	<b>76,341</b>	<b>38,869</b>
<b>Net investment income</b>	<b>14,503</b>	<b>15,325</b>
<b>Realized and unrealized gain (loss) on investments:</b>		
Net realized gain (loss) on investments	(6,328)	(14,948)
Net change in unrealized appreciation (depreciation) on investments	(3,171)	(3,695)
<b>Net realized and unrealized gain (loss) on investments</b>	<b>(9,499)</b>	<b>(18,643)</b>
<b>Net increase (decrease) in members' equity resulting from operations</b>	<b>\$ 5,004</b>	<b>\$ (3,318)</b>

<sup>(1)</sup>No management or incentive fees are payable by PSSL. If any fees were to be charged, they would be separately disclosed in the Statements of Operations.

#### 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value, as defined under ASC 820 is the price that we would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment or liability. ASC 820 emphasizes that valuation techniques maximize the use of observable market inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of us. Unobservable inputs reflect the assumptions market participants would use in pricing an asset or liability based on the best information available to us on the reporting period date.

ASC 820 classifies the inputs used to measure these fair values into the following hierarchies:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2: Inputs that are quoted prices for similar assets or liabilities in active markets, or that are quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term, if applicable, of the financial instrument.

Level 3: Inputs that are unobservable for an asset or liability because they are based on our own assumptions about how market participants would price the asset or liability.

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
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A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Generally, most of our investments, our 2031 Asset-Backed Debt, 2023 Notes and the Credit Facility are classified as Level 3. Our 2026 Notes are classified as Level 2 as they are financial instruments with readily observable market inputs. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the price used in an actual transaction may be different than our valuation and those differences may be material.

The inputs into the determination of fair value may require significant management judgment or estimation. Even if observable market data is available, such information may be the result of consensus pricing information, disorderly transactions or broker quotes which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimer would result in classification as Level 3 information, assuming no additional corroborating evidence were available. Corroborating evidence that would result in classifying these non-binding broker/dealer bids as a Level 2 asset includes observable orderly market-based transactions for the same or similar assets or other relevant observable market-based inputs that may be used in pricing an asset.

Our investments are generally structured as floating rate loans, mainly first lien secured debt, but also may include second lien secured debt, subordinated debt and equity investments. The transaction price, excluding transaction costs, is typically the best estimate of fair value at inception. Ongoing reviews by our Investment Adviser and independent valuation firms are based on an assessment of each underlying investment, incorporating valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information including comparable transactions, performance multiples and yields, among other factors. These non-public investments valued using unobservable inputs are included in Level 3 of the fair value hierarchy.

A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in our ability to observe valuation inputs may result in a reclassification for certain financial assets or liabilities.

In addition to using the above inputs to value cash equivalents, investments, our 2023 Notes, our 2026 Notes, our 2031 Asset-Backed Debt and the Credit Facility, we employ the valuation policy approved by our board of directors that is consistent with ASC 820. Consistent with our valuation policy, we evaluate the source of inputs, including any markets in which our investments are trading, in determining fair value. See Note 2.

As outlined in the table below, some of our Level 3 investments using a market approach valuation technique are valued using the average of the bids from brokers or dealers. The bids include a disclaimer, may not have corroborating evidence, may be the result of a disorderly transaction and may be the result of consensus pricing. The Investment Adviser assesses the source and reliability of bids from brokers or dealers. If the board of directors has a bona fide reason to believe any such bids do not reflect the fair value of an investment, it may independently value such investment by using the valuation procedure that it uses with respect to assets for which market quotations are not readily available. In accordance with ASC 820, we do not categorize any investments for which fair value is measured using the net asset value per share as a practical expedient within the fair value hierarchy.

The remainder of our investment portfolio and our long-term Credit Facility are valued using a market comparable or an enterprise market value technique. With respect to investments for which there is no readily available market value, the factors that the board of directors may take into account in pricing our investments at fair value include, as relevant, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the pricing indicated by the external event, excluding transaction costs, is used to corroborate the valuation. When using earnings multiples to value a portfolio company, the multiple used requires the use of judgment and estimates in determining how a market participant would price such an asset. These non-public investments using unobservable inputs are included in Level 3 of the fair value hierarchy. Generally, the sensitivity of unobservable inputs or combination of inputs such as industry comparable companies, market outlook, consistency, discount rates and reliability of earnings and prospects for growth, or lack thereof, affects the multiple used in pricing an investment. As a result, any change in any one of those factors may have a significant impact on the valuation of an investment. Generally, an increase in a market yield will result in a decrease in the valuation of a debt investment, while a decrease in a market yield will have the opposite effect. Generally, an increase in an earnings before interest, taxes, depreciation and amortization, or EBITDA, multiple will result in an increase in the valuation of an investment, while a decrease in an EBITDA multiple will have the opposite effect.

Our Level 3 valuation techniques, unobservable inputs and ranges were categorized as follows for ASC 820 purposes (\$ in thousands):

Asset Category	Fair value at September 30, 2023	Valuation Technique	Unobservable Input	Range of Input (Weighted Average) <sup>(1)</sup>
First lien			Broker/Dealer bids or quotes	N/A
First lien	\$ 25,521	Market Comparable	Market Yield	10.0% - 25.0% (12.6%)
First lien	875,133	Market Comparable	EBITDA multiple	2.8x - 7.5x (7.4x)
Second lien	5,512	Enterprise Market Value	Market Yield	14.8%
Second lien	149	Market Comparable	EBITDA multiple	6.0x
Equity	—	Enterprise Market Value	EBITDA multiple	3.4x - 17.7x (12.1x)
Equity	100,489	Enterprise Market Value	DLOM	27.9%
Equity	144	Enterprise Market Value		
Total Level 3 investments	\$ 1,006,948			
Long-Term Credit Facility and 2023 Notes	\$ 85,619	Market Comparable	Market Yield	2.3%

Asset Category	Fair value at September 30, 2022	Valuation Technique	Unobservable Input	Range of Input (Weighted Average) <sup>(1)</sup>
First lien			Broker/Dealer bids or quotes	N/A
First lien	\$ 70,363	Market Comparable	Market Yield	8.2% - 21.0% (10.9%)
First lien	930,806	Market Comparable	EBITDA multiple	14.0
Second lien	8,473	Enterprise Market Value	Market Yield	14.7%
Second lien	147	Market Comparable	EBITDA multiple	6.0x
Equity	—	Enterprise Market Value	EBITDA multiple	3.3x - 21.4x (12.5x)
Equity	89,906	Enterprise Market Value	DLOM	11.8%
Equity	5,232	Enterprise Market Value		
Total Level 3 investments	\$ 1,104,927			
Long-Term Credit Facility	\$ 167,563	Market Comparable	Market Yield	2.5%

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(1)The weighted averages disclosed in the table above were weighted by their relative fair value.

Our investments, cash and cash equivalents, Credit Facility, as applicable, 2023 Notes, 2026 Notes and 2031 Asset-Backed Debt were categorized as follows in the fair value hierarchy for ASC 820 purposes (\$ in thousands):

Description	Fair Value at September 30, 2023				Measured at Net Asset Value <sup>(1)</sup>
	Fair Value	Level 1	Level 2	Level 3	
First lien	\$ 906,166	\$ —	\$ —	\$ 906,166	\$ —
Second lien	149	—	—	149	—
Equity	160,859	—	—	100,633	60,226
Total investments	1,067,174	—	—	1,006,948	60,226
Cash and cash equivalents	100,555	100,555	—	—	—
Total investments and cash and cash equivalents	\$ 1,167,729	\$ 100,555	\$ —	\$ 1,006,948	\$ 60,226
Credit Facility payable	\$ 9,400	\$ —	\$ —	\$ 9,400	\$ —
2023 Notes payable	76,219	—	—	76,219	—
2026 Notes payable <sup>(2)</sup>	183,054	—	183,054	—	—
2031 Asset-Backed Debt <sup>(2)</sup>	226,759	—	—	226,759	—
Total debt	\$ 495,432	\$ —	\$ 183,054	\$ 312,378	\$ —

(1)In accordance with ASC Subtopic 820-10, Fair Value Measurements and Disclosures, or ASC 820-10, our equity investment in PSSL and PTSF are measured using the net asset value per share (or its equivalent) as a practical expedient for fair value in accordance with the specialized accounting guidance for investment companies, and thus have not been classified in the fair value hierarchy.

(2)We elected not to apply the fair value option allowed by ASC 825-10 to the 2026 Notes and the 2031 Asset-Backed Debt and thus the balance reported in the Consolidated Statement of Assets and Liabilities represents the carrying value, which approximates the fair value.

Description	Fair Value at September 30, 2022				Measured at Net Asset Value <sup>(1)</sup>
	Fair Value	Level 1	Level 2	Level 3	
First lien	\$ 1,009,642	\$ —	\$ —	\$ 1,009,642	\$ —
Second lien	147	—	—	147	—
Equity	154,465	—	—	95,138	59,327
Total investments	1,164,254	—	—	1,104,927	59,327
Cash and cash equivalents	51,488	51,488	—	—	—
Total investments and cash and cash equivalents	\$ 1,215,742	\$ 51,488	\$ —	\$ 1,104,927	\$ 59,327
Credit Facility payable	\$ 167,563	\$ —	\$ —	\$ 167,563	\$ —
2023 Notes payable	96,812	96,812	—	—	—
2026 Notes payable <sup>(2)</sup>	182,276	—	182,276	—	—
2031 Asset-Backed Debt <sup>(2)</sup>	226,128	—	—	226,128	—
Total debt	\$ 672,779	\$ 96,812	\$ 182,276	\$ 393,691	\$ —

(1)In accordance with ASC Subtopic 820-10, Fair Value Measurements and Disclosures, or ASC 820-10, our equity investment in PSSL and PTSF is measured using the net asset value per share (or its equivalent) as a practical expedient for fair value in accordance with the specialized accounting guidance for investment companies, and thus has not been classified in the fair value hierarchy.

(2)We elected not to apply the fair value option allowed by ASC 825-10 to the 2026 Notes and the 2031 Asset-Backed Debt and thus the balance reported in the Consolidated Statement of Assets and Liabilities represents the carrying value, which approximates the fair value.

The tables below show a reconciliation of the beginning and ending balances for fair valued investments measured using significant unobservable inputs (Level 3) (\$ in thousands):

Description	Year Ended September 30, 2023		
	First Lien	Second lien, subordinated debt and equity investments	Totals
Beginning Balance	\$ 1,009,642	\$ 95,285	\$ 1,104,927
Net realized losses	(18,585)	2,148	(16,437)
Net change in unrealized depreciation	7,008	(11,977)	(4,969)
Purchases, PIK interest, net discount accretion and non-cash exchanges	302,095	20,417	322,512
Sales, repayments and non-cash exchanges	(393,994)	(5,091)	(399,085)
Transfers in and/or out of Level 3	—	—	—
Ending Balance	\$ 906,166	\$ 100,782	\$ 1,006,948
Net change in unrealized depreciation reported within the net change in unrealized depreciation on investments in our Consolidated Statements of Operations attributable to our Level 3 assets still held at the reporting date.	\$ (9,771)	\$ (8,913)	\$ (18,684)

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**SEPTEMBER 30, 2023**

Description	Year Ended September 30, 2022		
	First Lien	Second lien, subordinated debt and equity investments	Totals
Beginning Balance	\$ 934,419	\$ 86,770	\$ 1,021,189
Net realized losses	894	(12,358)	(11,464)
Net change in unrealized depreciation	(17,661)	11,655	(6,006)
Purchases, PIK interest, net discount accretion and non-cash exchanges	593,144	27,048	620,192
Sales, repayments and non-cash exchanges	(501,154)	(17,830)	(518,984)
Transfers in and/or out of Level 3	—	—	—
Ending Balance	<u>\$ 1,009,642</u>	<u>\$ 95,285</u>	<u>\$ 1,104,927</u>
Net change in unrealized appreciation reported within the net change in unrealized appreciation on investments in our Consolidated Statements of Operations attributable to our Level 3 assets still held at the reporting date.	<u>\$ (15,247)</u>	<u>\$ 11,584</u>	<u>\$ (3,663)</u>

The table below shows a reconciliation of the beginning and ending balances for liabilities recognized at fair value and measured using significant unobservable inputs (Level 3) (\$ in thousands):

Long-Term Credit Facility and 2023 Notes	Years Ended September 30,	
	2023	2022
Beginning Balance (cost – \$168,830 and \$219,400, respectively)	\$ 167,563	\$ 218,851
Net change in unrealized (depreciation) appreciation included in earnings	2,090	(1,542)
Borrowings	65,000	147,254
Repayments	(224,709)	(197,000)
Net realized (gain) loss	(544)	—
Transfers in and/or out of Level 3	76,219	—
Ending Balance (cost – \$85,619 and \$168,830, respectively)	<u>\$ 85,619</u>	<u>\$ 167,563</u>

As of September 30, 2023 we did not have any outstanding non-U.S. dollar borrowings on the Credit Facility.

As of September 30, 2022, we had outstanding non-U.S. dollar borrowings on our Credit Facility. Net change in fair value from foreign currency translation on outstanding borrowings is listed below (\$ in thousands):

Foreign Currency	Amount Borrowed	Borrowing Cost	Current Value	Reset Date	Change in Fair Value
Australian Dollar	\$ 10,000	\$ 7,254	\$ 6,430	10/1/22	(824)

Generally, the carrying value of our consolidated financial liabilities approximates fair value. We have adopted the principles under ASC Subtopic 825-10, Financial Instruments, or ASC 825-10, which provides companies with an option to report selected financial assets and liabilities at fair value, and made an irrevocable election to apply ASC 825-10 to the Credit Facility and the 2023 Notes. We elected to use the fair value option for the Credit Facility and the 2023 Notes to align the measurement attributes of both our assets and liabilities while mitigating volatility in earnings from using different measurement attributes. Due to that election and in accordance with GAAP, we incurred expenses of zero, zero million and \$2.9 million relating to amendment costs on the Credit Facility and debt issuance costs on the 2023 Notes during the years ended September 30, 2023, 2022, and 2021, respectively. ASC 825-10 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect on earnings of a company's choice to use fair value. ASC 825-10 also requires entities to display the fair value of the selected assets and liabilities on the face of the Consolidated Statements of Assets and Liabilities and changes in fair value of the Credit Facility and the 2023 Notes are reported in our Consolidated Statements of Operations. We elected not to apply ASC 825-10 to any other financial assets or liabilities, including our 2026 Notes and 2031 Asset-Backed Debt.

For the years ended September 30, 2023, 2022, and 2021, the Credit Facility or our Prior Credit Facility, as applicable, the 2023 Notes had a net change in unrealized (appreciation) depreciation of \$(2.3) million, \$(4.9) million, and \$(11.6) million, respectively. As of September 30, 2023 and 2022, the net unrealized depreciation on the Credit Facility and the 2023 Notes totaled zero and \$1.5 million, respectively. We use a nationally recognized independent valuation service to measure the fair value of the Credit Facility and 2023 Notes in a manner consistent with the valuation process that the board of directors uses to value our investments.

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**SEPTEMBER 30, 2023**

**6. TRANSACTIONS WITH AFFILIATED COMPANIES**

An affiliated portfolio company is a company in which we have ownership of 5% or more of its voting securities. A portfolio company is generally presumed to be a non-controlled affiliate when we own at least 5% but 25% or less of its voting securities and a controlled affiliate generally when we own more than 25% of its voting securities. Transactions related to our funded investments with both controlled and non-controlled affiliates for the year ended September 30, 2023 were as follows (\$ in thousands):

Name of Investment	Fair Value at September 30, 2022	Gross Additions	Sale of/ Distribution from Affiliates	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at September 30, 2023	Interest Income	Dividend/Other Income	Net Realized Gains (Losses)
<b>Controlled Affiliates</b>								
Marketplace Events, LLC	\$ 31,390	\$ 1,413	\$ —	\$ 1,226	\$ 34,028	\$ 4,513	\$ —	\$ —
PennantPark Senior Secured Loan Fund I LLC *	239,615	28,438	—	(7,084)	260,969	26,534	11,463	—
Total Controlled Affiliates	<u>\$ 271,005</u>	<u>\$ 29,850</u>	<u>\$ —</u>	<u>\$ (5,858)</u>	<u>\$ 294,996</u>	<u>\$ 31,047</u>	<u>\$ 11,463</u>	<u>\$ —</u>
<b>Total Controlled and Non-Controlled Affiliates</b>								
	<u>\$ 271,005</u>	<u>\$ 29,850</u>	<u>\$ —</u>	<u>\$ (5,858)</u>	<u>\$ 294,996</u>	<u>\$ 31,047</u>	<u>\$ 11,463</u>	<u>\$ —</u>

\* We and Kemper are the members of PSSSL, a joint venture formed as a Delaware limited liability company that is not consolidated by us for financial reporting purposes. The members of PSSSL make investments in the PSSSL in the form of first lien secured debt and equity interests, and all portfolio and other material decisions regarding PSSSL must be submitted to PSSSL's board of directors or investment committee, both of which are comprised of two members appointed by each of us and Kemper. Because management of PSSSL is shared equally between us and Kemper, we do not believe we control PSSSL for purposes of the 1940 Act or otherwise.

**7. CHANGE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE**

The following information sets forth the computation of basic and diluted per share net increase (decrease) in net assets resulting from operations:

	Years Ended September 30,		
	2023	2022	2021
Numerator for net increase in net assets resulting from operations	\$ 39,261	\$ 3,453	\$ 56,516
Denominator for basic and diluted weighted average shares	50,832,980	41,060,541	38,766,831
Basic and diluted net increase in net assets per share resulting from operations	\$ 0.77	\$ 0.08	\$ 1.46

**8. TAXES AND DISTRIBUTIONS**

Distributions from net investment income and net realized capital gains are determined in accordance with U.S. federal tax regulations, which may materially differ from amounts determined in accordance with GAAP. These book-to-tax differences are either temporary or permanent in nature. To the extent these differences are permanent, they are reclassified to undistributed net investment income, accumulated net realized gain or paid-in-capital, as appropriate. Distributions from net realized capital gains, if any, are normally declared and paid annually, but the Company may make distributions on a more frequent basis to comply with the distribution requirements for RICs under the Code.

As of September 30, 2023 and 2022, the cost of investments for federal income tax purposes approximates amortized cost reported in the Consolidated Schedule of Investments.

The following amounts were reclassified for tax purposes (in thousands):

	Years Ended September 30,		
	2023	2022	2021
Decrease in paid-in capital	\$ (531)	\$ (492)	\$ (369)
Decrease in accumulated net realized loss	(1,645)	1,118	(292)
Increase in undistributed net investment income	2,176	(625)	661

The following reconciles net increase in net assets resulting from operations to taxable income:

	Years Ended September 30,		
	2023	2022	2021
Net increase in net assets resulting from operations	\$ 39,261	\$ 3,453	\$ 56,516
Net realized loss on investments	16,155	11,106	12,796
Net change in unrealized depreciation (appreciation) on investments and debt	12,075	34,023	(29,686)
Other book-to-tax differences	(5,081)	(549)	3,153
Other non-deductible expenses	1,924	993	846
Taxable income before dividends paid deduction	<u>\$ 64,334</u>	<u>\$ 49,026</u>	<u>\$ 43,625</u>

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**SEPTEMBER 30, 2023**

The components of undistributed taxable income on a tax basis and reconciliation to accumulated surplus on a book basis are as follows (in thousands):

	As of September 30,		
	2023	2022	2021
Undistributed ordinary income – tax basis	\$ 17,158	\$ 11,141	\$ 8,415
Short-term realized loss carried forward	(16,544)	(24,655)	(6,452)
Long-term realized loss carried forward	(78,796)	(65,977)	(59,136)
Distributions payable and other book to tax differences	(5,959)	3,933	(9,669)
Net unrealized appreciation (depreciation) of investments and debt	(27,499)	(15,423)	18,600
Total accumulated deficit – book basis	<u>\$ (111,641)</u>	<u>\$ (90,981)</u>	<u>\$ (48,242)</u>

The tax characteristics of distributions declared are as follows (in thousands):

	Years Ended September 30,		
	2023	2022	2021
Ordinary income (including short-term gains, if any)	\$ 60,451	\$ 46,685	\$ 44,207
Long-term capital gain	—	—	—
Total distributions	<u>\$ 60,451</u>	<u>\$ 46,685</u>	<u>\$ 44,207</u>
Total distributions per share based on weighted average shares	<u>\$ 1.19</u>	<u>\$ 1.14</u>	<u>\$ 1.14</u>

#### 9. CASH AND CASH EQUIVALENTS

Cash equivalents represent cash in money market funds pending investment in longer-term portfolio holdings. Our portfolio may consist of temporary investments in U.S. Treasury Bills (of varying maturities), repurchase agreements, money market funds or repurchase agreement-like treasury securities. These temporary investments with original maturities of 90 days or less are deemed cash equivalents and are included in the Consolidated Schedule of Investments. At the end of each fiscal quarter, we may take proactive steps to preserve investment flexibility for the next quarter by investing in cash equivalents, which is dependent upon the composition of our total assets at quarter-end. We may accomplish this in several ways, including purchasing U.S. Treasury Bills and closing out positions on a net cash basis after quarter-end, temporarily drawing down on the Credit Facility, or utilizing repurchase agreements or other balance sheet transactions as are deemed appropriate for this purpose. These amounts are excluded from average adjusted gross assets for purposes of computing the Investment Adviser's management fee. U.S. Treasury Bills with maturities greater than 60 days from the time of purchase are valued consistent with our valuation policy. As of September 30, 2023 and 2022, cash and cash equivalents consisted of money market funds in the amounts of \$100.6 million and \$51.5 million at fair value, respectively.

#### 10. FINANCIAL HIGHLIGHTS

Below are the financial highlights for the years ended September 30 (\$ in thousands, except share and per share data):

	2023	2022	2021	2020	2019
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$ 11.62	\$ 12.62	\$ 12.31	\$ 12.97	\$ 13.82
Net investment income <sup>(1)</sup>	1.33	1.18	1.02	1.12	1.17
Net change in realized and unrealized (loss) gain <sup>(1)</sup>	(0.56)	(1.10)	0.44	(0.65)	(0.88)
Net increase in net assets resulting from operations <sup>(1)</sup>	0.77	0.08	1.46	0.47	0.29
Distributions to stockholders <sup>(1),(2)</sup>					
Distribution of net investment income	(1.19)	(1.14)	(1.14)	(1.14)	(1.14)
Distribution of realized gains	—	—	—	—	—
Total distributions to stockholders	(1.19)	(1.14)	(1.14)	(1.14)	(1.14)
(Dilutive) effect of common stock issuance	(0.08)	0.06	—	—	—
Net asset value, end of year	<u>\$ 11.13</u>	<u>\$ 11.62</u>	<u>\$ 12.62</u>	<u>\$ 12.31</u>	<u>\$ 12.97</u>
Per share market value, end of year	<u>\$ 10.66</u>	<u>\$ 9.60</u>	<u>\$ 12.79</u>	<u>\$ 8.44</u>	<u>\$ 11.60</u>
Total return <sup>(3)</sup>	23.84 %	(17.76) %	66.47 %	(17.15) %	(3.20) %
Shares outstanding at end of year	58,734,702	45,345,638	38,880,728	38,772,074	38,772,074
<b>Ratios / Supplemental Data:</b>					
Ratio of operating expenses to average net assets <sup>(4)</sup>	5.90 %	5.34 %	3.77 %	5.19 %	3.94 %
Ratio of debt related expenses to average net assets <sup>(5)</sup>	6.68 %	5.85 %	5.00 %	5.63 %	5.21 %
Ratio of total expenses to average net assets <sup>(5)</sup>	12.58 %	11.19 %	8.77 %	10.82 %	9.15 %
Ratio of net investment income to average net assets <sup>(5)</sup>	11.82 %	9.55 %	8.07 %	9.00 %	8.76 %
Net assets at end of year	\$ 653,605	\$ 527,092	\$ 490,611	\$ 477,270	\$ 503,057
Weighted average debt outstanding	\$ 615,068	\$ 698,765	\$ 622,739	\$ 737,209	\$ 512,135
Weighted average debt per share <sup>(1)</sup>	\$ 12.10	\$ 17.06	\$ 16.06	\$ 19.01	\$ 13.21
Asset coverage per unit <sup>(6)</sup>	\$ 2,304	\$ 1,784	\$ 1,746	\$ 1,677	\$ 1,786
Portfolio turnover ratio	28.64 %	45.03 %	62.58 %	35.08 %	52.64 %

\*The expense and investment income ratios do not reflect the Company's proportionate share of income and expenses of PSSS and PTSF

<sup>(1)</sup>Based on the weighted average shares outstanding for the respective periods.

<sup>(2)</sup>The tax status of distributions is calculated in accordance with income tax regulations, which may differ from amounts determined under GAAP, and reported on Form 1099-DIV each calendar year.

<sup>(3)</sup>Based on the change in market price per share during the periods and assumes distributions, if any, are reinvested.

<sup>(4)</sup>Excludes debt related costs.

<sup>(5)</sup>Includes interest and expenses on debt (annualized) as well as Credit Facility amendment and debt issuance costs, if any (not annualized).

<sup>(6)</sup>The asset coverage ratio for a class of senior securities representing indebtedness is calculated on our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by the senior securities representing indebtedness at par (changed from fair value). This asset coverage ratio is multiplied by \$1,000 to determine the asset coverage per unit.

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**SEPTEMBER 30, 2023**

**11. DEBT**

The annualized weighted average cost of debt for the years ended September 30, 2023, 2022, and 2021, inclusive of the fee on the undrawn commitment on the Credit Facility or the Prior Credit Facility, as applicable, amendment costs and debt issuance costs, was 6.3%, 4.5% and 3.9%, respectively. As of September 30, 2023, in accordance with the 1940 Act, with certain limited exceptions, we are only allowed to borrow amounts such that we are in compliance with a 150% asset coverage ratio requirement after such borrowing.

On April 5, 2018, our board of directors approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the Consolidated Appropriations Act of 2018 (which includes the Small Business Credit Availability Act, or SBCAA). As a result, the asset coverage requirement applicable to us for senior securities was reduced from 200% (i.e., \$1 of debt outstanding for each \$1 of equity) to 150% (i.e., \$2 of debt outstanding for each \$1 of equity), effective as of April 5, 2019, subject to compliance with certain disclosure requirements. As of September 30, 2023 and 2022, our asset coverage ratio, as computed in accordance with the 1940 Act, was 230% and 178%, respectively.

***Credit Facility***

Funding I's multi-currency Credit Facility with affiliates of Truist Bank (formerly SunTrust Bank), or the Lenders upsized during the quarter with the addition of a new lender on July 24, 2023, increasing the facility by \$20 million, and was \$386.0 million as of September 30, 2023, subject to satisfaction of certain conditions and the regulatory restrictions that the 1940 Act imposes on us as a BDC, has an interest rate spread above SOFR (or an alternative risk-free floating interest rate index) of 236 basis points, a maturity date of August 2026 and a revolving period that ends in August 2024. As of September 30, 2023 and 2022, Funding I had \$9.4 million and \$168.8 million of outstanding borrowings under the Credit Facility, respectively. The Credit Facility had a weighted average interest rate of 7.7% and 4.9%, exclusive of the fee on undrawn commitments as of September 30, 2023 and 2022, respectively. As of September 30, 2023 and 2022, we had \$376.6 million and \$197.2 million of unused borrowing capacity under the Credit Facility, respectively, subject to leverage and borrowing base restrictions.

During the revolving period, the Credit Facility bears interest at SOFR (or an alternative risk-free floating interest rate index) plus 236 basis points and, after the revolving period, the rate will reset to Base Rate (or an alternative risk-free floating interest rate index) plus 250 basis points for the remaining two years, maturing in August 2026. The Credit Facility is secured by all of the assets of Funding I. Both we and Funding I have made customary representations and warranties and are required to comply with various covenants, reporting requirements and other customary requirements for similar credit facilities.

The Credit Facility contains covenants, including, but not limited to, restrictions of loan size, industry requirements, average life of loans, geographic and individual portfolio concentrations, minimum portfolio yield and loan payment frequency. Additionally, the Credit Facility requires the maintenance of a minimum equity investment in Funding I and income ratio as well as restrictions on certain payments and issuance of debt. The Credit Facility compliance reporting is prepared on a basis of accounting other than GAAP. As of September 30, 2023, we were in compliance with the covenants relating to the Credit Facility.

We own 100% of the equity interest in Funding I and treat the indebtedness of Funding I as our leverage. Our Investment Adviser serves as collateral manager to Funding I under the Credit Facility.

Our interest in Funding I (other than the management fee) is subordinate in priority of payment to every other obligation of Funding I and is subject to certain payment restrictions set forth in the Credit Facility. We may receive cash distributions on our equity interests in Funding I only after it has made all required payments of (1) cash interest and, if applicable, principal to the Lenders, (2) administrative expenses and (3) claims of other unsecured creditors of Funding I. The Investment Adviser has irrevocably directed that any management fee owed with respect to such services is to be paid to the Company so long as the Investment Adviser remains the collateral manager.

***2023 Notes***

In November 2017, we issued \$138.6 million of our 2023 Notes of which \$76.2 million and \$97.0 million were outstanding as at September 30, 2023 and 2022, respectively. The 2023 Notes were issued pursuant to a deed of trust between the Company and Mishmeret Trust Company, Ltd. as trustee.

The 2023 Notes pay interest at a rate of 4.3% per year. Interest on the 2023 Notes is payable semi-annually in arrears on June 15 and December 15 of each year, commencing June 15, 2018. The principal on the 2023 Notes will be payable in four annual installments as follows: 15% of the original principal amount on December 15, 2020, 15% of the original principal amount on December 15, 2021, 15% of the original principal amount on December 15, 2022 and 55% of the original principal amount on December 15, 2023.

The 2023 Notes are general, unsecured obligations, rank equal in right of payment with all of PennantPark Floating Rate Capital Ltd.'s existing and future senior unsecured indebtedness and are generally redeemable at our option. The deed of trust governing the 2023 Notes includes certain customary covenants, including minimum equity requirements, and events of default. Please refer to the deed of trust filed as Exhibit (d)(8) to our post-effective amendment filed on December 13, 2017 for more information. The 2023 Notes are rated iA- by S&P Global Ratings Maalot Ltd. and are listed on the TASE. In connection with this offering, we have dual listed our common stock on the TASE.

The 2023 Notes have not been and will not be registered under the Securities Act and may not be offered or sold in the United States absent registration under the Securities Act or in transactions exempt from, or not subject to, such registration requirements.

***2026 Notes***

In March 2021 and in October 2021, we issued \$100.0 million and \$85.0 million, respectively, in aggregate principal amount of \$185.0 million of our 2026 Notes at a public offering price per note of 99.4% and 101.5%, respectively. Interest on the 2026 Notes is paid semi-annually on April 1 and October 1 of each year, at a rate of 4.25% per year, commencing October 1, 2021. The 2026 Notes mature on April 1, 2026 and may be redeemed in whole or in part at our option subject to a make-whole premium if redeemed more than three months prior to maturity. The 2026 Notes are our general, unsecured obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The 2026 Notes are effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to all of our existing and future indebtedness and other obligations of any of our subsidiaries, financing vehicles, or similar facilities. We do not intend to list the 2026 Notes on any securities exchange or automated dealer quotation system.

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**SEPTEMBER 30, 2023**

**2031 Asset-Backed Debt**

In September 2019, the Company completed the \$301.4 million term debt securitization. Term debt securitizations, also known as CLOs, are a form of secured financing incurred by the Company, which is consolidated by the Company and subject to the Company's asset coverage requirements. The 2031 Asset-Backed Debt was issued by the Securitization Issuer. The 2031 Asset-Backed Debt is secured by the middle market loans, participation interests in middle market loans and other assets of the Securitization Issuer. The Debt Securitization was executed through (A) a private placement of: (i) \$78.5 million Class A-1 Senior Secured Floating Rate Loans maturing 2031, which bear interest at the three-month SOFR plus 1.8%, (ii) \$15.0 million Class A-2 Senior Secured Fixed Rate Notes due 2031, which bear interest at 3.7%, (iii) \$14.0 million Class B-1 Senior Secured Floating Rate Notes due 2031, which bear interest at the three-month SOFR plus 2.9%, (iv) \$16.0 million Class B-2 Senior Secured Fixed Rate Notes due 2031, which bear interest at 4.3%, (v) \$19.0 million Class C-1 Secured Deferrable Floating Rate Notes due 2031, which bear interest at the three-month SOFR plus 4.0%, (vi) \$8.0 million Class C-2 Secured Deferrable Fixed Rate Notes due 2031, which bear interest at 5.4%, and (vii) \$18.0 million Class D Secured Deferrable Floating Rate Loans due 2031, which bear interest at the three-month SOFR plus 4.8% and (B) the borrowing of \$77.5 million Class A-1 Senior Secured Floating Rate Notes due 2031, which bear interest at the three-month SOFR plus 1.8%, under a credit agreement by and among the Securitization Issuers, as borrowers, various financial institutions, as lenders, and U.S. Bank National Association, as collateral agent and as loan agent. The annualized interest on the 2031 Asset-Backed Debt will be paid, to the extent of funds available. The reinvestment period of the Debt Securitization ends on October 15, 2023 and the 2031 Asset-Backed Debt is scheduled to mature on October 15, 2031.

On the closing date of the Debt Securitization, in consideration of our transfer to the Securitization Issuer of the initial closing date loan portfolio, which included loans distributed to us by certain of our wholly-owned subsidiaries, the Securitization Issuer transferred to us 100% of the Preferred Shares of the Securitization Issuer, 100% of the Class D Secured Deferrable Floating Rate Notes issued by the Securitization Issuer, and a portion of the net cash proceeds received from the sale of the 2031 Asset-Backed Debt. The Preferred Shares of the Securitization Issuer do not bear interest and had a stated value of approximately \$55.4 million at the closing of the Debt Securitization.

The 2031 Asset-Backed Debt is included in the Consolidated Statement of Assets and Liabilities as debt of the Company and the Class D Secured Deferrable Floating Rate Notes and the Preferred Shares of the Securitization Issuer were eliminated in consolidation. As of September 30, 2023 and 2022, the Company had \$228.0 million, respectively, 2031 Asset-Backed Debt outstanding with a weighted average interest rate of 7.1% and 4.6%, respectively. As of September 30, 2023 and 2022, the unamortized fees on the 2031 Asset-Backed Debt were \$1.2 million and \$1.9 million, respectively.

Our Investment Adviser serves as collateral manager to the Securitization Issuer pursuant to the Collateral Management Agreement. For so long as our Investment Adviser serves as collateral manager, it will elect to irrevocably waive any collateral management fee to which it may be entitled under the Collateral Management Agreement.

**12. COMMITMENTS AND CONTINGENCIES**

From time to time, we, the Investment Adviser or the Administrator may be a party to legal proceedings, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our financial condition or results of operations. Unfunded debt and equity investments, if any, are disclosed in the Consolidated Schedules of Investments. As of September 30, 2023 and 2022, we had \$155.5 million and \$150.6 million, respectively, in commitments to fund investments. Additionally, as described in Note 4, the Company had unfunded commitments of up to \$39.4 million and \$28.4 million to PSSSL as of September 30, 2023 and 2022, respectively, that may be contributed primarily for the purpose of funding new investments approved by the PSSSL board of directors or investment committee.

**13. UNCONSOLIDATED SIGNIFICANT SUBSIDIARIES**

We must determine which, if any, of our unconsolidated controlled portfolio companies is a "significant subsidiary" within the meaning of Regulation S-X. We have determined that, as of September 30, 2023, PennantPark Senior Secured Loan Fund I LLC triggered at least one of the significance tests. As a result and in accordance with Rule 3-09 of Regulation S-X, separate audited financial statements of PennantPark Senior Secured Loan Fund I LLC for the years ended September 30, 2023, 2022, and 2021 are being filed herewith as Exhibit 99.3 and Exhibit 99.4.

**Supplementary Data**  
**Selected Quarterly Data (Unaudited)**  
**(dollar amounts in thousands, except per share data)**

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

**(a) Evaluation of Disclosure Controls and Procedures**

As of September 30, 2023, we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that, due to the material weaknesses in the Company's internal control over financial reporting described in Management's Report on Internal Control Over Financial Reporting, which appears on page 58 of this Form 10-K, our disclosure controls and procedures were not effective to provide reasonable assurance that information required to be disclosed in our periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Specifically, material weaknesses were identified with respect to (i) the operations of controls relating to the quarterly cash and investment reconciliations and (ii) the operation of our internal controls over financial reporting relating to our review of interest income and non-accrual classification of investments. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

Notwithstanding the material weaknesses referenced above, management believes that the financial statements included in this Annual Report on Form 10-K present fairly, in all material respects, the Company's financial position, results of its operations, changes in net assets and cash flows for the periods presented. We have begun the process of, and we are focused on, further enhancing effective internal control measures to improve our internal control over financial reporting and remediate the material weaknesses noted above. Our internal control remediation efforts include the following:

- Enhancing existing controls to ensure the review of the quarterly cash and investment reconciliation is adequately documented so as to provide evidence that the controls are operating effectively;
- Enhancing existing controls to ensure that our internal controls over financial reporting relating to our analysis of interest income and assessment of investments for classification as non-accrual investments are operating effectively; and
- Enhancing policies and procedures to demonstrate a commitment to improving our overall control environment.

We believe our planned actions to enhance our processes and controls will address these material weaknesses, but these actions are subject to ongoing management evaluation, and we will need a period of execution to demonstrate remediation. We are committed to the continuous improvement of our internal control over financial reporting and will continue to diligently review our internal control over financial reporting.

**(b) Management's Report on Internal Control Over Financial Reporting**

Management's Report on Internal Control Over Financial Reporting, which appears on page 60 of this Form 10-K, is incorporated by reference herein.

**(c) Changes in Internal Controls Over Financial Reporting**

As of September 30, 2023, management remediated the material weakness previously identified as of September 30, 2022 relating to procedures to ensure the timely transmission of portfolio company financial information to our independent valuation services providers. Although this material weakness did not result in any material misstatement of our consolidated financial statements, there is a possibility it could have led to a material misstatement of account balances or disclosures that were not prevented or detected.

Management remediated the material weakness by enhancing (a) existing controls to ensure the timely transmission of all relevant portfolio company financial information to our independent valuation service providers and (b) policies and procedures to demonstrate a commitment to improving our overall control environment.

As a result of the remediation activities, management has determined that management's controls were designed appropriately and at a sufficient level of precision, and have been operating effectively for a sufficient period of time, such that the material weakness previously identified as of September 30, 2022 has been remediated as of September 30, 2023.

Except as noted above, there have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Please see Management's Report on Internal Control Over Financial Reporting, which appears on page 59 of this Form 10-K, for descriptions of the material weaknesses identified by Management.

**Item 9B. Other Information**

**10b5-1 Disclosure**

None of the officers or directors of the Company have adopted or terminated any Rule 10b5-1 trading arrangements applicable to them (if any) or the Company.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable

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### PART III

We will file a definitive Proxy Statement for our 2024 Annual Meeting of Stockholders with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of our definitive Proxy Statement that specifically address the items set forth herein are incorporated by reference.

#### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by Item 10 is hereby incorporated by reference from our definitive Proxy Statement relating to our 2024 Annual Meeting of Stockholders, to be filed with the SEC within 120 days following the end of our fiscal year.

#### **Item 11. Executive Compensation**

The information required by Item 11 is hereby incorporated by reference from our definitive Proxy Statement relating to our 2024 Annual Meeting of Stockholders, to be filed with the SEC within 120 days following the end of our fiscal year.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by Item 12 is hereby incorporated by reference from our definitive Proxy Statement relating to our 2024 Annual Meeting of Stockholders, to be filed with the SEC within 120 days following the end of our fiscal year.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by Item 13 is hereby incorporated by reference from our definitive Proxy Statement relating to our 2024 Annual Meeting of Stockholders, to be filed with the SEC within 120 days following the end of our fiscal year.

#### **Item 14. Principal Accountant Fees and Services**

The information required by Item 14 is hereby incorporated by reference from our definitive Proxy Statement relating to our 2024 Annual Meeting of Stockholders, to be filed with the SEC within 120 days following the end of our fiscal year.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this Annual Report:

- (1) Index to Financial Statements — Refer to Item 8 starting on page 52.
- (2) Financial Statement Schedules — None.
- (3) Exhibits

- 3.1 [Articles of Amendment and Restatement of the Registrant \(Incorporated by reference to the Registrant's Pre-Effective Amendment No. 3 to the Registration Statement on Form N-2 \(File No. 333-170243\), filed on March 29, 2011\).](#)
  - 3.2 [Second Amended and Restated Bylaws of the Registrant \(Incorporated by reference to Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q \(File No. 814-00891\), filed on May 11, 2020\).](#)
  - 4.1 [Form of Share Certificate \(Incorporated by reference to the Registrant's Pre-Effective Amendment No. 5 to the Registration Statement on Form N-2 \(File No. 333-170243\), filed on April 5, 2011\).](#)
  - 4.2 [Deed of Trust dated November 23, 2017, between PennantPark Floating Rate Capital Ltd. and Mishmeret Trust Company, Ltd. \(Incorporated by reference to Exhibit \(d\)\(8\) to the Registrant's Post-Effective Amendment No. 3 to the Registration Statement on Form N-2 \(File No. 333- 215111\), filed on December 13, 2017\).](#)
  - 4.3 [Indenture, dated as of September 19, 2019, by and among PennantPark CLO I, Ltd., as issuer, PennantPark CLO I, LLC, as co-issuer, and U.S. Bank National Association, as trustee and as collateral agent \(Incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K \(File No. 814-00891\), filed on September 20, 2019\).](#)
  - 4.4 [Indenture, dated as of March 23, 2021, by and between the Company and American Stock Transfer & Trust Company, LLC, as trustee \(Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K \(File No. 814-00891\), filed on March 23, 2021\).](#)
  - 4.5 [First Supplemental Indenture, dated as of March 23, 2021, by and between the Company and American Stock Transfer & Trust Company, LLC, as trustee \(Incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K \(File No. 814-00891\), filed on March 23, 2021\).](#)
  - 4.6 [Form of 4.25% Notes due 2026 \(Incorporated by reference to Exhibit 4.5 hereto\).](#)
  - 4.7 [Description of Securities \(Incorporated by reference to Exhibit 4.4 to the Registrant's Annual Report on Form 10-K \(File No. 814-00891\) filed on November 20, 2019\).](#)
  - 10.1 [Amended and Restated Administration Agreement between the Registrant and PennantPark Investment Administration, LLC \(Incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q \(File No. 814-00736\), filed on August 3, 2022\).](#)
  - 10.2 [Dividend Reinvestment Plan \(Incorporated by reference to Exhibit 99\(e\) to the Registrant's Pre-Effective Amendment No. 3 to the Registration Statement on Form N-2 \(File No. 333-170243\), filed on March 29, 2011\).](#)
  - 10.3 [Second Amended and Restated Investment Advisory Agreement, dated as of February 2, 2016, between PennantPark Floating Rate Capital Ltd. and PennantPark Investment Advisers, LLC \(Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q \(File No. 814-00891\), filed on February 4, 2016\).](#)
  - 10.4 [Limited Liability Company Agreement of PennantPark Senior Secured Loan Fund I LLC, dated as of May 4, 2017, by and between PennantPark Floating Rate Capital Ltd. and Trinity Universal Insurance Company \(Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q \(File No. 814-00891\), filed on August 8, 2017\).](#)
  - 10.5 [Indemnification Agreement, dated as of November 15, 2016, between PennantPark Floating Rate Capital Ltd. and each of the directors and officers listed on Schedule A attached thereto \(Incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K \(File No. 814-00891\) filed on November 22, 2016\).](#)
  - 10.6 [Credit Agreement, dated as of September 19, 2019, by and among PennantPark CLO I, Ltd., as borrower, PennantPark CLO I, LLC, as co-borrower, the various financial institutions party thereto from time to time, as lenders, and U.S. Bank National Association, as collateral agent and as loan agent \(Incorporated by reference to Exhibit 99.3 to the Registrant's Current Report on Form 8-K \(File No. 814-00891\), filed on September 20, 2019\).](#)
  - 10.7 [Collateral Management Agreement, dated as of September 19, 2019, between PennantPark CLO I, Ltd., as issuer, and PennantPark Investment Advisers, LLC, as collateral manager \(Incorporated by reference to Exhibit 99.4 to the Registrant's Current Report on Form 8-K \(File No. 814-00891\), filed on September 20, 2019\).](#)
  - 10.8 [Master Loan Sale Agreement, dated as of September 19, 2019, among PennantPark Floating Rate Capital Ltd., as seller, PennantPark CLO I Depositor, LLC, as intermediate seller, and PennantPark CLO I, Ltd., as buyer \(Incorporated by reference to Exhibit 99.5 to the Registrant's Current Report on Form 8-K \(File No. 814-00891\), filed on September 20, 2019\).](#)
  - 10.10 [Master Participation Agreement, dated as of September 19, 2019, between PennantPark Floating Rate Funding I, LLC, as seller and PennantPark CLO I, Ltd., as buyer \(Incorporated by reference to Exhibit 99.6 to the Registrant's Current Report on Form 8-K \(File No. 814-00891\), filed on September 20, 2019\).](#)
  - 10.11 [Revolving Credit and Security Agreement, dated as of August 12, 2021, among PennantPark Floating Rate Funding I, LLC, as the borrower, PennantPark Investment Advisers, LLC, as the collateral manager, the lenders from time to time party thereto, Truist Bank., as administrative agent, Truist Securities, Inc., as lead arranger, U.S. Bank National Association, as collateral agent, U.S. Bank National Association, as collateral administrator, U.S. Bank National Association, as backup collateral manager, and U.S. Bank National Association, as custodian \(Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K \(File No. 814-00891\), filed on August 18, 2021\).](#)
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10.12	<a href="#"><u>Amended and Restated Purchase and Contribution Agreement, dated as of August 12, 2021, among PennantPark Floating Rate Capital Ltd., as the seller, and PennantPark Floating Rate Funding I, LLC, as the buyer. (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 814-00891), filed on August 18, 2021).</u></a>
10.13	<a href="#"><u>Equity Distribution Agreement - JMP Securities LLC. (Incorporated by reference to Exhibit 10.2 to the Registrant's Form 10-Q (File No. 814-00736), filed on August 3, 2022).</u></a>
10.14	<a href="#"><u>Equity Distribution Agreement - Raymond James &amp; Associates, Inc. (Incorporated by reference to Exhibit 10.3 to the Registrant's Form 10-Q (File No. 814-00736), filed on August 3, 2022).</u></a>
10.15	<a href="#"><u>Equity Distribution Agreement, dated as of March 31, 2023, by and among PennantPark Floating Rate Capital, Ltd., PennantPark Investment Advisers, LLC, PennantPark Investment Administration, LLC and JMP Securities LLC, as the sales agent (Incorporated by reference to Exhibit 1.1 to the Registrant's Form 8-K (File No. 814-00891), filed on March 31, 2023).</u></a>
10.16	<a href="#"><u>Equity Distribution Agreement, dated as of March 31, 2023, by and among PennantPark Floating Rate Capital, Ltd., PennantPark Investment Advisers, LLC, PennantPark Investment Administration, LLC and Raymond James &amp; Associates, Inc., as the sales agent (Incorporated by reference to Exhibit 1.2 to the Registrant's Form 8-K (File No. 814-00891), filed on March 31, 2023).</u></a>
10.17	<a href="#"><u>Equity Distribution Agreement, dated as of March 31, 2023, by and among PennantPark Floating Rate Capital, Ltd., PennantPark Investment Advisers, LLC, PennantPark Investment Administration, LLC and Truist Securities, Inc., as the sales agent (Incorporated by reference to Exhibit 1.3 to the Registrant's Form 8-K (File No. 814-00891), filed on March 31, 2023).</u></a>
10.18	<a href="#"><u>Equity Distribution Agreement, dated as of August 11, 2023, by and among PennantPark Floating Rate Capital, Ltd., PennantPark Investment Advisers, LLC, PennantPark Investment Administration, LLC and Citizens JMP Securities, LLC, as the sales agent (Incorporated by reference to Exhibit 1.1 to the Registrant's Form 8-K (File No. 814-00891), filed on August 11, 2023).</u></a>
10.19	<a href="#"><u>Equity Distribution Agreement, dated as of August 11, 2023, by and among PennantPark Floating Rate Capital, Ltd., PennantPark Investment Advisers, LLC, PennantPark Investment Administration, LLC and Raymond James &amp; Associates, Inc., as the sales agent (Incorporated by reference to Exhibit 1.2 to the Registrant's Form 8-K (File No. 814-00891), filed on August 11, 2023).</u></a>
10.20	<a href="#"><u>Equity Distribution Agreement, dated as of August 11, 2023, by and among PennantPark Floating Rate Capital, Ltd., PennantPark Investment Advisers, LLC, PennantPark Investment Administration, LLC and Truist Securities, Inc., as the sales agent (Incorporated by reference to Exhibit 1.3 to the Registrant's Form 8-K (File No. 814-00891), filed on August 11, 2023).</u></a>
10.21	<a href="#"><u>Underwriting Agreement, dated August 8, 2022, among PennantPark Floating Rate Capital Ltd., PennantPark Investment Advisers, LLC, PennantPark Investment Administration, LLC, and Morgan Stanley &amp; Co. LLC, Goldman Sachs &amp; Co. LLC, J.P. Morgan Securities LLC, Keefe, Bruyette &amp; Woods, Inc., RBC Capital Markets, LLC and Truist Securities, Inc., as representatives of the several underwriters named on Schedule A thereto (Incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K (File No. 814-00891), filed on August 11, 2022).</u></a>
10.22	<a href="#"><u>Underwriting Agreement, dated January 23, 2023, among PennantPark Floating Rate Capital Ltd., PennantPark Investment Advisers, LLC, PennantPark Investment Administration, LLC, and Morgan Stanley &amp; Co. LLC, UBS Securities LLC, Goldman Sachs &amp; Co. LLC, J.P. Morgan Securities LLC and Keefe, Bruyette &amp; Woods, Inc., as representatives of the several underwriters named on Schedule A thereto (Incorporated by reference to Exhibit 1.1 to the Registrant's Form 8-K (File No. 814-00891), filed on January 26, 2023).</u></a>
10.23	<a href="#"><u>First Amendment to Revolving Credit and Security Agreement, dated September 15, 2022, among PennantPark Floating Rate Funding I, LLC, PennantPark Investment Advisers, LLC, the lenders from time to time party thereto, Truist Bank, as administrative agent and swingline lender, U.S. Bank National Association, as collateral agent, custodian, collateral administrator and backup collateral manager (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 814-00891), filed on September 21, 2022).</u></a>
14.1*	<a href="#"><u>Joint Code of Ethics of the Registrant.</u></a>
21.1*	<a href="#"><u>Subsidiaries of the Registrant.</u></a>
23.1*	<a href="#"><u>Consent of RSM US LLP.</u></a>
31.1*	<a href="#"><u>Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.</u></a>
31.2*	<a href="#"><u>Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.</u></a>
32.1*	<a href="#"><u>Certification of Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
32.2*	<a href="#"><u>Certification of Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
99.1*	<a href="#"><u>Privacy Policy of the Registrant.</u></a>
99.2*	<a href="#"><u>Report of RSM US LLP on Senior Securities Table</u></a>
99.3*	<a href="#"><u>Audited Consolidated Financial Statements of PennantPark Senior Secured Loan Fund I LLC for the Years Ended September 30, 2023 and 2022.</u></a>
99.4*	<a href="#"><u>Audited Consolidated Financial Statements of PennantPark Senior Secured Loan Fund I LLC for the Years Ended September 30, 2022 and 2021.</u></a>
97.1*	<a href="#"><u>Clawback Policy.</u></a>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document

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101.DEF\* Inline XBRL Taxonomy Extension Definition Linkbase Document  
101.LAB\* Inline XBRL Taxonomy Extension Label Linkbase Document  
101.PRE\* Inline XBRL Taxonomy Extension Presentation Linkbase Document  
104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\* Filed herewith

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on December 7, 2023.

By: /s/ ARTHUR H. PENN  
Name: **Arthur H. Penn**  
Title: **Chief Executive Officer and Chairman of the Board of Directors**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ ARTHUR H. PENN <b>Arthur H. Penn</b>	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	December 7, 2023
/s/ RICHARD T. ALLORTO, JR. <b>Richard T. Allorto, Jr.</b>	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	December 7, 2023
/s/ ADAM K. BERNSTEIN <b>Adam K. Bernstein</b>	Director	December 7, 2023
/s/ JEFFREY FLUG <b>Jeffrey Flug</b>	Director	December 7, 2023
/s/ MARSHALL BROZOST <b>Marshall Brozost</b>	Director	December 7, 2023
/s/ SAMUEL L. KATZ <b>Samuel L. Katz</b>	Director	December 7, 2023
/s/ JOSÉ A. BRIONES, JR. <b>José A. Briones</b>	Director	December 7, 2023

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**JOINT CODE OF ETHICS FOR  
PENNANTPARK INVESTMENT CORPORATION  
PENNANTPARK FLOATING RATE CAPITAL LTD.  
PENNANTPARK INVESTMENT ADVISERS, LLC**

**Section I Statement of General Fiduciary Principles**

This Joint Code of Ethics (the "Code") has been adopted by each of PennantPark Investment Corporation, PennantPark Floating Rate Capital, Ltd. (each individually, the "Corporation"), and PennantPark Investment Advisers, LLC, the Corporations' investment adviser (the "Adviser"), in compliance with Rule 17j-1 under the Investment Company Act of 1940 (the "Act") and Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"). The purpose of the Code is to establish standards and procedures for the detection and prevention of activities by which persons having knowledge of the investments and investment intentions of the Corporations may abuse their fiduciary duty to the Corporations, and otherwise to deal with the types of conflict-of-interest situations to which Rule 17j-1 under the Act ("Rule 17j-1") is addressed. As it relates to Section 204A of the Advisers Act, the purpose of this Code is to establish procedures that, taking into consideration the nature of the Adviser's business, are reasonably designed to prevent misuse of material non-public information in violation of the federal securities laws by persons associated with the Adviser.

The Code is based on the principle that the directors and officers of the Corporations, and the managers, partners, officers and employees of the Adviser, who provide services to the Corporations, owe a fiduciary duty to the Corporations to conduct their personal securities transactions in a manner that does not interfere with the Corporations' transactions or otherwise take unfair advantage of their relationship with the Corporations. All directors, managers, partners, officers and employees of the Corporations, and the Adviser ("Covered Personnel") are expected to adhere to this general principle as well as to comply with all of the specific provisions of this Code that are applicable to them. Any Covered Personnel who is affiliated with another entity that is a registered investment adviser is, in addition, expected to comply with the provisions of the code of ethics that has been adopted by such other investment adviser.

Technical compliance with the Code will not automatically insulate any Covered Personnel from scrutiny of transactions that show a pattern of compromise or abuse of the individual's fiduciary duty to the Corporation. Accordingly, all Covered Personnel must seek to avoid any actual or potential conflicts between their personal interests and the interests of the Corporation and its shareholders. In sum, all Covered Personnel shall place the interests of the Corporation before their own personal interests.

All Covered Personnel must read and retain this Code.

**Section II Definitions**

- (A) "Access Person" means any director, officer, general partner or Advisory Person (as defined below) of the Corporations or the Adviser.
- (B) An "Advisory Person" of the Corporation or the Adviser means: (i) any employee of the Corporation or the Adviser, or any company in a Control (as defined below) relationship to the Corporation or the Adviser, who in connection with his or her regular functions or duties makes, participates in, or obtains information regarding the purchase or sale of any Covered Security (as defined below) by the Corporation, or whose functions relate to the making of any recommendation with respect to such purchases or sales; and (ii) any natural person in a Control relationship to the Corporation or the Adviser, who obtains information concerning recommendations made to the Corporation with regard to the purchase or sale of any Covered Security by the Corporation.
- (C) "Beneficial Ownership" is interpreted in the same manner as it would be under Rule 16a-1(a)(2) under the Securities Exchange Act of 1934 (the "1934 Act") in determining whether a person is a beneficial owner of a security for purposes of Section 16 of the 1934 Act and the rules and regulations thereunder.
- (D) "Chief Compliance Officer" means the Chief Compliance Officer of the Corporation (who also may serve as the compliance officer of the Adviser and/or one or more affiliates of the Adviser).
- (E) "Control" shall have the same meaning as that set forth in Section 2(a)(9) of the Act.
- (F) "Covered Security" means a security as defined in Section 2(a)(36) of the Act, which includes: any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, pre-organization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "security," or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. However, a "Covered Security" does not include: (i) direct obligations of the Government of the United States; (ii) bankers' acceptances, bank certificates of deposit, commercial paper and high-quality short-term debt instruments, including repurchase agreements; and (iii) shares issued by open-end investment companies registered under the Act. References to a Covered Security in this Code (e.g., a prohibition or requirement applicable to the purchase or sale of a Covered Security) shall be deemed to refer to and to include any warrant for, option in, or security immediately convertible into that Covered Security, and shall also include any instrument that has an investment return or value that is based, in whole or in part, on that Covered Security (collectively, "Derivatives"). Therefore, except as otherwise specifically provided by this Code: (i) any prohibition or requirement of this Code applicable to the purchase or sale of a Covered Security shall also be applicable to the purchase or sale of a Derivative relating to that Covered Security; and (ii) any prohibition or requirement of this Code applicable to the purchase or sale of a Derivative shall also be applicable to the purchase or sale of a Covered Security relating to that Derivative.
- (G) "Independent Director" means a director of the Corporation who is not an "interested person" of the Corporation within the meaning of Section 2(a)(19) of the Act.
- (H) "Initial Public Offering" means an offering of securities registered under the Securities Act of 1933, as amended (the "1933 Act"), the issuer of which, immediately before the registration, was not subject to the reporting requirements of Sections 13 or 15(d) of the 1933 Act.
- (I) "Limited Offering" means an offering that is exempt from registration under the 1933 Act pursuant to Section 4(2) or Section 4(6) thereof or pursuant to Rule 504, Rule 505, or Rule 506 thereunder.
- (J) "Restricted List" means the "Pipeline" report of potential investments combined with the current holdings of the clients. PennantPark Access Persons are restricted from trading any security on the Restricted List.
- (K) "Security Held or to be Acquired" by the Corporation means: (i) any Covered Security which, within the most recent 15 days: (A) is or has been held by the Corporation; or (B) is being or has been considered by the Corporation or the Adviser for purchase by the Corporation; and (ii) any option to purchase or sell, and any security convertible into or exchangeable for, a Covered Security described in Section II (K)(i) of this Code.
- (L) "17j-1 Organization" means the Corporation or the Adviser, as the context requires.

### Section III Objective and General Prohibitions

Covered Personnel may not engage in any investment transaction under circumstances in which the Covered Personnel benefits from or interferes with the purchase or sale of investments by the Corporation. In addition, Covered Personnel may not use information concerning the investments or investment intentions of the Corporation, or their ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of the Corporation.

Covered Personnel may not engage in conduct that is deceitful, fraudulent or manipulative, or that involves false or misleading statements, in connection with the purchase or sale of investments by the Corporation. In this regard, Covered Personnel should recognize that Rule 17j-1 makes it unlawful for any affiliated person of the Corporation, or any affiliated person of an investment adviser for the Corporation, in connection with the purchase or sale, directly or indirectly, by the person of a Security Held or to be Acquired by the Corporation to:

- (i) employ any device, scheme or artifice to defraud the Corporation;
- (ii) make any untrue statement of a material fact to the Corporation or omit to state to the Corporation a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;
- (iii) engage in any act, practice or course of business that operates or would operate as a fraud or deceit upon the Corporation; or
- (iv) engage in any manipulative practice with respect to the Corporation.

Covered Personnel should also recognize that a violation of this Code or of Rule 17j-1 may result in the imposition of: (1) sanctions as provided by Section VIII of this Code; or (2) administrative, civil and, in certain cases, criminal fines, sanctions or penalties.

### Section IV Pre-Clearance of Personal Account Transactions; Window Period to Trade PennantPark shares

Except as noted below, all Access Persons must obtain the prior written approval of the Managing Member (or such person as the Managing Member may designate) ("Approving Officer") before engaging in any transaction in his or her Personal Account. The Approving Officer may approve the transaction if he concludes that the transaction would comply with the provisions of this Code and is not likely to have any adverse economic impact on clients. A request for preclearance must be made by email, with a copy to the Compliance Officer, in advance of the contemplated transaction. No particular form is required, but the email must include sufficient detail for the Approving Officer to decide if a trade is permissible and a statement that the Access Person has reviewed the Pipeline Report for any conflicts.

Any approval given under this paragraph will be provided by email and will remain in effect for 72 hours.

#### Exceptions to the Pre-Clearance Requirement Policy.

Access Persons will be allowed to trade securities of the Corporations during a "window period" that may be announced following the release of Corporations' earnings release. If the window is opened for trading, it will begin no earlier than the second business day after a Corporation publicly releases quarterly or annual financial results and extends no later than (i) 30 calendar days after the release of results (29 calendar days in all) or (ii) in the case of either Corporation's and the Adviser's decision to buy or sell the applicable Corporation's equity securities, the end of the quarterly period during which such financial results of such Corporation have been publicly released. Note that the ability of an officer, director or other Access Person to engage in transactions in the securities of a Corporation during a window period is not automatic or absolute because no trades may be made even during a window period by an individual who possesses material, nonpublic information about the Corporation, including any decision by the Corporation to buy or sell its own shares. Further, the window period may not open in a particular quarter, and it may be closed, as the case may be, prior to the expiration of 30 days or the applicable quarter end, in each case as events require.

Additionally, Independent Directors are not required to seek preapproval for any transactions other than those which would trigger reporting requirements as set forth in Section VI (C) of this Code.

### Section V Prohibited Transactions

(A) An Access Person may not purchase or otherwise acquire direct or indirect Beneficial Ownership of any Covered Security on the Restricted List, and may not sell or otherwise dispose of any Covered Security on the Restricted List in which he or she has direct or indirect Beneficial Ownership, if he or she knows or should know at the time of entering into the transaction that: (1) the Corporation has purchased or sold the Covered Security within the last 15 calendar days, or is purchasing or selling or intends to purchase or sell the Covered Security in the next 15 calendar days; or (2) the Adviser has within the last 15 calendar days considered purchasing or selling the Covered Security for the Corporation or within the next 15 calendar days intend to consider purchasing or selling the Covered Security for the Corporation.

(B) Every Advisory Person of the Corporation or the Adviser must obtain approval from the Corporation or the Adviser, as the case may be, before directly or indirectly acquiring Beneficial Ownership in any securities in an Initial Public Offering or in a Limited Offering. Such approval must be obtained from the Chief Compliance Officer, unless he is the person seeking such approval, in which case it must be obtained from the President of the 17j-1 Organization.

(C) No Access Person shall recommend any transaction in any Covered Securities by the Corporation without having disclosed to the Chief Compliance Officer his or her interest, if any, in such Covered Securities or the issuer thereof, including: the Access Person's Beneficial Ownership of any Covered Securities of such issuer; any contemplated transaction by the Access Person in such Covered Securities; any position the Access Person has with such issuer; and any present or proposed business relationship between such issuer and the Access Person (or a party which the Access Person has a significant interest).

### Section VI Reports by Access Persons

(A) Personal Securities Holdings Reports.

All Access Persons shall within 10 days of the date on which they become Access Persons, and thereafter, within 30 days after the end of each calendar year, disclose the title, number of shares and principal amount of all Covered Securities in which they have a Beneficial Ownership as of the date the person became an Access Person, in the case of such person's initial report, and as of the last day of the year, as to annual reports. A form of such report, which is hereinafter called a "Personal Securities Holdings Report," is attached hereto as Schedule A. Each Personal Securities Holdings Report must also disclose the name of any broker, dealer or bank with whom the Access Person maintained an account in which any securities were held for the direct or indirect benefit of the Access Person as of the date the person became an Access Person or as of the last day of the year, as the case may be. Each Personal Securities Holdings Report shall state the date it is being submitted.

(B) Quarterly Transaction Reports.

Within 30 days after the end of each calendar quarter, each Access Person shall make a written report to the Chief Compliance Officer of all transactions occurring in the quarter in a Covered Security in which he or she had any Beneficial Ownership. A form of such report, which is hereinafter called a "Quarterly Securities Transaction Report," is attached hereto as Schedule B.

A Quarterly Securities Transaction Report shall be in the form of Schedule B or such other form approved by the Chief Compliance Officer and must contain the following information with respect to each reportable transaction:

- (1) Date and nature of the transaction (purchase, sale or any other type of acquisition or disposition);
- (2) Title, interest rate and maturity date (if applicable), number of shares and principal amount of each Covered Security involved and the price of the Covered Security at which the transaction was effected;
- (3) Name of the broker, dealer or bank with or through whom the transaction was effected; and
- (4) The date the report is submitted by the Access Person.

(C) Independent Directors.

Notwithstanding the reporting requirements set forth in this Section V, an Independent Director who would be required to make a report under this Section V solely by reason of being a director of the Corporation is not required to file a Personal Securities Holding Report upon becoming a director of the Corporation or an annual Personal Securities Holding Report. Such an Independent Director also need not file a Quarterly Securities Transaction Report unless such director knew or, in the ordinary course of fulfilling his or her official duties as a director of the Corporation, should have known that during the 15-day period immediately preceding or after the date of the transaction in a Covered Security by the director such Covered Security is or was purchased or sold by the Corporation or the Corporation or the Adviser considered purchasing or selling such Covered Security.

(D) Access Persons of the Adviser.

An Access Person of the Adviser need not make a Quarterly Transaction Report if all of the information in the report would duplicate information required to be recorded pursuant to Rules 204-2(a)(12) or (13) under the Advisers Act.

(E) Brokerage Accounts and Statements.

Access Persons, except Independent Directors, shall:

- (1) within 10 days after the end of each calendar quarter, identify the name of the broker, dealer or bank with whom the Access Person established an account in which any securities were held during the quarter for the direct or indirect benefit of the Access Person and identify any new account(s) and the date the account(s) were established. This information shall be included on the appropriate Quarterly Securities Transaction Report.
- (2) instruct the brokers, dealers or banks with whom they maintain such an account to provide duplicate account statements to the Chief Compliance Officer.
- (3) on an annual basis, certify that they have complied with the requirements of (1) and (2) above.

(F) Form of Reports.

A Quarterly Securities Transaction Report may consist of broker statements or other statements that provide a list of all personal Covered Securities holdings and transactions in the time period covered by the report and contain the information required in a Quarterly Securities Transaction Report.

(G) Responsibility to Report.

It is the responsibility of each Access Person to take the initiative to comply with the requirements of this Section VI. Any effort by the Corporation, or by the Adviser and its affiliates, to facilitate the reporting process does not change or alter that responsibility. A person need not make a report hereunder with respect to transactions effected for, and Covered Securities held in, any account over which the person has no direct or indirect influence or control.

(H) Where to File Reports.

All Quarterly Securities Transaction Reports and Personal Securities Holdings Reports must be filed with the Chief Compliance Officer.

(I) Disclaimers.

Any report required by this Section VI may contain a statement that the report will not be construed as an admission that the person making the report has any direct or indirect Beneficial Ownership in the Covered Security to which the report relates.

#### Section VII Additional Prohibitions

(A) Confidentiality of the Corporation's Transactions.

Until disclosed in a public report to shareholders or to the Securities and Exchange Commission (the "SEC") in the normal course, all information concerning the securities "being considered for purchase or sale" by the Corporation shall be kept confidential by all Covered Personnel and disclosed by them only on a "need to know" basis. It shall be the responsibility of the Chief Compliance Officer to report any inadequacy found in this regard to the directors of the Corporation.

(B) Outside Business Activities and Directorships.

Access Persons may not engage in any outside business activities that may give rise to conflicts of interest or jeopardize the integrity or reputation of the Corporation. Similarly, no such outside business activities may be inconsistent with the interests of the Corporation. All directorships of public or private companies held by Access Persons shall be reported to the Chief Compliance Officer.

(C) Gratuities.

Covered Personnel shall not, directly or indirectly, take, accept or receive gifts or other consideration in merchandise, services or otherwise of more than nominal value from any person, firm, corporation, association or other entity other than such person's employer that does business, or proposes to do business, with the Corporation.

#### Section VIII Prohibition Against Insider Trading

This Section is intended to satisfy the requirements of Section 204A of the Advisers Act, which is applicable to the Adviser and requires that the Adviser establish and enforce procedures designed to prevent the misuse of material, non-public information by its associated persons. It applies to all Advisory Persons. Trading

securities while in possession of material, non-public information, or improperly communicating that information to others, may expose an Advisory Person to severe penalties. Criminal sanctions may include a fine of up to \$1,000,000 and/or ten years imprisonment. The SEC can recover the profits gained or losses avoided through the violative trading, a penalty of up to three times the illicit windfall, and an order permanently barring an Advisory Person from the securities industry. Finally, an Advisory Person may be sued by investors seeking to recover damages for insider trading violations.

(A) No Advisory Person may trade a security, either personally or on behalf of any other person or account (including any fund), while in possession of material, non-public information concerning that security or the issuer thereof, nor may any Advisory Person communicate material, non-public information to others in violation of the law.

(B) Information is "material" where there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions. Generally, this includes any information the disclosure of which will have a substantial effect on the price of a security. No simple test exists to determine when information is material; assessments of materiality involve a highly fact specific inquiry. For this reason, an Advisory Person should direct any questions about whether information is material to the Chief Compliance Officer. Material information often relates to a company's results and operations, including, for example, dividend changes, earnings results, changes in previously released earnings estimates, significant merger or acquisition proposals or agreements, major litigation, liquidation problems, and extraordinary management developments. Material information may also relate to the market for a company's securities. Information about a significant order to purchase or sell Securities may, in some contexts, be material. Pre-publication information regarding reports in the financial press may also be material.

(C) Information is "public" when it has been disseminated broadly to investors in the marketplace. For example, information is public after it has become available to the general public through a public filing with the SEC or some other government agency, the Dow Jones "tape" or The Wall Street Journal or some other publication of general circulation, and after sufficient time has passed so that the information has been disseminated widely.

(D) An Advisory Person, before executing any trade for himself or herself, or others, including the Corporation or other accounts managed by the Adviser or by a stockholder of the Adviser, or any affiliate of the stockholder (collectively, "Client Accounts"), must determine whether he or she has material, non-public information. Any Advisory Person who believes he or she is in possession of material, non-public information must take the following steps:

- (1) Report the information and proposed trade immediately to the Chief Compliance Officer.
- (2) Do not purchase or sell the securities on behalf of anyone, including Client Accounts.
- (3) Do not communicate the information to any person, other than to the Chief Compliance Officer.

After the Chief Compliance Officer has reviewed the issue, the Chief Compliance Officer will determine whether the information is material and non-public and, if so, what action the Advisory Person should take. An Advisory Person must consult with the Chief Compliance Officer before taking any further action. This degree of caution will protect the Advisory Person and the Adviser.

(E) To prevent and detect insider trading from occurring, the Chief Compliance Officer shall prepare and maintain a "Restricted List" in order to monitor and prevent the occurrence of insider trading in certain securities that Access Persons are prohibited or restricted from trading. The Chief Compliance Officer manages, maintains and updates the Restricted List to actually restrict trading (no buying, no selling, no shorting, no trading, etc.) in the securities of specific issuers for personal accounts and on behalf Adviser's clients. Before executing any trade for himself or herself, Advisory Persons are required to determine whether the transaction involves a security on the Restricted List. Advisory Persons are prohibited from trading any security which appears on the Restricted List, except that, with prior approval, an Advisory Person may sell securities which were not on the Restricted List when acquired (or which were acquired at a time when the Advisory Person was not subject to such restrictions). The Restricted List must be maintained strictly confidential and not disclosed to anyone outside of the Adviser and the Corporation.

(F) Contacts with public companies will sometimes be a part of an Adviser's research efforts. Persons providing investment advisory services to the Corporation may make investment decisions on the basis of conclusions formed through such contacts and analysis of publicly available information. Difficult legal issues arise, however, when, in the course of these contacts, an Advisory Person becomes aware of material, non-public information. This could happen, for example, if a company's chief financial officer prematurely discloses quarterly results to an analyst, or an investor relations representative makes selective disclosure of adverse news to a handful of investors. In such situations, the Adviser must make a judgment as to its further conduct. To protect yourself, clients and the Adviser, you should contact the Chief Compliance Officer immediately if you believe that you may have received material, non-public information.

#### **Section IX Annual Certification**

##### **(A) Access Persons.**

Access Persons who are directors, managers, officers or employees of the Corporation or the Adviser shall be required to certify annually that they have read this Code and that they understand it and recognize that they are subject to it. Further, such Access Persons shall be required to certify annually that they have complied with the requirements of this Code.

##### **(B) Board Review.**

No less frequently than annually, the Corporation and the Adviser must furnish to the Corporation's board of directors, and the board must consider, a written report that: (1) describes any issues arising under this Code or procedures since the last report to the board, including, but not limited to, information about material violations of this Code or procedures and sanctions imposed in response to material violations; and (2) certifies that the Corporation or the Adviser, as applicable, has adopted procedures reasonably necessary to prevent Access Persons from violating this Code.

#### **Section X Sanctions**

Any violation of this Code shall be subject to the imposition of such sanctions by the 17j-1 Organization as may be deemed appropriate under the circumstances to achieve the purposes of Rule 17j-1 and this Code. The sanctions to be imposed shall be determined by the board of directors, including a majority of the Independent Directors, provided, however, that with respect to violations by persons who are directors, managers, officers or employees of the Adviser (or of a company that controls the Adviser), the sanctions to be imposed shall be determined by the Adviser (or the controlling person thereof). Sanctions may include, but are not limited to, suspension or termination of employment, a letter of censure and/or restitution of an amount equal to the difference between the price paid or received by the Corporation and the more advantageous price paid or received by the offending person.

#### **Section XI Administration and Construction**

(A) The administration of this Code shall be the responsibility of the Chief Compliance Officer.

(B) The duties of the Chief Compliance Officer are as follows:

- (1) Continuous maintenance of a current list of the names of all Access Persons with an appropriate description of their title or employment, including a notation

of any directorships held by Access Persons who are officers or employees of the Adviser or of any company that controls the Adviser, and informing all Access Persons of their reporting obligations hereunder;

(2) On an annual basis, providing all Covered Personnel a copy of this Code and informing such persons of their duties and obligations hereunder including any supplemental training that may be required from time to time;

(3) Maintaining or supervising the maintenance of all records and reports required by this Code;

(4) Preparing listings of all transactions effected by Access Persons who are subject to the requirement to file Quarterly Securities Transaction Reports and reviewing such transactions against a listing of all transactions effected by the Corporation;

(5) Issuance either personally or with the assistance of counsel as may be appropriate, of any interpretation of this Code that may appear consistent with the objectives of Rule 17j-1 and this Code;

(6) Conduct such inspections or investigations as shall reasonably be required to detect and report, with recommendations, any apparent violations of this Code to the board of directors of the Corporation;

(7) Submission of a report to the board of directors of the Corporation, no less frequently than annually, a written report that describes any issues arising under the Code since the last such report, including but not limited to the information described in Section VI (B); and

(C) The Chief Financial Officer shall maintain and cause to be maintained in an easily accessible place at the principal place of business of the 17j-1 Organization, the following records:

(1) A copy of all codes of ethics adopted by the Corporation or the Adviser and its affiliates, as the case may be, pursuant to Rule 17j-1 that have been in effect at any time during the past five (5) years;

(2) A record of each violation of such codes of ethics and of any action taken as a result of such violation for at least five (5) years after the end of the fiscal year in which the violation occurs;

(3) A copy of each report made by an Access Person for at least two (2) years after the end of the fiscal year in which the report is made, and for an additional three (3) years in a place that need not be easily accessible;

(4) A copy of each report made by the Chief Compliance Officer to the board of directors for two (2) years from the end of the fiscal year of the Corporation in which such report is made or issued and for an additional three (3) years in a place that need not be easily accessible;

(5) A list of all persons who are, or within the past five (5) years have been, required to make reports pursuant to Rule 17j-1 and this Code, or who are or were responsible for reviewing such reports;

(6) A copy of each report required by Section VII (B) of this Code for at least two (2) years after the end of the fiscal year in which it is made, and for an additional three (3) years in a place that need not be easily accessible; and

(7) A record of any decision, and the reasons supporting the decision, to approve the acquisition by an Advisory Person of securities in an Initial Public Offering or Limited Offering for at least five (5) years after the end of the fiscal year in which the approval is granted.

(D) This Code may not be amended or modified except in a written form that is specifically approved by majority vote of the Independent Directors.

This Joint Code of Ethics, originally adopted December 12, 2007 and amended as of November 14, 2023, is annually reviewed and approved by the Board of Directors of the Corporation, including a majority of the Independent Directors.

## PENNANTPARK INVESTMENT CORPORATION

### CODE OF BUSINESS CONDUCT

#### Covered Persons/Purpose of the Code

This code of business conduct (this "Code") for PennantPark Investment Corporation (the "Corporation") applies to the Corporation's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions (collectively, the "Covered Officers"), as well as directors, officers, and employees (collectively with the Covered Officers, the "Covered Persons") for the purpose of promoting:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that a registrant files with, or submits to, the Securities and Exchange Commission ("SEC") or the New York Stock Exchange ("NYSE") and in other public communications made by the Corporation;
- compliance with applicable laws and governmental rules and regulations;
- the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and
- accountability for adherence to the Code.

Each Covered Person should adhere to a high standard of business ethics and should be sensitive to situations that may give rise to actual as well as apparent conflicts of interest.

#### II. Covered Persons Should Handle Ethically Actual and Apparent Conflicts of Interest

A "conflict of interest" occurs when a Covered Person's private interest interferes with the interests of, or his/her service to, the Corporation. For example, a conflict of interest would arise if a Covered Person, or a member of his/her family, receives improper personal benefits as a result of his/her position in the Corporation.

Certain conflicts of interest arise out of the relationships between Covered Persons and the Corporation and already are subject to conflict of interest provisions in the Investment Company Act of 1940, as amended (the "Investment Company Act"). For example, Covered Officers may not individually engage in certain transactions (such as the purchase or sale of securities or other property) with the Corporation because of their status as "affiliated persons" of the Corporation. The Corporation's compliance programs and procedures are designed to prevent, or identify and correct, violations of these provisions. Each Covered Officer is an employee of a service provider ("Service Provider") to the Corporation. Although typically not presenting an opportunity for improper personal benefit, conflicts arise from, or as a result of, the contractual relationship between the Corporation and the Service Providers of which the Covered Officers are also officers or employees. As a result, this Code recognizes that the Covered Officers will, in the normal course of their duties (whether formally for the Corporation or for the Service Provider of which the Covered Officer is an

employee, or for both), be involved in establishing policies and implementing decisions which will have different effects on the Service Provider and the Corporation. The participation of the Covered Officers in such activities is inherent in the contractual relationship between the Corporation and the Service Provider and is consistent with the performance by the Covered Officers of their duties as officers of the Corporation. Thus, if performed in conformity with the provisions of the Investment Company Act, such activities will be deemed to have been handled ethically. In addition, it is recognized by the Board of Directors that the Covered Officers may also be or in the future become officers or employees of one or more other investment companies covered by this or other Codes.

Other conflicts of interest are covered by the Code, even if such conflicts of interest are not subject to provisions in the Investment Company Act. The following list provides examples of conflicts of interest under the Code, but Covered Persons should keep in mind that these examples are not exhaustive. The overarching principle is that the personal interest of a Covered Person should not be placed improperly before the interest of the Corporation.

\*\*\*\* Each

Covered Person must:

- not use his personal influence or personal relationships improperly to influence investment decisions or financial reporting by the Corporation whereby the Covered Person would benefit personally to the detriment of the Corporation;
- not cause the Corporation to take action, or fail to take action, for the individual personal benefit of the Covered Person rather than for the benefit of the Corporation; and
- not use material non-public knowledge of portfolio transactions made or contemplated for the Corporation to trade personally or cause others to trade personally in contemplation of the market effect of such transactions.

There are some conflict of interest situations that may be discussed with the Corporation's Chief Compliance Officer if material. Examples of these include:<sup>1</sup>

- service as a director on the board of any public or private company;

<sup>1</sup> Any activity or relationship that would present a conflict for a Covered Person would likely also present a conflict for the Covered Person if a member of the Covered Person's family engages in such an activity or has such a relationship. the receipt of any non-nominal gifts from any person or company with which the Corporation has current or prospective business dealings. For purposes of this Code, "nominal" are those gifts in excess of \$100;

- the receipt of any entertainment from any company with which the Corporation has current or prospective business dealings, unless such entertainment is business-related, reasonable in cost, appropriate as to time and place, and not so frequent as to raise any question of impropriety;
- any ownership interest in, or any consulting or employment relationship with, any of the Corporation's service providers, other than its investment adviser, sub-adviser, principal underwriter, administrator or any affiliated person thereof and the Service Provider of which such Covered Person is an employee; and
- a direct or indirect financial interest in commissions, transaction charges or spreads paid by the Corporation for effecting portfolio transactions or for selling or repurchasing shares other than an interest arising from the Covered Person's employment, such as compensation or equity ownership.

### III. Disclosure & Compliance

- Each Covered Person should be familiar with the disclosure requirements generally applicable to the Corporation;
- each Covered Person should not knowingly misrepresent, or cause others to misrepresent, facts about the Corporation to others, whether within or outside the Corporation, including to the Corporation's directors and auditors, and to governmental regulators and selfregulatory organizations;
- each Covered Person should, to the extent appropriate within his area of responsibility, consult with other officers and employees of the Corporation and the Corporation's adviser or sub-adviser with the goal of promoting full, fair, accurate, timely and understandable disclosure in the reports and documents the Corporation files with, or submits to, the SEC and in other public communications made by the Corporation; and
- it is the responsibility of each Covered Person to promote compliance with the standards and restrictions imposed by applicable laws, rules and regulations.

### IV. Reporting and Accountability

Each Covered Person must:

- upon adoption of the Code (or thereafter as applicable, upon becoming a Covered Person), affirm in writing to the Board that he has received, read, and understands the Code;
- annually thereafter affirm to the Board that he has complied with the requirements of the Code;
- not retaliate against any employee or Covered Person or their affiliated persons for reports of potential violations that are made in good faith;
- notify the Chief Compliance Officer of the Corporation promptly if he knows of any violation of this Code. Failure to do so is itself a violation of this Code; and
- report at least annually any change in his affiliations from the prior year.

The Chief Compliance Officer is responsible for applying this Code to specific situations in which questions are presented under it and has the authority to interpret this Code in any particular situation. However, notwithstanding the foregoing, the Audit Committee (the "Committee") is responsible for granting waivers<sup>2</sup> and determining sanctions, as appropriate, and any approvals, interpretations or waivers sought by the Corporation's principal executive officers or directors will be considered by the Committee.

The Corporation will follow these procedures in investigating and enforcing this Code:

- the Chief Compliance Officer will take any action he considers appropriate to investigate any actual or potential violations reported to him;

- if, after such investigation, the Chief Compliance Officer believes that no violation has occurred, the Chief Compliance Officer shall meet with the person reporting the violation for the purposes of informing such person of the reason for not taking action;
- any matter that the Chief Compliance Officer believes is a violation will be reported to the Committee;
- if the Committee concurs that a violation has occurred, it will inform and make a recommendation to the Board, which will consider appropriate action, which may include review of, and appropriate modifications to, applicable policies and procedures; notification to appropriate personnel of the Service Provider of which such Covered Person is an employee or its board; a recommendation to such Service Provider to dismiss the Covered Person; or dismissal of the Covered Person as an officer of the Corporation;

<sup>2</sup> Instruction 2 to Item 5.05 of Form 8-K defines “waiver” as “the approval by the registrant of a material departure from a provision of the code of ethics” and “implicit waiver,” which must also be disclosed, as “the registrant’s failure to take action within a reasonable period of time regarding a material departure from a provision of the code of ethics that has been made known to an executive officer” of the registrant.

- the Committee will be responsible for granting waivers, as appropriate; and
- any changes to or waivers of this Code will, to the extent required, be disclosed as provided by SEC rules.

Please note that waivers for executive officers or directors must be promptly disclosed in Form 8-K or on the Corporation’s website within four business days.

The Committee, in determining whether waivers should be granted and whether violations have occurred, and the Chief Compliance Officer, in rendering decisions and interpretations and in conducting investigations of potential violations under the Code, may, at their discretion, consult with such other persons as they may determine to be appropriate, including, but not limited to, a senior legal officer of the Corporation or its adviser or its sub-adviser, counsel to the Corporation or the Service Provider, independent auditors or other consultants, subject to any requirement to seek pre-approval from the Corporation’s Committee for the retention of independent auditors to perform permissible non-audit services.

#### **V. Waivers**

An executive officer or director may request a waiver of any of the provisions of this Code by submitting a written request for such waiver to the Committee setting forth the basis for such request and explaining how the waiver would be consistent with the standards of conduct described herein. The Committee shall review such request and make a determination thereon in writing, which shall be binding.

In determining whether to waive any provisions of this Code, the Committee shall consider whether the proposed waiver is consistent with honest and ethical conduct.

The Chief Compliance Officer shall submit an annual report to the Board regarding waivers granted.

#### **VI. Other Policies and Procedures**

This Code will be the sole code of business conduct adopted by the Corporation for purposes of Section 406 of the Sarbanes-Oxley Act, and the rules and forms applicable to the Corporation thereunder, and Section 303A.10 of the Listed Company Manual of the NYSE. Insofar as other policies or procedures of the Corporation, the Corporation’s adviser, sub-adviser, principal underwriter, or the Service Providers govern or purport to govern the behavior or activities of the Covered Persons who are subject to this Code, they are superseded by this Code to the extent that they overlap or conflict with the provisions of this Code. The codes of ethics of the Corporation and their investment adviser, sub-adviser, principal underwriter and Service Providers under Rule 17j-1 under the Investment Company Act are separate requirements applying to the Covered Officers and others, and are not part of this Code.

#### **VII. Amendments**

Any amendments to this Code, other than amendments to Exhibit A, must be approved or ratified by a majority vote of the Corporation’s board, including a majority of independent directors.

#### **VIII. Confidentiality**

All reports and records prepared or maintained pursuant to this Code will be considered confidential and shall be maintained and protected accordingly. Except as otherwise required by law or this Code, such matters shall not be disclosed to anyone other than the Board and its counsel, the investment adviser and its counsel, the Service Provider of which such Covered Person is an employee or independent auditors or other consultants referred to in Section IV above.

#### **IX. Internal Use**

The Code is intended solely for the internal use by the Corporation and does not constitute an admission, by or on behalf of any person, as to any fact, circumstance, or legal conclusion.

Date: November 6, 2023

EXHIBIT A

Contact information for the Chief Compliance Officer of the Corporation and his staff;

Chief Compliance Officer: Frank Galea, CFA

Email: [frank.galea@acaglobal.com](mailto:frank.galea@acaglobal.com)

Tel: 1 (332) 262.4581

Website: [www.acaglobal.com](http://www.acaglobal.com)

Deputy Chief Compliance Officer: Aaron Criddle  
Email: [Aaron.Criddle@acaglobal.com](mailto:Aaron.Criddle@acaglobal.com)  
Tel: +1.332.262.4587  
Website: [www.acaglobal.com](http://www.acaglobal.com)

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## Subsidiaries of the Registrant

<b>Name of entity and place of jurisdiction</b>	<b>Voting Securities Owned Percentage</b>
PennantPark Floating Rate Funding I, LLC (Delaware)	100 %
PennantPark Floating Rate Funding II, LLC (Delaware)	100 %
PennantPark CLO I, LLC (Delaware)	100 %
PennantPark CLO I, Ltd. (Cayman Islands)	100 %
PennantPark CLO I Depositor, LLC (Delaware)	100 %
PFLT Investment Holdings, LLC (Delaware)	100 %
PennantPark Senior Secured Loan Fund I LLC	100 % <sup>(1)</sup>

<sup>(1)</sup>This is a controlled affiliated investment.

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**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statement on Form N-2 of PennantPark Floating Rate Capital Ltd. and Subsidiaries (the Company) of our reports dated December 7, 2023, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting of the Company, appearing in the Annual Report on Form 10-K of the Company for the year ended September 30, 2023. We also consent to the use in such Registration Statement of our report dated December 7, 2023, relating to the senior securities table appearing as Exhibit 99.2 in the accompanying Form 10-K of the Company for the year ended September 30, 2023. We also consent to the use in such Registration Statement of our report dated December 7, 2023, relating to the consolidated financial statements of PennantPark Senior Secured Loan Fund I LLC as of and for the years ended September 30, 2023 and 2022 appearing as Exhibit 99.3 and our report dated November 17, 2022, relating to the consolidated financial statements of PennantPark Senior Secured Loan Fund I LLC as of and for the years ended September 30, 2022 and 2021 appearing as Exhibit 99.4 in the accompanying Form 10-K of the Company for the year ended September 30, 2023.

We also consent to the reference to our firm under the headings "Senior Securities" in the accompanying Form 10-K and "Independent Registered Public Accounting Firm in such Registration Statement on Form N-2.

/s/ RSM US LLP

New York, New York  
December 7, 2023

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**CERTIFICATION PURSUANT TO SECTION 302  
CHIEF EXECUTIVE OFFICER CERTIFICATION**

I, Arthur H. Penn, Chief Executive Officer of PennantPark Floating Rate Capital Ltd., certify that:

1. I have reviewed this Annual Report on Form 10-K of PennantPark Floating Rate Capital Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(c)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2023

/s/ Arthur H. Penn

Name: Arthur H. Penn

Title: Chief Executive Officer

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**CERTIFICATION PURSUANT TO SECTION 302  
CHIEF FINANCIAL OFFICER CERTIFICATION**

I, Richard T. Allorto, Jr., Chief Financial Officer of PennantPark Floating Rate Capital Ltd., certify that:

1. I have reviewed this Annual Report on Form 10-K of PennantPark Floating Rate Capital Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(c)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2023

/s/ Richard T. Allorto, Jr.

Name: Richard T. Allorto, Jr.

Title: Chief Financial Officer

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)**

In connection with the Annual Report on Form 10-K of PennantPark Floating Rate Capital Ltd. (the "Company") for the annual period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arthur H. Penn, as Chief Executive Officer of the Registrant hereby certify, to the best of my knowledge that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Arthur H. Penn

Name: Arthur H. Penn

Title: Chief Executive Officer

Date: December 7, 2023

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)**

In connection with the Annual Report on Form 10-K of PennantPark Floating Rate Capital Ltd. (the "Company") for the annual period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard T. Allorto Jr., as Chief Financial Officer of the Registrant hereby certify, to the best of my knowledge that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Richard T. Allorto, Jr.

Name: Richard T. Allorto, Jr.

Title: Chief Financial Officer

Date: December 7, 2023

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**PENNANTPARK INVESTMENT CORPORATION**  
**PENNANTPARK FLOATING RATE CAPITAL LTD.**  
**CLAWBACK POLICY**

The Board of Directors (the “**Board**”) of each of PennantPark Investment Corporation, a Maryland corporation (“**PNNT**”), and PennantPark Floating Rate Capital Ltd., a Maryland corporation (“**PFLT**”, and collectively with PNNT, the “**Company**”), believes that it is in the best interests of the Company and its stockholders to adopt this Clawback Policy (this “**Policy**”), which provides for the recovery of Incentive-Based Compensation received by Covered Executives, if any, in the event of an Accounting Restatement (as such terms are defined below). The Company currently does not pay or otherwise award Incentive-Based Compensation to Covered Executives but nevertheless has designed and implemented this Policy to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 promulgated under the Exchange Act (“**Rule 10D-1**”) and Section 303A.14 of the New York Stock Exchange Listed Company Manual (the “**Listing Standards**”). This Policy shall be interpreted in a manner consistent with Rule 10D-1 and the Listing Standards.

**1. Administration**

Except as specifically set forth herein, this Policy shall be administered by the Board or, if so designated by the Board, a committee thereof (the Board or such committee charged with administration of this Policy, the “**Administrator**”). The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. Any determinations made by the Administrator shall be final and binding on all affected individuals and need not be uniform with respect to each individual covered by this Policy. In the administration of this Policy, the Administrator is authorized and directed to consult with the full Board (if this Policy is administered by a committee of the Board in accordance herewith) or such committees of the Board, such as the Audit Committee, Compliance Committee or the Compensation Committee, as applicable and as may be necessary or appropriate as to matters within the scope of such committee’s responsibility and authority. Subject to any limitation of applicable law, the Administrator may authorize and empower any one or more officers of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving any such officer(s)).

**2. Definitions**

As used in this Policy, the following definitions shall apply:

- a. “**Accounting Restatement**” means an accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws of the United States of America, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
- b. “**Administrator**” has the meaning set forth in Section 1 hereof.
- c. “**Applicable Period**” means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period

of nine to 12 months shall be deemed a completed fiscal year). The “**date on which the Company is required to prepare an Accounting Restatement**” is the earlier to occur of (a) the date the Board, a committee thereof, or the officer or officers of the Company authorized to take such action if action by the Board or a committee thereof is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.

d. “**Covered Executives**” means any current or former executive officer of the Company, including the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer of the Company who performs a policy-making function, or any other person who performs similar policy-making functions for the Company, and any officer within the meaning of 17 C.F.R. 229.401(b). An executive officer of the Company’s parent or subsidiary is deemed a “Covered Executive” if the executive officer performs such policy making functions for the Company. Policy making function is not intended to include policy making functions that are not significant to the Company. The definition of “Covered Executives” shall be interpreted in accordance with the definition of “Executive Officer” set forth in Rule 10D-1 and the Listing Standards.

e. “**Erroneously Awarded Compensation**” has the meaning set forth in Section 5 of this Policy.

f. “**Financial Reporting Measure**” means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measure. For the avoidance of doubt, Financial Reporting Measures include but are not limited to the following (and any measure derived from the following): the Company’s stock price; total stockholder return (“**TSR**”); net asset value; net investment income; net investment gains; profitability; financial ratios; earnings before interest, taxes depreciation and amortization; funds from operations and adjusted funds from operations; liquidity measures; return measures (e.g., return on investment capital; return on assets); earnings measures (e.g., earnings per share); and any of such financial reporting measures relative to a peer group. A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission.

g. “**Incentive-Based Compensation**” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For purposes of this Policy, Incentive-Based Compensation is deemed “received” in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive -Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

### **3. Covered Executives; Incentive-Based Compensation**

This Policy applies to all Incentive-Based Compensation received by a person (a) after beginning services as a Covered Executive; (b) if that person served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation; and (c) while the Company had a class of its securities listed on a national securities exchange or a national securities association.

### **4. Required Recovery of Erroneously Awarded Compensation in the Event of an Accounting Restatement**

In the event the Company is required to prepare an Accounting Restatement, the Company shall recover reasonably promptly the amount of any Erroneously Awarded Compensation received by any Covered Executive, as calculated pursuant to Section 5 hereof, during the Applicable Period.

#### **5. Erroneously Awarded Compensation: Amount Subject to Recovery**

The amount of “**Erroneously Awarded Compensation**” subject to recovery under this Policy, as determined by the Administrator, is the amount of Incentive-Based Compensation received by the Covered Executive that exceeds the amount of Incentive-Based Compensation that otherwise would have been received by the Covered Executive had it been determined based on the restated amounts.

Erroneously Awarded Compensation shall be computed without regard to any taxes paid by the Covered Executive with respect to the Erroneously Awarded Compensation.

For Incentive-Based Compensation based on the Company’s stock price or TSR: (a) the Administrator shall determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received; and (b) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the New York Stock Exchange (the “**NYSE**”).

#### **6. Method of Recovery**

The Administrator shall determine, in its sole discretion, the timing and method for promptly recovering Erroneously Awarded Compensation hereunder, which may include without limitation (a) seeking reimbursement of all or part of any cash or equity-based award, (b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (c) cancelling or offsetting against any planned future cash or equity-based awards, (d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder and (e) any other method authorized by applicable law or contract. Subject to compliance with applicable law, the Administrator may affect recovery under this Policy from any amount otherwise payable to the Covered Executive, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses, other compensation, and/or compensation previously deferred by the Covered Executive.

The Company is authorized and directed pursuant to this Policy to promptly recover Erroneously Awarded Compensation in compliance with this Policy unless the Board (including a majority of independent directors) or applicable committee thereof has determined that recovery would be impracticable solely for one of the following limited reasons, and subject to the following procedural requirements:

- a. The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make, or cause to be made, a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover and provide that documentation to the NYSE;

b.Recovery would violate home country law of the Company where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recovery any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the NYSE, that recovery would result in such a violation and provide such opinion to the NYSE; or

c.Recovery would likely cause an otherwise tax-qualified requirement plan, under which benefits are broadly available to executive officers and/or employees, if any, of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

#### **7. No indemnification of Covered Executives**

Notwithstanding the terms of any indemnification or insurance policy or any contractual or other arrangements with any Covered Executive that may be interpreted to the contrary, the Company shall not indemnify any Covered Executives against the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executives to fund potential clawback obligations under this Policy.

#### **8. Administrator Indemnification**

Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

#### **9. Effective Date; Retroactive Application**

This Policy shall be effective as of December 1, 2023 (the “**Effective Date**”). The terms of this Policy shall apply to any Incentive-Based Compensation that is received by Covered Executives on or after the Effective Date, even if such Incentive-Based Compensation was approved, awarded, granted or paid to Covered Executives prior to the Effective Date. Without limiting the generality of Section 6 hereof, and subject to applicable law, the Administrator may affect recovery under this Policy from any amount of compensation approved, awarded, granted, payable or paid to the Covered Executive prior to, on or after the Effective Date.

#### **10. Amendment; Termination**

The Board may amend, modify, supplement, rescind or replace all or any portion of this Policy at any time and from time to time in its discretion, and shall amend this Policy as it deems necessary to comply with applicable law or any rules or standards adopted by a national securities exchange on which the Company’s securities are listed.

#### **11. Other Recovery Rights; Company Claims**

The Board intends that this Policy shall be applied to the fullest extent of applicable law. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Nothing contained in this Policy, and no recovery as contemplated by this Policy, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Executive arising out of resulting from any actions or omissions by the Covered Executive.

## **12. Successors**

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

## **13. Exhibit Filing Requirement**

A copy of this Policy, including any amendments thereto, shall be filed as an exhibit to the Company's annual report on Form 10-K to the extent required by applicable law.

Adopted: November 14, 2023

**PENNANTPARK INVESTMENT CORPORATION**  
**PENNANTPARK FLOATING RATE CAPITAL LTD.**  
**PRIVACY POLICY**

To PennantPark Investment Corporation and PennantPark Floating Rate Capital Ltd. Investors:

We take precautions to maintain the privacy of personal information concerning our investors. These precautions include the adoption of certain procedures designed to maintain and secure your nonpublic personal information from inappropriate disclosure to unaffiliated third parties. We are sending this notice in accordance with applicable federal regulations. This notice applies to investors in PennantPark Investment Corporation and PennantPark Floating Rate Capital Ltd. (collectively, the "Corporation").

***What kind of personal information do we have about you and where did we get it?***

We collect nonpublic personal information about you from the following sources:

- Information we may receive from you in subscription agreements or other related documents or forms; and
- Information about your transactions with our affiliates and us.

***How do we protect your personal information?***

We do not disclose any nonpublic personal information about our investors or former investors to anyone, except as permitted by law.

We restrict access to nonpublic personal information about you to those employees and agents of PennantPark Investment Advisers, LLC, its affiliates and unaffiliated third party service providers (which may include a custodian, transfer agent or printer) who need to know that information in order to provide services to you or to the Corporation. In that regard, we note that we maintain physical, electronic, and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information and which we believe is adequate to prevent unauthorized disclosure of such information.

***What do we do with personal information about our former investors?***

If an investor decides to no longer do business with us, we will continue to follow this privacy policy with respect to the information we have in our possession about such investor and his/her account.

If you have any questions concerning our privacy policies, please contact our Chief Financial Officer, Richard T. Allorto, Jr., at (212) 905-1001.

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**Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholders  
PennantPark Floating Rate Capital Ltd. and its Subsidiaries

Our audits of the consolidated financial statements and internal control over financial reporting referred to in our reports dated December 7, 2023, (appearing in the accompanying Form 10-K) also included an audit of the senior securities table of PennantPark Floating Rate Capital Ltd. and its Subsidiaries (the Company) appearing in Part II, Item 7 in this Form 10-K. This table is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits of the consolidated financial statements.

In our opinion, the senior securities table, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ RSM US LLP

New York, New York  
December 7, 2023

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# **PennantPark Senior Secured Loan Fund I LLC**

Consolidated Financial Statements and  
Independent Auditor's Report

September 30, 2023 and 2022

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## **Independent Auditor's Report**

Board of Directors  
PennantPark Senior Secured Loan Fund I LLC

### **Opinion**

We have audited the consolidated financial statements of PennantPark Senior Secured Loan Fund I LLC and its subsidiaries (the Fund), which comprise the consolidated statements of assets, liabilities and members' equity, including the consolidated schedule of investments, as of September 30, 2023 and 2022, the related consolidated statements of operations, changes in members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of September 30, 2023 and 2022, and the results of its operations, changes in members' equity and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in Note 2 of the consolidated financial statements, the 2022 financial statements have been restated to reclassify certain amounts presented within. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ RSM US LLP

New York, New York  
December 7, 2023

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Statements of Assets, Liabilities and Members' Equity**  
(\$ in thousands)

	September 30, 2023	September 30, 2022
<b>Assets</b>		
Investments at fair value (amortized cost—\$804,608 and \$770,280, respectively)	\$ 785,859	\$ 754,722
Cash and cash equivalents (cost—\$77,446 and \$30,152, respectively)	77,446	30,152
Interest receivable	5,179	3,025
Receivable for investment sold	—	3,637
Prepaid expenses and other assets	490	1,722
Due from affiliate (See Note 3)	436	3,553
<b>Total assets</b>	<b>869,410</b>	<b>796,811</b>
<b>Liabilities</b>		
Credit facility payable	48,600	259,500
2032 Asset-backed debt, net (par—\$246,000)	243,973	243,365
2035 Asset-backed debt, net (par—\$246,000)	243,483	—
Notes payable to members	240,100	217,350
Interest payable on Credit facility and asset backed debt	14,291	3,817
Payable for investments purchased	13,466	10,414
Interest payable on notes to members	6,488	4,719
Accrued expenses	859	1,150
<b>Total liabilities</b>	<b>811,260</b>	<b>740,315</b>
Commitments and contingencies (See Note 11)		
<b>Members' equity</b>	<b>58,150</b>	<b>56,496</b>
<b>Total liabilities and members' equity</b>	<b>\$ 869,410</b>	<b>\$ 796,811</b>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Statements of Operations**  
(\$ in thousands)

	<b>Year Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Investment income:</b>		
Interest	\$ 89,547	\$ 53,006
Other income	1,297	1,188
<b>Total investment income</b>	<b>90,844</b>	<b>54,194</b>
<b>Expenses:</b>		
Interest and expense on credit facility and asset-backed debt	42,797	18,410
Interest expense on notes to members	30,325	17,468
Administration fees	2,103	1,835
General and administrative expenses	1,116	1,156
<b>Total expenses</b>	<b>76,341</b>	<b>38,869</b>
<b>Net investment income</b>	<b>14,503</b>	<b>15,325</b>
<b>Realized and unrealized gain (loss) on investments:</b>		
Net realized gain (loss) on investments	(6,328)	(14,948)
Net change in unrealized appreciation (depreciation) on investments	(3,171)	(3,695)
<b>Net realized and unrealized gain (loss) on investments</b>	<b>(9,499)</b>	<b>(18,643)</b>
<b>Net increase (decrease) in members' equity resulting from operations</b>	<b>\$ 5,004</b>	<b>\$ (3,318)</b>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Statements of Changes in Members' Equity**  
(\$ in thousands)

	<b>Year Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Net change in members' equity resulting from operations:</b>		
Net investment income	\$ 14,503	\$ 15,325
Net realized gain (loss) on investments	(6,328)	(14,948)
Net change in unrealized appreciation (depreciation) on investments	(3,171)	(3,695)
Net increase (decrease) in members' equity resulting from operations	5,004	(3,318)
Capital contributions	9,750	24,150
Distributions	(13,100)	(15,600)
<b>Net increase (decrease) in members' equity</b>	<b>1,654</b>	<b>5,232</b>
<b>Members' equity</b>		
Beginning of year	56,496	51,264
End of year	\$ 58,150	\$ 56,496

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Statements of Cash Flows**  
(\$ in thousands)

	Year Ended September 30,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net increase (decrease) in members' equity resulting from operations	\$ 5,004	\$ (3,318)
Adjustments to reconcile net increase (decrease) in members' equity resulting from operations to net cash provided by (used in) operating activities:		
Net change in unrealized (appreciation) depreciation on investments	3,171	3,695
Net realized (gain) loss on investments	6,328	14,948
Net accretion of discount and amortization of premium	(3,917)	(3,186)
Purchases of investments	(190,871)	(278,807)
Payment-in-kind interest	(1,055)	(1,069)
Proceeds from disposition of investments	155,207	102,436
Amortization of deferred financing costs	796	608
(Increase) Decrease in:		
Receivable for investments sold	3,637	3,686
Interest receivable	(2,154)	(1,612)
Prepaid expenses and other assets	1,232	(57)
Due from affiliate	3,117	(3,553)
Increase (Decrease) in:		
Payables for investments purchased	3,052	(21,550)
Interest payable on credit facility and asset backed debt	10,474	2,077
Interest payable on notes to members	1,769	2,065
Accrued expenses	(291)	972
Net cash provided by (used in) operating activities	(4,501)	(182,665)
<b>Cash flows from financing activities:</b>		
Members' capital contributions	9,750	15,763
Distributions to members	(13,100)	(15,600)
Notes issued to members	22,750	36,780
Proceeds from 2035 asset backed debt issued	246,000	—
Discount on 2035 asset backed debt issued	(2,705)	—
Borrowings under credit facility	41,600	220,500
Repayments under credit facility	(252,500)	(73,000)
Net cash provided by (used in) financing activities	51,795	184,443
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>47,294</b>	<b>1,778</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>30,152</b>	<b>28,374</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 77,446</b>	<b>\$ 30,152</b>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid on credit facility and asset-backed debt	\$ 32,323	\$ 16,334
Interest paid on notes to members	\$ 28,556	\$ 15,403
<b>Non-Cash Operating and Financing activity:</b>		
Purchase of investments from non-cash equity contribution	\$ —	\$ (27,957)
Non-Cash equity contribution	\$ —	\$ 8,387
Non-Cash proceeds from notes issued to Members	\$ —	\$ 19,570
Non-Cash exchanges and conversions	\$ 3,393	\$ —

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(\$ in thousands)**

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value (2)
<b>First Lien Secured Debt - 1.347.5%</b>							
A1 Garage Merger Sub, LLC	12/22/2028	Commercial Services & Supplies	11.84%	SOFR+660	2,940	\$2,886	\$2,925
Ad.net Acquisition, LLC	5/7/2026	Media	11.65%	SOFR+626	8,798	8,723	8,754
Alpine Acquisition Corp II	11/30/2026	Containers and Packaging	11.24%	SOFR+600	12,852	12,535	12,338
Anteriad, LLC (f/k/a MeritDirect, LLC)	5/23/2024	Media: Advertising, Printing & Publishing	11.04%	SOFR+550	5,001	4,971	4,913
Anteriad Holdings Inc (fka MeritDirect) March 2023	5/23/2024	Media: Advertising, Printing & Publishing	12.04%	SOFR+650	4,875	4,817	4,814
Any Hour Services	7/21/2027	Professional Services	11.59%	SOFR+585	7,510	7,348	7,360
Apex Service Partners, LLC	7/31/2025	Diversified Consumer Services	10.52%	SOFR+525	1,002	1,002	1,000
Apex Service Partners, LLC Term Loan B	7/31/2025	Diversified Consumer Services	11.04%	SOFR+550	2,187	2,187	2,181
Apex Service Partners, LLC Term Loan C	7/31/2025	Diversified Consumer Services	10.69%	SOFR+525	11,013	10,972	10,985
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	11.54%	SOFR+615	9,579	9,475	9,387
Applied Technical Services, LLC - DDTL Unfunded <sup>(3)</sup>	12/29/2026	Commercial Services & Supplies			194	-	(2)
Arcfield Acquisition Corp.	8/3/2029	Aerospace and Defense	11.62%	SOFR+625	9,218	9,093	9,126
Beta Plus Technologies, Inc.	7/1/2029	Business Services	11.14%	SOFR+575	4,950	4,863	4,604
BioDerm, Inc.	1/31/2028	Healthcare and Pharmaceuticals	11.83%	SOFR+650	8,978	8,874	8,933
Blackhawk Industrial Distribution, Inc.	9/17/2026	Distributors	11.79%	SOFR+640	15,132	14,928	14,905
Broder Bros., Co.	12/4/2025	Consumer Products	11.50%	SOFR+626	2,349	2,349	2,349
Burgess Point Purchaser Corporation	9/26/2029	Automotive	10.67%	SOFR+525	447	418	420
By Light Professional IT Services, LLC	5/16/2025	High Tech Industries	12.43%	SOFR+688	13,821	13,778	13,579
Cadence Aerospace, LLC	11/14/2023	Aerospace and Defense	12.07%	SOFR+665	4,011	4,010	4,011
			(PIK 2.00%)				
Cartessa Aesthetics, LLC	6/14/2028	Distributors	11.39%	SOFR+600	9,636	9,509	9,636
CF512, Inc.	8/20/2026	Media	11.60%	SOFR+619	6,820	6,722	6,684
CHA Holdings, Inc.	4/10/2025	Construction and Engineering	10.15%	SOFR+476	5,499	5,455	5,499
Challenger Performance Optimization, Inc.	8/31/2024	Business Services	12.18%	SOFR+675	9,232	9,201	8,955
			(PIK 1.00%)				
Confluent Health, LLC	10/28/2028	Healthcare and Pharmaceuticals	9.32%	SOFR+400	6,797	6,559	6,445
	7/13/2027	Media	11.16%	SOFR+576	3,815	3,762	3,681
Connatix Buyer, Inc.		Media	11.16%	SOFR+576	3,815	3,762	3,681
Crane 1 Services, Inc.	8/16/2027	Commercial Services & Supplies	10.90%	SOFR+551	2,089	2,067	2,079
Dr. Squatch, LLC	8/31/2027	Personal Products	11.24%	SOFR+585	14,712	14,511	14,712
DRI Holding Inc.	12/21/2028	Media	10.67%	SOFR+525	2,627	2,418	2,394
DRS Holdings III, Inc.	11/3/2025	Consumer Goods: Durable	11.79%	SOFR+640	14,429	14,376	14,256
Duraco Specialty Tapes LLC	6/30/2024	Containers and Packaging	11.89%	SOFR+650	10,904	10,838	10,740
ECL Entertainment, LLC	8/31/2030	Hotel, Gaming and Leisure	10.07%	SOFR+475	5,000	4,900	4,985
EDS Buyer, LLC	1/10/2029	Electronic Equipment, Instruments, and Components	11.64%	SOFR+625	8,955	8,833	8,821
Electro Rent Corporation	1/17/2024	Electronic Equipment, Instruments, and Components	11.00%	SOFR+550	2,219	2,200	2,171
Exigo Intermediate II, LLC	3/15/2027	Software	11.17%	SOFR+585	12,675	12,505	12,422
ETE Intermediate II, LLC	5/29/2029	Diversified Consumer Services	11.89%	SOFR+650	12,404	12,154	12,193
Fairbanks Morse Defense	6/17/2028	Aerospace and Defense	10.40%	SOFR+475	10,195	10,143	10,114
Global Holdings InterCo LLC	3/16/2026	Diversified Financial Services	11.96%	SOFR+660	3,736	3,724	3,549
Graffiti Buyer, Inc.	8/10/2027	Trading Companies & Distributors	10.99%	SOFR+575	2,345	2,316	2,322
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	10.92%	SOFR+560	2,250	2,217	2,194
Holdco Sands Intermediate, LLC	11/23/2028	Aerospace and Defense	11.32%	SOFR+585	4,913	4,838	4,913
HW Holdco, LLC	12/10/2024	Media	11.75%	SOFR+640	3,014	2,988	2,968
Imagine Acquisitionco, LLC	11/15/2027	Software	10.72%	SOFR+535	9,248	9,075	9,110
Inception Fertility Ventures, LLC	12/31/2024	Healthcare Providers and Services	12.51%	SOFR+715	16,453	16,257	16,453
Infinity Home Services Holdco, Inc.	12/28/2028	Commercial Services & Supplies	12.24%	SOFR+685	6,090	5,979	6,090
Integrated Data Services	8/1/2029	Business Services	11.87%	SOFR+650	18,904	18,532	18,463
Integrative Nutrition, LLC	1/31/2025	Diversified Consumer Services	12.54%	SOFR+700	11,105	11,083	10,439
			(PIK 2.25%)				
Integrity Marketing Acquisition, LLC	8/27/2026	Insurance	11.57%	SOFR+575	5,906	5,851	5,847
Inventus Power, Inc.	6/30/2025	Consumer Goods: Durable	12.93%	SOFR+761	8,246	8,097	8,081
ITI Holdings, Inc.	3/3/2028	IT Services	11.06%	SOFR+560	3,940	3,886	3,861
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	13.42%	SOFR+810	15,509	15,487	15,509
Kinetic Purchaser, LLC	11/10/2027	Personal Products	11.54%	SOFR+615	16,662	16,346	16,412
Lash OpCo, LLC	2/18/2027	Personal Products	12.13%	SOFR+675	14,210	13,989	14,068
LAV Gear Holdings, Inc.	10/31/2024	Capital Equipment	11.74%	SOFR+643	15,042	14,997	14,862
Lightspeed Buyer Inc.	2/3/2026	Healthcare Providers and Services	10.70%	SOFR+535	12,056	11,911	11,935
LJ Avalon Holdings, LLC	1/31/2030	Environmental Industries	11.77%	SOFR+640	2,585	2,537	2,534
Loving Tan Intermediate II, Inc.	5/26/2028	Consumer Products	12.39%	SOFR+700	7,481	7,337	7,369
Lucky Bucks, LLC <sup>(4)</sup>	7/20/2027	Hotel, Gaming and Leisure	0.00%		4,489	4,207	1,182
Lucky Bucks, LLC - OpCo DIP Loans	9/30/2025	Hotel, Gaming and Leisure	15.33%	SOFR+1000	160	158	160
MAG DS Corp	4/1/2027	Aerospace and Defense	10.99%	SOFR+550	2,097	2,007	1,986
Magenta Buyer, LLC	7/31/2028	Software	10.63%	SOFR+500	3,006	2,845	2,228
Marketplace Events, LLC - Super Priority First Lien Term Loan	9/30/2025	Media: Diversified and Production	10.94%	SOFR+525	647	647	647
Marketplace Events, LLC - Super Priority First Lien Unfunded Term Loan <sup>(5)</sup>	9/30/2025	Media: Diversified and Production			589	-	-
Marketplace Events, LLC	9/30/2026	Media: Diversified and Production	10.94%	SOFR+525	4,837	3,782	4,837
Mars Acquisition Holdings Corp.	5/14/2026	Media	11.04%	SOFR+565	11,588	11,476	11,472
MBS Holdings, Inc.	4/16/2027	Internet Software and Services	11.17%	SOFR+585	7,859	7,758	7,749
MDI Buyer, Inc.	7/25/2028	Chemicals, Plastics and Rubber	11.32%	SOFR+600	6,380	6,271	6,244
Meadowlark Acquirer, LLC	12/10/2027	Professional Services	11.04%	SOFR+565	2,372	2,336	2,312

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**PennantPark Senior Secured Loan Fund I LLC**  
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**September 30, 2023**  
**(\$ in thousands)**

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value (2)
Mission Critical Electronics, Inc.	3/28/2024	Capital Equipment	11.29%	SOFR+515	5,769	\$5,763	\$5,740
Municipal Emergency Services, Inc.	9/28/2027	Distributors	11.04%	SOFR+565	3,430	3,380	3,355
NBH Group LLC	8/19/2026	Healthcare, Education & Childcare	10.93%	SOFR+525	10,711	10,572	10,497
Neptune Flood Incorporated	5/9/2029	Insurance	11.97%	SOFR+650	5,042	4,970	5,042
New Milani Group LLC	6/6/2024	Consumer Goods: Non-Durable	10.92%	SOFR+550	14,213	14,194	14,213
One Stop Mailing, LLC	5/7/2027	Air Freight and Logistics	11.68%	SOFR+636	15,849	15,588	15,849
ORL Acquisitions, Inc.	9/3/2027	Consumer Finance	12.84%	SOFR+725	2,223	2,202	2,023
Output Services Group, Inc. <sup>(4)</sup>	6/27/2026	Business Services	0.00%	—	7,759	7,689	1,513
Owl Acquisition, LLC	2/4/2028	Professional Services	10.80%	SOFR+575	3,893	3,832	3,834
Ox Two, LLC	5/18/2026	Construction and Building	12.90%	SOFR+751	4,345	4,306	4,269
Peaquad Merger Sub, Inc.	12/2/2026	Diversified Financial Services	11.79%	SOFR+640	11,474	11,267	11,244
PH Beauty Holdings III, Inc.	9/29/2025	Wholesale	10.68%	SOFR+500	9,493	9,282	9,974
PL Acquisitionco, LLC	11/9/2027	Textiles, Apparel and Luxury Goods	12.42%	SOFR+710	7,565	7,467	6,809
			(PIK 4.00%)				
PlayPower, Inc.	5/8/2026	Consumer Goods: Durable	10.57%	SOFR+565	2,551	2,491	2,436
Pragmatic Institute, LLC	7/6/2028	Education	11.17%	SOFR+575	11,138	10,999	10,636
Quantic Electronics, LLC	11/19/2026	Aerospace and Defense	11.74%	SOFR+635	2,803	2,776	2,761
Rancho Health MSO, Inc.	12/18/2025	Healthcare Providers and Services	11.22%	SOFR+585	1,029	1,029	1,029
Reception Purchaser, LLC	2/28/2028	Air Freight and Logistics	11.54%	SOFR+600	4,938	4,876	4,740
Recteq, LLC	1/29/2026	Leisure Products	12.54%	SOFR+700	4,875	4,825	4,729
Research Now Group, LLC and Dynata, LLC	12/20/2024	Diversified Consumer Services	11.13%	SOFR+576	12,432	12,322	10,878
Rural Sourcing Holdings, Inc. (HPA SPQ Merger Sub, Inc.)	6/15/2029	High Tech Industries	11.52%	SOFR+625	3,749	3,676	3,692
Sales Benchmark Index LLC	1/3/2025	Professional Services	11.59%	SOFR+620	9,522	9,474	9,475
Sargent & Greenleaf Inc.	12/20/2024	Wholesale	12.92%	SOFR+760	5,167	5,148	5,116
			(PIK 1.00%)				
Schlesinger Global, Inc.	7/14/2025	Business Services	12.52%	SOFR+715	11,791	11,777	11,407
			(PIK 0.50%)				
Seaway Buyer, LLC	6/13/2029	Chemicals, Plastics and Rubber	11.54%	SOFR+615	4,950	4,884	4,802
Sigma Defense Systems, LLC	12/18/2025	Aerospace and Defense	14.04%	SOFR+865	13,787	13,579	13,580
Skopima Consilio Parent, LLC	5/17/2028	Business Services	9.93%	SOFR+450	1,300	1,274	1,272
Smile Brands Inc.	10/14/2025	Healthcare and Pharmaceuticals	9.70%	SOFR+450	11,796	11,739	10,598
Solutionreach, Inc.	7/17/2025	Healthcare and Pharmaceuticals	12.37%	SOFR+700	4,582	4,577	4,563
Spendmind Holdings LLC	3/1/2028	Healthcare Technology	11.04%	SOFR+565	4,112	4,047	4,022
STV Group Incorporated	12/11/2026	Construction and Building	10.67%	SOFR+535	9,075	9,025	8,894
Summit Behavioral Healthcare, LLC	11/24/2028	Healthcare and Pharmaceuticals	10.43%	SOFR+475	1,786	1,696	1,779
System Planning and Analysis, Inc. (f/k/a Management Consulting & Research, LLC)	8/16/2027	Aerospace and Defense	11.49%	SOFR+600	14,738	14,540	14,575
Team Services Group, LLC	11/24/2028	Healthcare and Pharmaceuticals	10.75%	SOFR+500	346	333	339
Teneo Holdings LLC	7/18/2025	Business Services	10.67%	SOFR+535	2,262	2,261	2,259
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	12.04%	SOFR+665	5,602	5,560	5,518
				SOFR+700			
The Bluebird Group LLC	7/27/2026	Professional Services	12.79%	SOFR+700	5,403	5,336	5,382
The Vertex Companies, LLC	8/31/2027	Construction and Engineering	11.72%	SOFR+635	7,716	7,591	7,656
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/2025	Consumer Goods: Non-Durable	10.95%	SOFR+565	8,654	8,556	8,654
TWS Acquisition Corporation	6/16/2025	Diversified Consumer Services	11.80%	SOFR+625	4,316	4,310	4,316
Tyto Athene, LLC	4/1/2028	IT Services	10.90%	SOFR+550	14,670	14,565	13,379
Urology Management Holdings, Inc.	6/15/2026	Healthcare and Pharmaceuticals	11.79%	SOFR+665	6,892	6,775	6,749
Walker Edison Furniture Company LLC	3/31/2027	Wholesale	12.18%	SOFR+685	3,521	3,521	3,521
Walker Edison Furniture Company LLC - Junior Revolving Credit Facility	3/31/2027	Wholesale	11.68%	SOFR+635	1,667	1,667	1,667
Walker Edison Furniture Company LLC - DDTL - Unfunded <sup>(3)</sup>	3/31/2027	Wholesale	—	—	333	-	-
		Electronic Equipment, Instruments, and Components	10.54%	SOFR+515	10,565	10,491	10,460
Wildcat Buyerco, Inc.	2/27/2026	Automobiles	12.67%	SOFR+735	16,732	16,660	16,188
Zips Car Wash, LLC	3/1/2024	Automobiles	12.67%	SOFR+735	16,732	16,660	16,188
<b>Total First Lien Secured Debt</b>						801,215	783,598
<b>Equity Securities - 3.9%</b>							
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	-	-	495
Walker Edison Furniture - Common Equity	—	Wholesale	—	—	36	3,393	1,766
<b>Total Equity Securities</b>						3,393	2,261
<b>Total Investments - 1,351.4%</b>						804,608	785,859
<b>Cash and Cash Equivalents - 133.2%</b>							
BlackRock Federal FD Institutional 30						77,446	77,446
<b>Total Cash and Cash Equivalents</b>						77,446	77,446
<b>Total Investments and Cash Equivalents —1,485.4%</b>						\$882,054	863,305
<b>Liabilities in Excess of Other Assets — (1,385.4)%</b>							(805,155)
<b>Members' Equity—100.0%</b>							58,150

(1) Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable Secured Overnight Financing Rate or "SOFR", or Prime rate or "P". The spread may change based on the type of rate used. The terms in the Consolidated Schedule of Investments disclose the actual interest rate in effect as of the reporting period. All securities are subject to a SOFR or Prime rate floor where a spread is provided, unless noted. The spread provided includes PIK interest and other fee rates, if any.  
(2) Valued based on PSSL's accounting policy.  
(3) Represents the purchase of a security with a delayed settlement or a revolving line of credit that is currently an unfunded investment. This security does not earn a basis point spread above an index while it is unfunded.  
(4) Security currently on interest non-accrual status.

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**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Schedule of Investments**  
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**(\$ in thousand)**

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value <sup>(2)</sup>
<b>First Lien Secured Debt - 1,330.4%</b>							
Ad.net Acquisition, LLC	5/6/2026	Media	9.67%	3M L+600	8,888	\$8,788	\$8,821
Alpine Acquisition Corp II	11/30/2026	Containers and Packaging	8.22%	SOFR+600	9,975	9,790	9,576
Altamira Technologies, LLC	7/24/2025	Business Services	10.81%	3M L+800	5,225	5,113	5,042
American Insulated Glass, LLC	12/21/2023	Building Products	7.79%	3M L+550	4,883	4,851	4,883
Anteriad, LLC (f/k/a MeritDirect, LLC)	5/23/2024	Media: Advertising, Printing & Publishing	9.67%	3M L+550	5,284	5,208	5,284
Any Hour Services	7/21/2027	Professional Services	8.33%	3M L+525	3,510	3,441	3,440
Apex Service Partners, LLC	7/31/2025	Diversified Consumer Services	6.72%	1M L+525	1,010	1,010	1,005
Apex Service Partners, LLC Term Loan B	7/31/2025	Diversified Consumer Services	9.67%	3M L+625	2,202	2,202	2,191
Apex Service Partners, LLC Term Loan C	7/31/2025	Diversified Consumer Services	7.86%	3M L+525	11,115	11,050	11,059
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	8.76%	3M L+575	8,421	8,317	8,211
Arcfield Acquisition Corp.	3/7/2028	Aerospace and Defense	8.99%	SOFR + 575	4,677	4,588	4,583
Beta Plus Technologies, Inc.	7/1/2029	Business Services	7.76%	SOFR + 525	5,000	4,903	4,900
Blackhawk Industrial Distribution, Inc.	9/17/2024	Distributors	8.62%	SOFR + 500	15,293	15,102	14,956
Broder Bros., Co.	12/2/2022	Consumer Products	7.39%	3M L+600	2,417	2,417	2,417
By Light Professional IT Services, LLC	5/16/2024	High Tech Industries	9.20%	1M L+662	14,822	14,771	14,674
Cadence Aerospace, LLC	11/14/2023	Aerospace and Defense	11.31%	3M L+325	12,412	12,385	12,288
			(PIK 11.31%)				
Cartessa Aesthetics, LLC	5/13/2028	Distributors	9.55%	SOFR + 600	6,484	6,359	6,386
CF512, Inc.	8/20/2026	Media	9.08%	3M L+600	4,950	4,866	4,876
CHA Holdings, Inc.	4/10/2025	Construction and Engineering	8.17%	3M L+450	5,557	5,487	5,557
Challenger Performance Optimization, Inc.	8/31/2023	Business Services	9.27%	1M L+575	9,271	9,247	8,993
			(PIK 1.00%)				
Connatix Buyer, Inc.	7/13/2027	Media	8.42%	3M L+550	3,907	3,842	3,810
Crane 1 Services, Inc.	8/16/2027	Commercial Services & Supplies	9.39%	3M L+575	2,110	2,084	2,089
Douglas Products and Packaging Company LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87%	3M L+575	8,655	8,653	8,655
Douglas Sewer Intermediate, LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87%	3M L+575	7,248	7,246	7,248
Dr. Squatch, LLC	8/31/2027	Personal Products	9.42%	3M L+575	14,862	14,610	14,639
DRI Holding Inc.	12/21/2028	Media	8.37%	1M L+525	1,832	1,680	1,643
DRS Holdings III, Inc.	11/3/2025	Consumer Goods: Durable	8.87%	1M L+575	15,179	15,103	14,693
Duraco Specialty Tapes LLC	6/30/2024	Containers and Packaging	8.62%	1M L+550	10,278	10,151	10,031
ECL Entertainment, LLC	5/1/2028	Hotels, Restaurants and Leisure	10.62%	3M L+750	2,621	2,598	2,581
ECM Industries, LLC	12/23/2025	Electronic Equipment, Instruments, and Components	7.82%	3M L+475	4,974	4,974	4,738
Exigo Intermediate II, LLC	3/15/2027	Software	8.87%	1M L+575	12,935	12,759	12,644
Fairbanks Morse Defense	6/17/2028	Aerospace and Defense	8.39%	3M L+475	10,300	10,238	9,528
Gantech Acquisition Corp.	5/14/2026	IT Services	9.37%	1M L+625	14,638	14,427	14,199
Global Holdings InterCo LLC	3/16/2026	Diversified Financial Services	8.74%	3M L+600	3,904	3,888	3,728
Graffiti Buyer, Inc.	8/10/2027	Trading Companies & Distributors	9.17%	3M L+550	2,369	2,320	2,274
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	8.67%	1M L+500	2,392	2,347	2,356
Holdco Sands Intermediate, LLC	11/23/2028	Aerospace and Defense	10.17%	3M L+600	4,963	4,874	4,863
HW Holdco, LLC	12/10/2024	Media	6.00%	6M L+575	3,052	3,006	3,014
Icon Partners III, LP	5/11/2028	Automobiles	7.55%	3M L+450	2,327	1,997	1,701
IDC Infusion Services, Inc.	12/30/2026	Healthcare Equipment and Supplies	10.20%	SOFR+700	9,950	9,833	9,502
Imagine Acquisitionco, LLC	11/15/2027	Software	8.42%	1M L+550	5,364	5,261	5,230
Inception Fertility Ventures, LLC	12/7/2023	Healthcare Providers and Services	8.55%	SOFR+700	16,620	16,309	16,454
Integrative Nutrition, LLC	9/29/2023	Diversified Consumer Services	8.42%	3M L+475	11,187	11,168	10,963
Integrity Marketing Acquisition, LLC	8/27/2025	Insurance	7.58%	1M L+550	5,966	5,885	5,906
ITI Holdings, Inc.	3/3/2028	IT Services	8.67%	SOFR + 550	3,980	3,917	3,900
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	11.12%	1M L+800	19,250	19,103	19,250
Kinetic Purchaser, LLC	11/10/2027	Personal Products	9.67%	3M L+600	16,830	16,451	16,494
Lash OpCo, LLC	2/18/2027	Personal Products	11.17%	3M L+700	14,355	14,074	14,068
LAV Gear Holdings, Inc.	10/31/2024	Capital Equipment	9.70%	3M L+550	10,578	10,539	10,335
			(PIK 2.00%)				
Lightspeed Buyer Inc.	2/3/2026	Healthcare Providers and Services	9.04%	3M L+575	10,598	10,428	10,254
Lucky Bucks, LLC	7/20/2027	Hotel, Gaming and Leisure	8.31%	3M L+550	4,331	4,258	3,183
Magenta Buyer, LLC	7/31/2028	Software	7.87%	1M L+475	2,695	2,539	2,425
Marketplace Events, LLC - Super Priority First Lien Term Loan	9/30/2025	Media: Diversified and Production	8.19%	1M L+525	647	647	647
Marketplace Events, LLC - Super Priority First Lien Unfunded Term Loan <sup>(3)</sup>	9/30/2025	Media: Diversified and Production			589	-	-
Marketplace Events, LLC	9/30/2026	Media: Diversified and Production	8.19%	1M L+525	4,837	3,527	4,837
Mars Acquisition Holdings Corp.	5/14/2026	Media	8.62%	1M L+550	9,900	9,782	9,851
MBS Holdings, Inc.	4/16/2027	Internet Software and Services	8.56%	3M L+575	7,406	7,296	7,332
MDI Buyer, Inc.	7/25/2028	Chemicals, Plastics and Rubber	8.98%	3M L+500	5,000	4,902	4,900
Meadowlark Acquirer, LLC	12/10/2027	Professional Services	9.17%	3M L+650	2,396	2,353	2,372
Mission Critical Electronics, Inc.	3/28/2024	Capital Equipment	8.70%	SOFR+500	5,829	5,817	5,759
Municipal Emergency Services, Inc.	9/28/2027	Distributors	8.67%	3M L+500	3,465	3,405	3,264
NBH Group LLC	8/19/2026	Healthcare, Education & Childcare	7.80%	1M L+550	10,820	10,641	10,820
New Milani Group LLC	6/6/2024	Consumer Goods: Non-Durable	7.75%	3M L+500	14,363	14,319	14,111
OIS Management Services, LLC	7/9/2026	Healthcare Equipment and Supplies	8.40%	SOFR+475	5,060	4,991	5,060
One Stop Mailing, LLC	5/7/2027	Air Freight and Logistics	9.37%	1M L+625	14,598	14,353	14,160
Output Services Group, Inc.	3/27/2024	Business Services	9.80%	3M L+425	7,682	7,676	5,838
Owl Acquisition, LLC	2/4/2028	Professional Services	8.41%	3M L+575	3,990	3,918	3,890
Ox Two, LLC	5/18/2026	Construction and Building	9.81%	3M L+600	4,925	4,866	4,827
PH Beauty Holdings III, Inc.	9/29/2025	Wholesale	8.07%	1M L+500	9,593	9,234	7,674
PL Acquisitionco, LLC	11/9/2027	Textiles, Apparel and Luxury Goods	9.62%	1M L+650	8,238	8,111	8,032
Plant Health Intermediate, Inc.	10/19/2022	Chemicals, Plastics and Rubber	8.87%	3M L+575	1,562	1,561	1,562
PlayPower, Inc.	5/8/2026	Consumer Goods: Durable	9.17%	3M L+550	2,580	2,500	2,309
Pragmatic Insitute, LLC	7/6/2028	Education	9.30%	SOFR+575	11,250	11,056	11,138
Quantic Electronics, LLC	11/19/2026	Aerospace and Defense	8.41%	1M L+625	4,845	4,755	4,729
Quantic Electronics, LLC - Unfunded Term Loan <sup>(3)</sup>	11/19/2026	Aerospace and Defense			1,888	-	-
Reception Purchaser, LLC	2/28/2028	Air Freight and Logistics	9.13%	SOFR+600	4,975	4,904	4,751
Recteq, LLC	1/29/2026	Leisure Products	9.92%	3M L+600	4,925	4,856	4,753
Research Now Group, LLC and Dynata, LLC	12/20/2024	Diversified Consumer Services	8.84%	3M L+550	12,564	12,354	11,291

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Schedule of Investments**  
**September 30, 2022**  
**(\$ in thousands)**

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
Sales Benchmark Index LLC	1/3/2025	Professional Services	9.67%	3M L+600	5,013	\$4,960	\$4,963
Sargent & Greenleaf Inc.	12/20/2024	Wholesale	8.62%	3M L+550	5,240	5,202	5,187
Schlesinger Global, Inc.	7/14/2025	Business Services	10.27%	SOFR+500	11,847	11,829	11,551
			(PIK 0.50%)				
Sigma Defense Systems, LLC	12/18/2025	Aerospace and Defense	12.17%	1M L+850	14,716	14,411	14,421
Smile Brands Inc.	10/14/2025	Healthcare and Pharmaceuticals	7.05%	3M L+450	11,917	11,807	11,470
Solutionreach, Inc.	1/17/2024	Healthcare and Pharmaceuticals	8.87%	1M L+575	5,647	5,625	5,511
Spendmend Holdings LLC	3/1/2028	Healthcare Technology	8.63%	SOFR+575	2,956	2,916	2,873
STV Group Incorporated	12/11/2026	Construction and Building	8.37%	3M L+525	9,075	9,011	8,985
System Planning and Analysis, Inc. (f/k/a Management Consulting & Research, LLC)	8/16/2027	Aerospace and Defense	8.73%	SOFR+600	14,888	14,623	14,649
Teneo Holdings LLC	7/18/2025	Business Services	8.38%	3M L+625	2,786	2,757	2,623
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	9.55%	3M L+500	5,659	5,600	5,603
The Bluebird Group LLC	7/27/2026	Professional Services	10.67%	1M L+700	1,707	1,679	1,724
The Infosoft Group, LLC	9/16/2024	Media: Broadcasting and Subscription	8.47%	3M L+525	12,957	12,952	12,859
The Vertex Companies, LLC	8/30/2027	Construction and Engineering	8.62%	1M L+550	5,578	5,479	5,550
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/2025	Consumer Goods: Non-Durable	8.30%	3M L+475	8,744	8,604	8,482
TVC Enterprises, LLC	3/26/2026	Diversified Consumer Services	8.87%	3M L+550	14,952	14,871	14,578
TWS Acquisition Corporation	6/16/2025	Diversified Consumer Services	8.76%	3M L+625	5,468	5,450	5,441
Tyto Athene, LLC (New Issue)	4/1/2028	IT Services	7.76%	3M L+550	15,550	15,421	14,446
UBEO, LLC	4/3/2024	Capital Equipment	8.17%	3M L+450	17,390	17,305	17,129
Unique Indoor Comfort, LLC	5/24/2027	Home and Office Furnishings, Housewares	8.95%	SOFR+525	4,975	4,880	4,866
Walker Edison Furniture Company LLC	3/31/2027	Wholesale	12.42%	3M L+575	12,684	12,438	8,473
			(PIK 3.0%)				
Wildcat Buyerco, Inc.	2/27/2026	Electronic Equipment, Instruments, and Components	9.45%	SOFR+550	8,546	8,506	8,261
Zips Car Wash, LLC	3/1/2024	Automobiles	10.35%	3M L+725	16,957	16,711	16,536
<b>Total First Lien Secured Debt</b>						767,316	751,628
<b>Second Lien Secured Debt - 5.2%</b>							
Inventus Power, Inc.	9/29/2024	Consumer Goods: Durable	12.17%	3M L+850	3,000	2,963	2,955
<b>Total Second Lien Secured Debt</b>						2,963	2,955
<b>Equity Securities - 0.3%</b>							
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	—	—	139
<b>Total Equity Securities</b>							139
<b>Total Investments - 1,335.9%</b>						770,280	754,722
<b>Cash and Cash Equivalents - 53.4%</b>							
BlackRock Federal FD Institutional 30						30,152	30,152
<b>Total Cash and Cash Equivalents</b>						30,152	30,152
<b>Total Investments and Cash Equivalents —1,389.26%</b>						\$800,432	\$784,874
<b>Liabilities in Excess of Other Assets — (1,289.26)%</b>							(728,378)
<b>Members' Equity—100.0%</b>							\$56,496

(1) Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable LIBOR, or "L", Secured Overnight Financing Rate or "SOFR", or Prime rate or "P". The spread may change based on the type of rate used. The terms in the Consolidated Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to a 30-day, 60-day, 90-day or 180-day SOFR rate (1M S, 2M S, 3M S, or 6M S, respectively), at the borrower's option. All securities are subject to a SOFR or Prime rate floor where a spread is provided, unless noted. The spread provided includes PIK interest and other fee rates, if any.

(2) Valued based on PSSL's accounting policy.

(3) Represents the purchase of a security with a delayed settlement or a revolving line of credit that is currently an unfunded investment. This security does not earn a basis point spread above an index while it is unfunded.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK SENIOR SECURED LOAN FUND I LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**1. ORGANIZATION**

PennantPark Senior Secured Loan Fund I LLC ("PSSL"), is organized as a Delaware limited liability company and commenced operations in May 2017. PSSL is a joint venture between PennantPark Floating Rate Capital Ltd. ("PFLT") and Trinity Universal Insurance Company, a subsidiary of Kemper Corporation (NYSE: KMPR), ("Kemper"). In this report, except where the context suggests otherwise, the terms "Company," "we," "our," or "us" refer to PSSL and its consolidated subsidiary.

The Company's investment objectives are to generate current income and capital appreciation while seeking to preserve capital. We seek to achieve our investment objective by investing primarily in loans bearing a variable-rate of interest, or floating rate loans, and other investments made to U.S. middle-market companies whose debt is rated below investment grade. Floating rate loans pay interest at variable rates, which are determined periodically, on the basis of a floating base lending rate such as London Interbank Offered Rate ("LIBOR"), and Secured Overnight Financing Rate ("SOFR"), with or without a floor, plus a fixed spread.

PFLT and Kemper (individually a "Member" and collectively the "Members") provide capital to PSSL in the form of notes and equity interests. As of September 30, 2023 and 2022, PFLT and Kemper owned 87.5% and 12.5%, respectively, of each of the outstanding notes and equity interests. The administrative agent of the Company is PennantPark Investment Administration, LLC, (the "Administrative Agent"). The Bank of New York Mellon Corporation, or the Sub-Administrator, provides certain services to the Administrative Agent with respect to certain accounting matters and has the responsibility for the official books and records.

PFLT and Kemper each appointed two members to PSSL's four-person board of directors and investment committee. All material decisions with respect to PSSL, including those involving its investment portfolio, require unanimous approval of a quorum of the board of directors or investment committee. Quorum is defined as (i) the presence of two members of the board of directors or investment committee; provided that at least one individual is present that was elected, designated or appointed by each of the Members; (ii) the presence of three members of the board of directors or investment committee, provided that the individual that was elected, designated or appointed by the Member with only one individual present shall be entitled to cast two votes on each matter; and (iii) the presence of four members of the board of directors or investment committee shall constitute a quorum, provided that two individuals are present that were elected, designated or appointed by each of the Members.

In January 2021, Pennant Park Senior Secured Loan Facility II, LLC ("PSSL II"), a wholly-owned subsidiary of PSSL, was formed as a financing subsidiary for purposes of entering into a senior secured revolving credit facility with Ally Bank (see Note 10).

In January 2021, PSSL completed a \$300.7 million debt securitization in the form of a collateralized loan obligation, or the "2032 Asset-Backed Debt". The 2032 Asset-Backed Debt is secured by a diversified portfolio of PennantPark CLO II, Ltd. ("CLO II"), a wholly-owned and consolidated subsidiary of PSSL, consisting primarily of middle market loans and participation interests in middle market loans. The 2032 Asset-Backed Debt is scheduled to mature in January 2032.

In April 2023, PSSL completed a \$297.8 million debt securitization in the form of a collateralized loan obligation, or the "2035 Asset-Backed Debt". The 2035 Asset-Backed Debt is secured by a diversified portfolio of PennantPark CLO VI, LLC ("CLO VI"), a wholly-owned and consolidated subsidiary of PSSL, consisting primarily of middle market loans and participation interests in middle market loans. The 2035 Asset-Backed Debt is scheduled to mature in April 2035.

**2. SIGNIFICANT ACCOUNTING POLICIES**

PSSL is considered an investment company under U.S. generally accepted accounting principles ("GAAP") and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board Accounting Standards Codification Topic 946. References to the Accounting Standards Codification, as amended ("ASC"), serves as a source of accounting literature. Subsequent events are evaluated and recognized or disclosed as appropriate for events occurring through the date the consolidated financial statements are available to be issued. The preparation of our consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amount of our assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reported periods. In the opinion of the Company, all adjustments, which are of a normal recurring nature, considered necessary for the fair presentation of financial statements have been included. Actual results could differ from these estimates due to changes in the economic and regulatory environment, financial markets and any other parameters used in determining such estimates and assumptions. We have eliminated all intercompany balances and transactions.

**PENNANTPARK SENIOR SECURED LOAN FUND I LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**(a) Restatement of Previously Issued Financial Statement**

During the preparation of the financial statements as of and for the year ended September 30, 2023, Management identified an error in the classification and presentation of cash pertaining to the Company's affiliate, PFLT, in the September 30, 2022 financial statements. The Company recorded cash activity and due from affiliate pertaining to their investments as an increase in the cash account instead of presenting the related cash and cash equivalents as an asset and another asset for due from affiliate. The impact of the error correction is reflected in a \$3.6 million decrease to cash and offsetting increase to due from affiliates as of September 30, 2022 and a decrease in due from affiliates within operating activities on the consolidated statement of cash flows totaling \$3.6 million for the year ended September 30, 2022. There was no impact from the error correction to total members' equity as reported on the consolidated statement of assets, liabilities and members' equity as of September 30, 2022. In addition, there was no impact from the error correction on net investment income or net increase (decrease) in members' equity resulting from operations in total as reported on the consolidated statement of operations for the year ended September 30, 2022. The corrections were reported in the year ended September 30, 2023.

Our significant accounting policies consistently applied are as follows:

**(b) Investment Valuations**

We expect that there may not be readily available market values for many of our investments, which are or will be in our portfolio, and we value such investments at fair value as determined in good faith by or under the direction of our board of directors using a documented valuation policy, described herein, and a consistently applied valuation process. With respect to investments for which there is no readily available market value, the factors that the board of directors may consider in pricing our investments at fair value include, as relevant, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event in determining our valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the price used in an actual transaction may be different than our valuation and the difference may be material. See Note 4.

Our portfolio generally consists of illiquid securities, including debt investments. With respect to investments for which market quotations are not readily available, or for which market quotations are deemed not reflective of the fair value, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- (1) Our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of PennantPark Investment Advisers, LLC, the investment adviser to PFLT, responsible for the portfolio investment;
- (2) Preliminary valuation conclusions are then documented and discussed with the management of PennantPark Investment Advisers, LLC;
- (3) Our board of directors also engages independent valuation firms to conduct independent appraisals of our investments for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment. The independent valuation firms review PennantPark Investment Advisers, LLC's preliminary valuations in light of their own independent assessment and also in light of any market quotations obtained from an independent pricing service, broker, dealer or market maker;
- (4) Our board of directors reviews the preliminary valuations of PennantPark Investment Advisers, LLC and those of the independent valuation firms on a quarterly basis, periodically assesses the valuation methodologies of the independent valuation firms, and responds to and supplements the valuation recommendations of the independent valuation firms to reflect any comments; and
- (5) Our board of directors assesses these valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of PennantPark Investment Advisers, LLC and the respective independent valuation firms.

Our board of directors generally uses market quotations to assess the value of our investments for which market quotations are readily available. We obtain these market values from independent pricing services or at bid prices obtained from at least two brokers

**PENNANTPARK SENIOR SECURED LOAN FUND I LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

or dealers, if available, or otherwise from a principal market maker or a primary market dealer. PennantPark Investment Advisers, LLC assesses the source and reliability of bids from brokers or dealers. If the board of directors has a bona fide reason to believe any such market quote does not reflect the fair value of an investment, it may independently value such investments by using the valuation procedure that it uses with respect to assets for which market quotations are not readily available.

***(c) Security Transactions, Revenue Recognition, and Realized/Unrealized Gains or Losses***

Security transactions are recorded on a trade date basis. We record interest income on an accrual basis to the extent that we expect to collect such amounts. For loans and debt investments with contractual payment-in-kind, or PIK interest, which represents interest accrued and added to the loan balance that generally becomes due at maturity, we will generally not accrue PIK interest when the portfolio company valuation indicates that such PIK interest is not collectable. We do not accrue as a receivable, interest on loans and debt investments if we have reason to doubt our ability to collect such interest. Loan origination fees, original issue discount ("OID"), market discount or premium and deferred financing costs on liabilities, which we do not fair value, are capitalized and then accreted or amortized using the effective interest method as interest income or, in the case of deferred financing costs, as interest expense. Dividend income, if any, is recognized on an accrual basis on the ex-dividend date to the extent that we expect to collect such amounts. From time to time, the Company receives certain fees from portfolio companies, which are non-recurring in nature. Such fees include loan prepayment penalties, structuring fees and amendment fees, and are recorded as other investment income when earned.

Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and/or if there is reasonable doubt that principal or interest will be collected. Accrued interest receivable is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon the Company's judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in the Company's judgment, are likely to remain current. As of September 30, 2023, we had two portfolio companies on non-accrual, representing 1.5% and 0.3% of our overall portfolio on a cost and fair value basis. As of September 30, 2022, none of our portfolio companies were on non-accrual.

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized, but considering prepayment penalties. Net change in unrealized appreciation or depreciation reflects the change in the fair values of our portfolio investments during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

***(d) Income Taxes***

PSSL is classified as a partnership for U.S. federal income tax purposes and is not subject to U.S. federal income tax. Accordingly, no provisions for U.S. income taxes have been made. The Members are responsible for reporting their share of the PSSL's income or loss on their U.S. income tax returns.

In accordance with FASB ASC Topic 740, the Company is required to determine whether a tax position of PSSL is more likely than not, based on the technical merits of the position, to be sustained upon examination including resolution of any related appeals or litigation processes. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in PSSL recording a tax liability that would reduce members' capital.

As of and for the years ended September 30, 2023 and 2022, management has determined that there were no material uncertain income tax positions.

***(e) Foreign Currency Translation***

Our books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

1. Fair value of investment securities, other assets and liabilities – at the exchange rates prevailing at the end of the applicable period; and

**PENNANTPARK SENIOR SECURED LOAN FUND I LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

2. Purchases and sales of investment securities, income and expenses – at the exchange rates prevailing on the respective dates of such transactions.

Although Members' capital and fair values are presented based on the applicable foreign exchange rates described above, we do not isolate that portion of the results of operations due to changes in foreign exchange rates on investments, other assets and debt from the fluctuations arising from changes in fair values of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Foreign security and currency translations may involve certain considerations and risks not typically associated with investing in U.S. companies and U.S. government securities. These risks include, but are not limited to, currency fluctuations and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices to be more volatile than those of comparable U.S. companies or U.S. government securities.

**(f) Consolidation**

As explained by ASC paragraph 946-810-45, PSSL will generally not consolidate its investment in a company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to us.

**(g) Recent Accounting Pronouncements**

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): *Disclosure Framework - Changes in the Disclosure Requirements for Fair Value Measurement*, which changes the fair value measurement disclosure requirements on fair value measurements in Topic 820. The ASU removed the requirements to disclose the policy for the timing of transfers between levels, the valuation processes for Level 3 fair value measurements, the Level 3 reconciliation from opening balances to closing balances, and the change in unrealized gains and losses of Level 3 fair value measurements held on the balance sheet date. While most changes are applied on a retrospective basis, the ASU still requires the change in unrealized gain and losses of Level 3 fair value measurements held as of the prior year to be disclosed. As a result of these removals certain modifications were made, including disclosure of the amount of and reason for transfers into and out of Level 3 of the fair value hierarchy and the amount of purchases and issues of Level 3 assets and liabilities. PSSL adopted this ASU for the year ended September 30, 2023.

In March 2020, the FASB issued Accounting Standards Update, or ASU, No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" or ASU 2020-04. The guidance provides optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued because of the reference rate reform. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The Company utilized the optional expedients and exceptions provided by ASU 2020-04 during the years ended September 30, 2023 and September 30, 2022, the effect of which was not material to the consolidated financial statements and the notes thereto.

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326)" or ASU 2022-02, which is intended to address issues identified during the post-implementation review of ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". The amendment, among other things, eliminates the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, "Receivables - Troubled Debt Restructurings by Creditors", while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The new guidance is effective for interim and annual periods beginning after December 15, 2022. The Company adopted ASU 2022-02 on its consolidated financial statement and disclosures.

In June 2022, the FASB issued Accounting Standards Update No. 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions," or ASU 2022-03, which changed the fair value measurement disclosure requirements of ASC Topic 820, Fair Value Measurements and Disclosures, or ASC 820. The amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The new guidance is effective for fiscal years beginning after December 15, 2023, including interim periods therein. Early application is permitted. The Company is currently evaluating the impact the

**PENNANTPARK SENIOR SECURED LOAN FUND I LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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adoption of this new accounting standard will have on its consolidated financial statements, but the impact of the adoption is not expected to be material.

### **3. AGREEMENTS AND RELATED PARTY TRANSACTIONS**

On June 10, 2022, PFLT was issued a capital call from the Company totaling \$28.4 million consisting of Member notes of \$19.9 million and equity interest of \$8.5 million. PFLT fulfilled the June 10, 2022 capital call by contributing \$28.0 million of securities and \$0.4 million in cash to the Company.

For the years ended September 30, 2023 and 2022, PSSL purchased \$158.2 million and \$275.8 million, in investments from PFLT, respectively.

As of September 30, 2023 and 2022, PSSL had a receivable from PFLT of \$0.4 million and \$3.6 million, respectively, presented as a Due from Affiliate on the consolidated statements of assets, liabilities and members' equity. These amounts are related to cash owed to PSSL from PFLT in connection with trades between funds.

For the years ended September 30, 2023 and 2022, PSSL incurred \$2.1 and \$1.8 million of Administration fees to the Administrative Agent, respectively. The Administrative Agent provides administration services to PSSL at an annual rate of 0.25% of average gross assets under management payable quarterly in arrears and calculated based on average gross assets measured at cost at the end of the two recently completed calendar quarters.

For the years ended September 30, 2023 and 2022, PSSL incurred \$30.3 million and \$17.5 million of interest expense related to the notes outstanding with the Members, respectively.

### **4. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value, as defined under ASC 820, is the price that we would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment or liability. ASC 820 emphasizes that valuation techniques maximize the use of observable market inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of us. Unobservable inputs reflect the assumptions market participants would use in pricing an asset or liability based on the best information available to us on the reporting period date.

ASC 820 classifies the inputs used to measure these fair values into the following hierarchies:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2: Inputs that are quoted prices for similar assets or liabilities in active markets, or that are quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term, if applicable, of the financial instrument.

Level 3: Inputs that are unobservable for an asset or liability because they are based on our own assumptions about how market participants would price the asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Generally, most of our investments are classified as Level 3. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the price used in an actual transaction may be different than our valuation and those differences may be material.

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The inputs into the determination of fair value may require significant management judgment or estimation. Even if observable market data is available, such information may be the result of consensus pricing information, disorderly transactions or broker quotes which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimer would result in classification as Level 3 information, assuming no additional corroborating evidence were available. Corroborating evidence that would result in classifying these non-binding broker/dealer bids as a Level 2 asset includes observable market-based transactions for the same or similar assets or other relevant observable market-based inputs that may be used in pricing an asset.

Our investments are generally structured as debt in the form of first lien secured debt, but may also include second lien secured debt, subordinated debt and equity investments. The transaction price, excluding transaction costs, is typically the best estimate of fair value at inception. Ongoing reviews by the Members and independent valuation firms are based on an assessment of each underlying investment, incorporating valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information including comparable transactions, performance multiples and yields, among other factors. These non-public investments using unobservable inputs are included in Level 3 of the fair value hierarchy.

A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in our ability to observe valuation inputs may result in a reclassification for certain financial assets or liabilities.

In addition to using the above inputs in valuing cash equivalents and investments, we employ the valuation policy approved by our board of directors that is consistent with ASC 820. Consistent with our valuation policy, we evaluate the source of inputs, including any markets in which our investments are trading, in determining fair value. See Note 2.

As outlined in the table below, some of our Level 3 investments using a market comparable valuation technique are valued using the average of the bids from brokers or dealers. The bids include a disclaimer, may not have corroborating evidence, may be the result of a disorderly transaction and may be the result of consensus pricing. The Members assess the source and reliability of bids from brokers or dealers. If the board of directors has a bona fide reason to believe any such market quote does not reflect the fair value of an investment, it may independently value such investments by using the valuation procedure that it uses with respect to assets for which market quotations are not readily available.

Some of our investments can also be valued using a market comparable or an enterprise market value technique. With respect to investments for which there is no readily available market value, the factors that the board of directors may consider in pricing our investments at fair value include, as relevant, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the pricing indicated by the external event, excluding transaction costs, is used to corroborate the valuation. When using earnings multiples to value a portfolio company, the multiple used requires the use of judgment and estimates in determining how a market participant would price such an asset. These non-public investments using unobservable inputs are included in Level 3 of the fair value hierarchy. Generally, the sensitivity of unobservable inputs or combination of inputs such as industry comparable companies, market outlook, consistency, discount rates and reliability of earnings and prospects for growth, or lack thereof, affects the multiple used in pricing an investment. As a result, any change in any one of those factors may have a significant impact on the valuation of an investment. Generally, an increase in a market yield will result in a decrease in the valuation of a debt investment, while a decrease in a market yield will have the opposite effect. Generally, an increase in an EBITDA multiple will result in an increase in the valuation of an investment, while a decrease in an EBITDA will have the opposite effect.

Our Level 3 valuation techniques, unobservable inputs and ranges were categorized as follows for ASC 820 purposes:

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Asset Category	Fair value at September 30, 2023	Valuation Technique	Unobservable Input	Range of Input (Weighted Average) <sup>(1)</sup>
First Lien	\$ 91,489	Market Comparable	Broker/Dealer bids or quotes	N/A
First Lien	691,949	Market Comparable	Market Yield	10.0% – 18.8% (12.3%)
First Lien	160	Market Comparable	EBITDA Multiple	2.8x
Equity	2,261	Enterprise Market Value	EBITDA Multiple	5.3x – 10.9x (6.5x)
<b>Total Level 3 investments</b>	<b>\$ 785,859</b>			

Asset Category	Fair value at September 30, 2022	Valuation Technique	Unobservable Input	Range of Input (Weighted Average) <sup>(1)</sup>
First lien	\$ 127,355	Market Comparable	Broker/Dealer bids or quotes	N/A
First lien	615,800	Market Comparable	Market Yield	6.0% – 12.2% (9.1%)
First lien	8,473	Enterprise Market Value	EBITDA Multiple	14.0x
Second Lien	2,955	Market Comparable	Market Yield	12.2% - 12.2% (12.2%)
Equity	139	Enterprise Market Value	EBITDA Multiple	8.0x
<b>Total Level 3 investments</b>	<b>\$ 754,722</b>			

<sup>(1)</sup> The weighted averages disclosed in the table above were weighted by their relative fair value.

Our investments and cash and cash equivalents were categorized as follows in the fair value hierarchy for ASC 820 purposes:

Description	Fair Value at September 30, 2023				Total
	Level 1	Level 2	Level 3		
First lien	\$ —	\$ —	\$ 783,598	\$ 783,598	
Equity	—	—	2,261	2,261	
Total investments	—	—	785,859	785,859	
Cash and cash equivalents	77,446	—	—	77,446	
<b>Total investments, cash and cash equivalents</b>	<b>\$ 77,446</b>	<b>\$ —</b>	<b>\$ 785,859</b>	<b>\$ 863,305</b>	

Description	Fair Value at September 30, 2022				Total
	Level 1	Level 2	Level 3		
First lien	\$ —	\$ —	\$ 751,628	\$ 751,628	
Second Lien	—	—	2,955	2,955	
Equity	—	—	139	139	
Total investments	—	—	754,722	754,722	
Cash and cash equivalents	30,152	—	—	30,152	
<b>Total investments, cash and cash equivalents</b>	<b>\$ 30,152</b>	<b>\$ —</b>	<b>\$ 754,722</b>	<b>\$ 784,874</b>	

Net Change in unrealized depreciation reported within the net change in unrealized (depreciation) appreciation on investments in our Consolidated Statements of Operations attributable to our level 3 assets still held as of September 30, 2022 was (\$8.3) million related to debt investments, (\$0.5) million related to equity investments and (\$8.8) million related to total investments.

For the year ended September 30, 2023, the amount of Level 3 purchases, including PIK interest, net discount accretion and non-cash exchanges for the year were \$195.8 million. There were no Level 3 transfers.

For the year ended September 30, 2022, the amount of Level 3 purchases, including PIK interest, net discount accretion and non-cash exchanges for the year were \$311.0 million. There were no Level 3 transfers.

**PENNANTPARK SENIOR SECURED LOAN FUND I LLC**  
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**5. CASH AND CASH EQUIVALENTS**

Cash equivalents represent cash invested in overnight money market funds. These temporary investments with original maturities of 90 days or less are deemed cash equivalents. Cash deposited at financial institutions is insured by the Federal Deposit Insurance Corporation (“FDIC”), up to specified limits. At times, such balances may exceed FDIC insured amounts. As of September 30, 2023, the entire amount of \$77.4 million included in the cash and cash equivalents balance on the Consolidated Statement of Assets and Liabilities is comprised of money market funds, which are not subject to FDIC insurance. As of September 30, 2022, cash and cash equivalents consisted of money market funds in the amounts of \$30.2 million at fair value. PSSSL believes it is not exposed to any significant risk of loss on its cash and cash equivalents.

**6. MEMBERS’ EQUITY**

PFLT and Kemper provide capital to PSSSL in the form of equity interests. As of September 30, 2023 and 2022, PFLT and Kemper owned 87.5% and 12.5%, respectively, of equity interests in PSSSL.

As of September 30, 2023 and 2022, PFLT had commitments to fund equity interests to PSSSL of \$101.9 million and \$90.0 million, respectively, of which \$11.8 million and \$8.5 million, respectively, were unfunded.

As of September 30, 2023 and 2022, Kemper had commitments to fund equity interests to PSSSL of \$14.6 million and \$12.9 million, respectively, of which \$1.7 million and \$1.2 million, respectively were unfunded.

**7. NOTES PAYABLE TO MEMBERS**

PFLT and Kemper provide capital to PSSSL in the form of first lien secured debt (“Member Notes”). The Member Notes were previously subordinated debt that were modified during the year ended September 30, 2018 to eliminate the subordination provision. The Member Notes bear an interest rate of 3-month LIBOR plus 8.0% through June 30, 2023 and 3-month SOFR plus 8.0% after June 30, 2023 and mature on May 6, 2024. As of September 30, 2023 and 2022, PFLT and Kemper owned 87.5% and 12.5% of the Member Notes, respectively.

As of September 30, 2023 and 2022, PFLT had commitments to fund Member Notes to PSSSL of \$237.7 million and \$210.1 million, respectively, of which \$27.6 million and \$19.9 million, respectively, were unfunded.

As of September 30, 2023 and 2022, Kemper had commitments to fund Member Notes to PSSSL of \$34.0 million and \$30.0 million, respectively, of which \$3.9 million and \$2.8 million, respectively, were unfunded.

**8. RISKS AND UNCERTAINTIES**

**Investment risk**

PSSSL seeks investment opportunities that offer the possibility of attaining income generation, capital preservation and capital appreciation including investments in private companies. Certain events particular to each industry in which PSSSL’s investments conduct their operations, as well as general economic and political conditions, may have a significant negative impact on the investee’s operations and profitability. Such events are beyond PSSSL’s controls, and the likelihood that they may occur cannot be predicted. Furthermore, investments of PSSSL are made in private companies and there are generally no public markets for these securities at the current time. The ability of PSSSL to liquidate these investments and realize value is subject to significant limitations and uncertainties.

**Leverage Risk**

PSSSL may borrow funds in order to increase the amount of capital available for investment. The use of leverage can improve the return on invested equity, however, such use may also magnify the potential for loss on invested equity capital. If the value of PSSSL’s assets decreases, leveraging would cause Members’ equity to decline more sharply than it otherwise would have had PSSSL not used leverage. Similarly, any decrease in PSSSL’s income would cause Members’ equity to decline more sharply than it would have had PSSSL not borrowed. Borrowings will usually be from credit facilities and/or debt securitization which will typically be

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secured by PSSL's securities and other assets. Under certain circumstances, such debt may demand an increase in the collateral that secures PSSL's obligations and if PSSL was unable to provide additional collateral, the debt could liquidate assets held in the account to satisfy PSSL's obligations. Liquidation in this manner could have adverse consequences. Additionally, the amount of PSSL's borrowings and the interest rates on those borrowings, which will fluctuate, could have a significant effect on PSSL's profitability.

**Credit Risk**

PSSL primarily invests in first lien secured debt to middle-market companies. A majority of the investments held by PSSL are subject to restrictions on their resale or are otherwise illiquid. PSSL assumes the credit risk of the borrower. In the event that the borrower becomes insolvent or enters bankruptcy, PSSL may incur certain costs and delays in realizing payment, or may suffer a loss of principal and/or interest.

**9. FINANCIAL HIGHLIGHTS**

The Members are responsible for all investment making and business decisions, therefore, there is no requirement to show financial highlights per ASC 946, which have been omitted accordingly.

**10. LEVERAGE**

**Credit Facility**

On January 26, 2021, PSSL II entered into a \$125.0 million senior secured revolving credit facility with Ally Bank (the "Ally Credit Facility"). Between June 3, 2021 and May 2, 2022, the Ally Credit Facility was amended to increase the total commitment to \$325 million. On August 16, 2023, the total commitment was decreased to \$260 million. Interest on the Ally Credit Facility ranged from LIBOR plus 2.5% to SOFR plus 2.6%. The Ally credit facility matures on January 26, 2026 and is secured by substantially all of the assets held by PSSL II. As of September 30, 2023 there were \$48.6 million in outstanding borrowings under the Ally Credit Facility and we were in compliance with all required covenants in the facility.

**Asset - Backed Debt**

In January 2021, CLO II completed a \$300.7 million debt securitization in the form of a collateralized loan obligation (the "Debt Securitization" or the "2032 Asset-Backed Debt"). The 2032 Asset-Backed Debt is secured by a diversified portfolio consisting primarily of middle market loans. The Debt Securitization was executed through a private placement of: (i) \$171.0 million Class A-1 Senior Secured Floating Rate Loans maturing 2032, which bear interest at the three-month SOFR plus 1.9%, (ii) \$6.0 million Class A-2 Senior Secured Floating Rate Notes due 2032, which bear interest at three month SOFR plus 2.25%, (iii) \$15.5 million Class B-1 Senior Secured Floating Rate Notes due 2032, which bear interest at the three-month SOFR plus 2.6%, (iv) \$8.5 million Class B-2 Senior Secured Fixed Rate Notes due 2032, which bear interest of 3.14%, (v) \$27.0 million Class C Secured Deferrable Floating Rate Notes due 2032, which bear interest at the three-month SOFR plus 4.25%, (vi) \$18.0 million Class D Secured Deferrable Floating Rate Notes due 2032, which bear interest at the three-month SOFR plus 6.5%, and (vii) \$18.0 million Class E Secured Deferrable Floating Rate Notes due 2032, which bear interest at the three-month SOFR plus 8.5%, under a credit agreement by and among the Securitization Issuers, as borrowers, various financial institutions, as lenders, and U.S. Bank National Association, as collateral agent and as loan agent. As of September 30, 2023 there was \$246.0 million of 2032 Asset-Backed Debt and there was \$2.0 million of un-amortized financing costs. As of September 30, 2023 the weighted average interest rate was 8.0%.

On the closing date of the Debt Securitization, in consideration of our transfer to CLO II of the initial closing date loan portfolio, PSSL received 100% of the Preferred Shares of CLO II, 100% of the Class E Notes issued by CLO II, and a portion of the net cash proceeds received from the sale of the 2032 Asset-Backed Debt. The Preferred Shares do not bear interest and had a stated value of approximately \$36.7 million at the closing of the Debt Securitization.

The 2032 Asset-Backed Debt is included in the Consolidated Statement of Assets, Liabilities and Members' Equity as debt of the Company and the Class E Notes and the Preferred Shares have been eliminated in consolidation.

In April 2023, CLO VI completed a \$297.8 million debt securitization in the form of a collateralized loan obligation (the "Debt Securitization" or the "2035 Asset-Backed Debt"). The 2035 Asset-Backed Debt is secured by a diversified portfolio consisting primarily of middle market loans. The Debt Securitization was executed through a private placement of: (i) \$171.0 million Class A-1 Senior Secured Floating Rate Loans maturing 2035, which bear interest at the three-month SOFR plus 2.68%, (ii) \$28.0 million

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Class B-1 Senior Secured Floating Rate Notes due 2035, which bear interest at the three-month SOFR plus 3.75%, (iii) \$5.0 million Class B-2 Senior Secured Fixed Rate Notes due 2035, which bear interest of 7.634%, (v) \$24.0 million Class C Secured Deferrable Floating Rate Notes due 2035, which bear interest at the three-month SOFR plus 5.25%, and (vi) \$18.0 million Class D Secured Deferrable Floating Rate Notes due 2035, which bear interest at the three-month SOFR plus 7.0%, under a credit agreement by and among the Securitization Issuers, as borrowers, various financial institutions, as lenders, and Wilmington Trust, as collateral agent and as loan agent. As of September 30, 2023 there was \$246.0 million of 2035 Asset-Backed Debt and there was \$2.5 million of un-amortized financing costs. As of September 30, 2023 the weighted average interest rate was 8.5%.

On the closing date of the Debt Securitization, in consideration of our transfer to CLO VI of the initial closing date loan portfolio, PSSS received 100% of the Preferred Shares of CLO VI from the sale of the 2035 Asset-Backed Debt. The Preferred Shares do not bear interest and had a stated value of approximately \$51.8 million at the closing of the Debt Securitization.

The 2035 Asset-Backed Debt is included in the Consolidated Statement of Assets, Liabilities and Members' Equity as debt of the Company and the Preferred Shares have been eliminated in consolidation.

PennantPark Investment Adviser, LLC serves as collateral manager to the Securitization Issuers pursuant to a Collateral Management Agreement. For so long as PennantPark Investment Adviser, LLC serves as collateral manager, it will elect to irrevocably waive any collateral management fee to which it may be entitled under the Collateral Management Agreements.

#### **11. COMMITMENTS AND CONTINGENCY**

As of September 30, 2023 and September 30, 2022, the Company had \$1.1 million and \$2.5 million, respectively, of unfunded commitments to fund existing investments.

The Company has provided general indemnifications to the Members, affiliates of the Members, and any person acting on behalf of the Members or that affiliate when they act, in good faith, in the best interest of the Company. The Company is unable to develop an estimate of the maximum potential amount of future payments that could potentially result from any hypothetical future claim but expects the risk of having to make any payments under these general business indemnifications to be remote.

#### **12. SUBSEQUENT EVENTS**

Subsequent events are evaluated and disclosed as appropriate for events occurring through the date the consolidated financial statements were available to be issued, December 7, 2023. There were no events that required disclosure.

# **PennantPark Senior Secured Loan Fund I LLC**

Consolidated Financial Statements and  
Independent Auditor's Report

September 30, 2022 and 2021

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## Independent Auditor's Report

To the Board of Directors  
PennantPark Senior Secured Loan Fund I LLC

### Opinion

We have audited the consolidated financial statements of PennantPark Senior Secured Loan Fund I LLC and its subsidiaries (the Fund), which comprise the consolidated statements of assets, liabilities, and members' equity, including the consolidated schedules of investments, as of September 30, 2022 and 2021, the related consolidated statements of operations, changes in members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of September 30, 2022 and 2021, and the results of its operations, changes in members' equity and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ RSM US LLP  
New York, New York  
November 17, 2022

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Statements of Assets, Liabilities and Members' Equity**  
(\$ In thousands)

	September 30, 2022	September 30, 2021
<b>Assets</b>		
Investments at fair value (cost—\$770,280 and \$576,263, respectively)	\$ 754,722	\$ 564,783
Cash and cash equivalents (cost—\$33,725 and \$28,387, respectively)	33,705	28,374
Interest receivable	3,025	1,414
Receivable for investment sold	3,637	7,323
Prepaid expenses and other assets	1,722	1,665
<b>Total assets</b>	<b>796,811</b>	<b>603,559</b>
<b>Liabilities</b>		
Credit facility payable	259,500	112,000
2032 Asset-backed debt, net (par—\$246,000)	243,365	242,757
Notes payable to members	217,350	161,000
Payable for investments purchased	10,414	31,963
Interest payable on notes to members	4,719	2,656
Interest payable on Credit Facility and asset backed debt	3,817	1,741
Accrued expenses	1,150	178
<b>Total liabilities</b>	<b>740,315</b>	<b>552,295</b>
Commitments and contingencies (See Note 11)		
<b>Members' equity</b>	<b>56,496</b>	<b>51,264</b>
<b>Total liabilities and members' equity</b>	<b>\$ 796,811</b>	<b>\$ 603,559</b>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Statements of Operations**  
(\$ In thousands)

	Year Ended September 30,	
	2022	2021
<b>Investment income:</b>		
Interest	\$ 53,006	\$ 33,364
Other income	1,188	982
<b>Total investment income</b>	<b>54,194</b>	<b>34,346</b>
<b>Expenses:</b>		
Interest and expense on credit facility and asset-backed debt	18,410	9,649
Interest expense on notes to members	17,468	12,635
Administrative services expenses	1,835	1,200
General and administrative expenses	1,156	906
<b>Total expenses</b>	<b>38,869</b>	<b>24,390</b>
<b>Net investment income</b>	<b>15,325</b>	<b>9,956</b>
<b>Realized and unrealized gain (loss) on investments and credit facility foreign currency translation:</b>		
Net realized loss on investments	(14,948)	(4,732)
Net change in unrealized appreciation (depreciation) on:		
Investments	(3,695)	3,377
Credit facility foreign currency translation	—	(489)
<b>Net change in unrealized appreciation (depreciation) on investments and credit facility foreign currency translations</b>	<b>(3,695)</b>	<b>2,888</b>
<b>Net realized and unrealized gain (loss) from investments and credit facility foreign currency translations</b>	<b>(18,643)</b>	<b>(1,844)</b>
<b>Net increase (decrease) in members' equity resulting from operations</b>	<b>\$ (3,318)</b>	<b>\$ 8,112</b>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Statements of Changes in Members' Equity**  
(\$ In thousands)

	<b>Year Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Net change in members' equity resulting from operations:</b>		
Net investment income	\$ 15,325	\$ 9,956
Net realized loss on investments	(14,948)	(4,732)
Net change in unrealized appreciation (depreciation) on investments	(3,695)	3,377
Net change in unrealized appreciation (depreciation) on credit facility foreign currency translation	—	(489)
Net increase (decrease) in members' equity resulting from operations	(3,318)	8,112
Capital contributions	24,150	7,590
Distributions	(15,600)	(10,050)
<b>Net increase (decrease) in members' equity</b>	<b>5,232</b>	<b>5,652</b>
<b>Members' equity</b>		
Beginning of year	51,264	45,612
End of year	\$ 56,496	\$ 51,264

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Statements of Cash Flows**  
(\$ In thousands)

	<b>Year Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Net increase (decrease) in members' equity resulting from operations	\$ (3,318)	\$ 8,112
Adjustments to reconcile net increase (decrease) in members' equity resulting from operations to net cash provided by (used in) operating activities:		
Net change in unrealized (appreciation) depreciation on investments	3,695	(3,377)
Net change in unrealized depreciation on credit facility foreign currency translations	—	489
Net realized (gain) loss on investments	14,948	4,732
Net accretion of discount and amortization of premium	(3,186)	(1,934)
Purchases of investments	(278,807)	(354,412)
Payment-in-kind interest	(1,069)	(1,914)
Proceeds from disposition of investments	102,436	185,725
Amortization of deferred financing costs	608	(3,243)
(Increase) Decrease in:		
Receivable for investments sold	3,686	(7,323)
Interest receivable	(1,612)	822
Prepaid expenses and other assets	(57)	(1,603)
Increase (Decrease) in:		
Payables for investments purchased	(21,550)	31,963
Interest payable on Credit Facility	2,077	1,250
Interest payable on notes to members	2,065	2,623
Accrued expenses	972	168
Net cash provided by (used in) operating activities	(179,112)	(137,923)
<b>Cash flows from financing activities:</b>		
Members' capital contributions	15,763	7,590
Proceeds from notes issued to Members	36,780	17,710
Distributions paid to members	(15,600)	(10,050)
Proceeds from Asset Backed Debt issued	—	246,000
Borrowings under credit facility	220,500	220,000
Repayments under credit facility	(73,000)	(325,553)
Net cash provided by (used in) financing activities	184,443	155,697
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,331</b>	<b>17,774</b>
Effect of exchange rate changes on cash	—	(522)
<b>Cash and cash equivalents, beginning of year</b>	<b>28,374</b>	<b>11,121</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 33,705</b>	<b>\$ 28,374</b>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid on credit facility and asset-backed debt	\$ 16,334	\$ 7,616
Interest paid on notes to members	\$ 15,403	\$ 10,013
<b>Non Cash Operating and Financing activity:</b>		
Purchase of investments from non-cash equity contribution	\$ (27,957)	\$ —
Non Cash equity contribution	\$ 8,387	\$ —
Non Cash proceeds from notes issued to Members	\$ 19,570	\$ —

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Schedule of Investments**  
**September 30, 2022**

Issuer Name	Maturity		Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value <sup>(2)</sup>
<b>First Lien Secured Debt - 1,330.4%</b>							
Ad.net Acquisition, LLC	5/6/2026	Media	9.67%	3M L+600	8,888	\$ 8,788	\$ 8,821
Alpine Acquisition Corp II	11/30/2026	Containers and Packaging	8.22%	SOFR+600	9,975	9,790	9,576
Altamira Technologies, LLC	7/24/2025	Business Services	10.81%	3M L+800	5,225	5,113	5,042
American Insulated Glass, LLC	12/21/2023	Building Products	7.79%	3M L+550	4,883	4,851	4,883
Anteriad, LLC (f/k/a MeritDirect, LLC)	5/23/2024	Media: Advertising, Printing & Publishing	9.67%	3M L+550	5,284	5,208	5,284
Any Hour Services	7/21/2027	Professional Services	8.33%	3M L+525	3,510	3,441	3,440
Apex Service Partners, LLC	7/31/2025	Diversified Consumer Services	6.72%	1M L+525	1,010	1,010	1,005
Apex Service Partners, LLC Term Loan B	7/31/2025	Diversified Consumer Services	9.67%	3M L+625	2,202	2,202	2,191
Apex Service Partners, LLC Term Loan C	7/31/2025	Diversified Consumer Services	7.86%	3M L+525	11,115	11,050	11,059
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	8.76%	3M L+575	8,421	8,317	8,211
Arcfield Acquisition Corp.	3/7/2028	Aerospace and Defense	8.99%	SOFR + 575	4,677	4,588	4,583
Beta Plus Technologies, Inc.	7/1/2029	Business Services	7.76%	SOFR + 525	5,000	4,903	4,900
Blackhawk Industrial Distribution, Inc.	9/17/2024	Distributors	8.62%	SOFR + 500	15,293	15,102	14,956
Broder Bros., Co.	12/2/2022	Consumer Products	7.39%	3M L+600	2,417	2,417	2,417
By Light Professional IT Services, LLC	5/16/2024	High Tech Industries	9.20%	1M L+662	14,822	14,771	14,674
Cadence Aerospace, LLC	11/14/2023	Aerospace and Defense	11.31%	3M L+325	12,412	12,385	12,288
			(PIK 11.31%)				
Cartessa Aesthetics, LLC	5/13/2028	Distributors	9.55%	SOFR + 600	6,484	6,359	6,386
CF512, Inc.	8/20/2026	Media	9.08%	3M L+600	4,950	4,866	4,876
CHA Holdings, Inc.	4/10/2025	Construction and Engineering	8.17%	3M L+450	5,557	5,487	5,557
Challenger Performance Optimization, Inc.	8/31/2023	Business Services	9.27%	1M L+575	9,271	9,247	8,993
			(PIK 1.00%)				
Comatix Buyer, Inc.	7/13/2027	Media	8.42%	3M L+550	3,907	3,842	3,810
Crane 1 Services, Inc.	8/16/2027	Commercial Services & Supplies	9.39%	3M L+575	2,110	2,084	2,089
Douglas Products and Packaging Company LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87%	3M L+575	8,655	8,653	8,655
Douglas Sewer Intermediate, LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87%	3M L+575	7,248	7,246	7,248
Dr. Squatch, LLC	8/31/2027	Personal Products	9.42%	3M L+575	14,862	14,610	14,639
DRI Holding Inc.	12/21/2028	Media	8.37%	1M L+525	1,832	1,680	1,643
DRS Holdings III, Inc.	11/3/2025	Consumer Goods: Durable	8.87%	1M L+575	15,179	15,103	14,693
			8.62%				
Duraco Specialty Tapes LLC	6/30/2024	Containers and Packaging		1M L+550	10,278	10,151	10,031
ECL Entertainment, LLC	5/1/2028	Hotels, Restaurants and Leisure	10.62%	3M L+750	2,621	2,598	2,581
ECM Industries, LLC	12/23/2025	Electronic Equipment, Instruments, and Components	7.82%	3M L+475	4,974	4,974	4,738
Exigo Intermediate II, LLC	3/15/2027	Software	8.87%	1M L+575	12,935	12,759	12,644
Fairbanks Morse Defense	6/17/2028	Aerospace and Defense	8.39%	3M L+475	10,300	10,238	9,528
Gantech Acquisition Corp.	5/14/2026	IT Services	9.37%	1M L+625	14,638	14,427	14,199
Global Holdings InterCo LLC	3/16/2026	Diversified Financial Services	8.74%	3M L+600	3,904	3,888	3,728
Graffiti Buyer, Inc.	8/10/2027	Trading Companies & Distributors	9.17%	3M L+550	2,369	2,320	2,274
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	8.67%	1M L+500	2,392	2,347	2,356
Holdco Sands Intermediate, LLC	11/23/2028	Aerospace and Defense	10.17%	3M L+600	4,963	4,874	4,863
HW Holdco, LLC	12/10/2024	Media	6.00%	6M L+575	3,052	3,006	3,014
Icon Partners III, LP	5/11/2028	Automobiles	7.55%	3M L+450	2,327	1,997	1,701
IDC Infusion Services, Inc.	12/30/2026	Healthcare Equipment and Supplies	10.20%	SOFR+700	9,950	9,833	9,502
Imagine Acquisitionco, LLC	11/15/2027	Software	8.42%	1M L+550	5,364	5,261	5,230
Inception Fertility Ventures, LLC	12/7/2023	Healthcare Providers and Services	8.55%	SOFR+700	16,620	16,309	16,454
Integrative Nutrition, LLC	9/29/2023	Diversified Consumer Services	8.42%	3M L+475	11,187	11,168	10,963
Integrity Marketing Acquisition, LLC	8/27/2025	Insurance	7.58%	1M L+550	5,966	5,885	5,906
ITI Holdings, Inc.	3/3/2028	IT Services	8.67%	SOFR + 550	3,980	3,917	3,900
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	11.12%	1M L+800	19,250	19,103	19,250
Kinetic Purchaser, LLC	11/10/2027	Personal Products	9.67%	3M L+600	16,830	16,451	16,494
Lash OpCo, LLC	2/18/2027	Personal Products	11.17%	3M L+700	14,355	14,074	14,068
LAV Gear Holdings, Inc.	10/31/2024	Capital Equipment	9.70%	3M L+550	10,578	10,539	10,335
			(PIK 2.00%)				
Lightspeed Buyer Inc.	2/3/2026	Healthcare Providers and Services	9.04%	3M L+575	10,598	10,428	10,254
Lucky Bucks, LLC	7/20/2027	Hotel, Gaming and Leisure	8.31%	3M L+550	4,331	4,258	3,183
Magenta Buyer, LLC	7/31/2028	Software	7.87%	1M L+475	2,695	2,539	2,425
Marketplace Events, LLC - Super Priority First Lien Term Loan	9/30/2025	Media: Diversified and Production	8.19%	1M L+525	647	647	647
Marketplace Events, LLC - Super Priority First Lien Unfunded Term Loan	9/30/2025	Media: Diversified and Production			589	-	-
Marketplace Events, LLC	9/30/2026	Media: Diversified and Production	8.19%	1M L+525	4,837	3,527	4,837
			8.62%				
Mars Acquisition Holdings Corp.	5/14/2026	Media		1M L+550	9,900	9,782	9,851
MBS Holdings, Inc.	4/16/2027	Internet Software and Services	8.56%	3M L+575	7,406	7,296	7,332
MDI Buyer, Inc.	7/25/2028	Chemicals, Plastics and Rubber	8.98%	3M L+500	5,000	4,902	4,900
Meadowlark Acquirer, LLC	12/10/2027	Professional Services	9.17%	3M L+650	2,396	2,353	2,372
Mission Critical Electronics, Inc.	3/28/2024	Capital Equipment	8.70%	SOFR+500	5,829	5,817	5,759
Municipal Emergency Services, Inc.	9/28/2027	Distributors	8.67%	3M L+500	3,465	3,405	3,264
NBH Group LLC	8/19/2026	Healthcare, Education & Childcare	7.80%	1M L+550	10,820	10,641	10,820
New Milani Group LLC	6/6/2024	Consumer Goods: Non-Durable	7.75%	3M L+500	14,363	14,319	14,111
OIS Management Services, LLC	7/9/2026	Healthcare Equipment and Supplies	8.40%	SOFR+475	5,060	4,991	5,060
One Stop Mailing, LLC	5/7/2027	Air Freight and Logistics	9.37%	1M L+625	14,598	14,353	14,160
Output Services Group, Inc.	3/27/2024	Business Services	9.80%	3M L+425	7,682	7,676	8,838
Owl Acquisition, LLC	2/4/2028	Professional Services	8.41%	3M L+575	3,990	3,918	3,890
Ox Two, LLC	5/18/2026	Construction and Building	9.81%	3M L+600	4,925	4,866	4,827
PH Beauty Holdings III, Inc.	9/29/2025	Wholesale	8.07%	1M L+500	9,593	9,234	7,674
PL Acquisitionco, LLC	11/9/2027	Textiles, Apparel and Luxury Goods	9.62%	1M L+650	8,238	8,111	8,032
Plant Health Intermediate, Inc.	10/19/2022	Chemicals, Plastics and Rubber	8.87%	3M L+575	1,562	1,561	1,562
PlayPower, Inc.	5/8/2026	Consumer Goods: Durable	9.17%	3M L+550	2,580	2,500	2,309
Pragmatic Institute, LLC	7/6/2028	Education	9.30%	SOFR+575	11,250	11,056	11,138
Quantic Electronics, LLC	11/19/2026	Aerospace and Defense	8.41%	1M L+625	4,845	4,755	4,729
Quantic Electronics, LLC - Unfunded Term Loan	11/19/2026	Aerospace and Defense		1M L+625	1,888	-	-
Reception Purchaser, LLC	2/28/2028	Air Freight and Logistics	9.13%	SOFR+600	4,975	4,904	4,751
Recteq, LLC	1/29/2026	Leisure Products	9.92%	3M L+600	4,925	4,856	4,753
Research Now Group, LLC and Dynata, LLC	12/20/2024	Diversified Consumer Services	8.84%	3M L+550	12,564	12,354	11,291

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**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Schedule of Investments**  
**September 30, 2022**

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
Sales Benchmark Index LLC	1/3/2025	Professional Services	9.67 %	3M L+600	5,013	\$ 4,960	\$ 4,963
Sargent & Greenleaf Inc.	12/20/2024	Wholesale	8.62 %	3M L+550	5,240	5,202	5,187
Schlesinger Global, Inc.	7/14/2025	Business Services	10.27 %	SOFR+500	11,847	11,829	11,551
			(PIK 0.50%)				
Sigma Defense Systems, LLC	12/18/2025	Aerospace and Defense	12.17 %	1M L+850	14,716	14,411	14,421
Smile Brands Inc.	10/14/2025	Healthcare and Pharmaceuticals	7.05 %	3M L+450	11,917	11,807	11,470
Solutionreach, Inc.	1/17/2024	Healthcare and Pharmaceuticals	8.87 %	1M L+575	5,647	5,625	5,511
Spendmind Holdings LLC	3/1/2028	Healthcare Technology	8.63 %	SOFR+575	2,956	2,916	2,873
STV Group Incorporated	12/11/2026	Construction and Building	8.37 %	3M L+525	9,075	9,011	8,985
System Planning and Analysis, Inc. (f/k/a Management Consulting & Research, LLC)	8/16/2027	Aerospace and Defense	8.73 %	SOFR+600	14,888	14,623	14,649
Teneo Holdings LLC	7/18/2025	Business Services	8.38 %	3M L+625	2,786	2,757	2,623
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	9.55 %	3M L+500	5,659	5,600	5,603
The Bluebird Group LLC	7/27/2026	Professional Services	10.67 %	1M L+700	1,707	1,679	1,724
The Infosoft Group, LLC	9/16/2024	Media: Broadcasting and Subscription	8.47 %	3M L+525	12,957	12,952	12,859
The Vertex Companies, LLC	8/30/2027	Construction and Engineering	8.62 %	1M L+550	5,578	5,479	5,550
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/2025	Consumer Goods: Non-Durable	8.30 %	3M L+475	8,744	8,604	8,482
TVC Enterprises, LLC	3/26/2026	Diversified Consumer Services	8.87 %	3M L+550	14,952	14,871	14,578
TWS Acquisition Corporation	6/16/2025	Diversified Consumer Services	8.76 %	3M L+625	5,468	5,450	5,441
Tyto Athene, LLC (New Issue)	4/1/2028	IT Services	7.76 %	3M L+550	15,550	15,421	14,446
UBEO, LLC	4/3/2024	Capital Equipment	8.17 %	3M L+450	17,390	17,305	17,129
Unique Indoor Comfort, LLC	5/24/2027	Home and Office Furnishings, Housewares	8.95 %	SOFR+525	4,975	4,880	4,866
Walker Edison Furniture Company LLC	3/31/2027	Wholesale	12.42 %	3M L+575	12,684	12,438	8,473
			(PIK 3.0%)				
Wildcat Buyerco, Inc.	2/27/2026	Electronic Equipment, Instruments, and Components	9.45 %	SOFR+550	8,546	8,506	8,261
Zips Car Wash, LLC	3/1/2024	Automobiles	10.35 %	3M L+725	16,957	16,711	16,533
<b>Total First Lien Secured Debt</b>						767,316	751,627
<b>Second Lien Secured Debt - 5.0%</b>							
Inventus Power, Inc.	9/29/2024	Consumer Goods: Durable	12.17 %	3M L+850	3,000	2,963	2,955
<b>Total Second Lien Secured Debt</b>						2,963	2,955
<b>Equity Securities - 0.4%</b>							
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	—	—	139
<b>Total Equity Securities</b>							139
<b>Total Investments - 1,335.9%</b>						770,280	754,722
<b>Cash and Cash Equivalents - 59.7%</b>							
BlackRock Federal FD Institutional 30						33,725	33,705
<b>Total Cash and Cash Equivalents</b>						33,725	33,705
<b>Total Investments and Cash Equivalents —1,329.0%</b>						\$ 804,005	\$ 788,427
<b>Liabilities in Excess of Other Assets — (1,229.0)%</b>							(731,931 )
<b>Members' Equity—100.0%</b>							\$ 56,496

(1) Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable LIBOR or "L", Secured Overnight Financing Rate or "SOFR", or Prime rate or "P". The spread may change based on the type of rate used. The terms in the Consolidated Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to a 30-day, 60-day, 90-day or 180-day LIBOR rate (1M L, 2M L, 3M L, or 6M L, respectively), at the borrower's option. All securities are subject to a LIBOR or Prime rate floor where a spread is provided, unless noted. The spread provided includes PIK interest and other fee rates, if any.

(2) Valued based on PSSL's accounting policy.

(3) Represents the purchase of a security with a delayed settlement or a revolving line of credit that is currently an unfunded investment. This security does not earn a basis point spread above an index while it is unfunded.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Schedule of Investments**  
**September 30, 2021**

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value <sup>(2)</sup>
<b>First Lien Secured Debt - 1.088.%</b>							
Ad.net Acquisition, LLC	05/06/2026	Media	7.00 %	3M L+600	8,978	\$ 8,852	\$ 8,843
Altamira Technologies, LLC	07/24/2025	Business Services	8.00 %	3M L+700	5,525	5,376	5,180
American Insulated Glass, LLC	12/21/2023	Building Products	6.50 %	3M L+550	5,721	5,653	5,663
Apex Service Partners, LLC	07/31/2025	Diversified Consumer Services	6.25 %	3M L+525	1,021	1,021	1,010
Apex Service Partners, LLC Term Loan B	07/31/2025	Diversified Consumer Services	6.50 %	1M L+550	2,222	2,222	2,200
Apex Service Partners, LLC Term Loan C	07/31/2025	Diversified Consumer Services	6.25 %	3M L+525	4,174	4,103	4,132
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	6.75 %	3M L+575	4,511	4,419	4,421
By Light Professional IT Services, LLC	05/16/2022	High Tech Industries	7.25 %	1M L+625	12,880	12,869	12,880
Cadence Aerospace, LLC	11/14/2023	Aerospace and Defense	9.50 %	3M L+850	12,282	12,231	11,981
P(IK 9.50%)							
Cano Health	11/23/2027	Healthcare, Education & Childcare	5.25 %	3M L+450	2,653	2,647	2,654
CHA Holdings, Inc.	04/10/2025	Construction and Engineering	5.50 %	3M L+450	5,615	5,519	5,530
Challenger Performance Optimization, Inc.	08/31/2023	Business Services	8.00 %	1M L+675	9,501	9,454	9,216
P(IK 1.00%)							
Connatix Buyer, Inc	07/13/2027	Media	6.25 %	1M L+550	4,000	3,922	3,920
CoolSys, Inc	08/04/2028	Business Services	5.50 %	1M L+475	1,909	1,890	1,914
Crane 1 Services Inc	08/16/2027	Commercial Services & Supplies	6.75 %	1M L+575	2,132	2,100	2,110
Crash Champions, LLC	08/05/2025	Automobiles	6.00 %	3M L+500	8,978	8,802	8,798
Digital Room Holdings, Inc.	05/22/2026	Commercial Services & Supplies	5.08 %	1M L+500	3,228	3,111	3,186
Douglas Products and Packaging Company LLC	10/19/2022	Chemicals, Plastics and Rubber	6.75 %	3M L+575	8,746	8,695	8,746
Douglas Sewer Intermediate, LLC	10/19/2022	Chemicals, Plastics and Rubber	6.75 %	3M L+575	7,323	7,278	7,323
Dr. Squatch, LLC	8/27/2026	Personal Products	7.00 %	3M L+600	10,000	9,803	9,800
DRS Holdings III, Inc.	11/03/2025	Consumer Goods: Durable	7.25 %	1M L+625	15,676	15,584	15,566
East Valley Tourist Development Authority	03/07/2022	Hotels, Restaurants and Leisure	9.00 %	3M L+800	5,719	5,624	5,633
P(IK 3.50%)							
ECL Entertainment, LLC	03/31/2028	Hotels, Restaurants and Leisure	8.25 %	1M L+750	2,647	2,621	2,707
ECM Industries, LLC	12/23/2025	Electronic Equipment, Instruments, and Components	5.50 %	1M L+450	4,994	4,994	4,894
Fairbanks More Defense	06/17/2028	Aerospace and Defense	5.50 %	3M L+475	10,000	9,955	10,000
FlexPrint, LLC	01/02/2024	Commercial Services & Supplies	6.02 %	1M L+590	4,770	4,732	4,746
Gantech Acquisition Corp.	05/14/2026	IT Services	7.25 %	3M L+625	14,925	14,648	14,627
Global Holdings InterCo LLC	03/16/2026	Diversified Financial Services	7.00 %	3M L+600	3,968	3,948	3,948
Graffiti Buyer, Inc	08/10/2027	Trading Companies & Distributors	6.75 %	3M L+575	2,393	2,346	2,357
6.00 %							
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	8.00 %	3M L+500	2,481	2,425	2,456
Holdco Sands Intermediate, LLC	12/19/2025	Aerospace and Defense	7.50 %	3M L+600	6,474	6,407	6,441
IMIA Holdings, Inc.	04/09/2027	Aerospace and Defense	6.75 %	3M L+575	13,589	13,338	13,317
Integrative Nutrition, LLC	09/29/2023	Diversified Consumer Services	5.50 %	3M L+450	11,567	11,528	11,567
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	8.00 %	1M L+700	19,450	19,193	18,933
LAV Gear Holdings, Inc.	10/31/2024	Capital Equipment	8.50 %	3M L+750	10,491	10,435	9,833
P(IK 1.00%)							
Lightspeed Buyer Inc.	02/3/2026	Healthcare Providers and Services	6.75 %	1M L+575	5,707	5,606	5,707
Lucky Bucks, LLC	07/20/2027	Hotel, Gaming and Leisure	6.25 %	1M L+550	4,500	4,411	4,424
Marketplace Events, LLC <sup>(3)(4)</sup>	09/30/2025	Media: Diversified and Production	6.25 %	3M L+525	617	617	617
P(IK 6.25%)							
Super Priority First Lien Term Loan							
Marketplace Events, LLC - Super Priority First Lien Unfunded Term Loan <sup>(3)(4)</sup>	09/30/2025	Media: Diversified and Production	—	—	589	—	—
Marketplace Events LLC <sup>(4)</sup>	09/30/2026	Media: Diversified and Production	0.00 %	—	4,615	3,441	4,615
Mars Acquisition Holdings Corp.	05/14/2026	Media	6.50 %	1M L+550	10,000	9,813	9,900
MBS Holdings, Inc.	04/16/2027	Internet Software and Services	6.75 %	3M L+575	7,481	7,338	7,332
MeritDirect, LLC	05/23/2024	Media: Advertising, Printing & Publishing	6.50 %	3M L+550	5,532	5,412	5,477
Mission Critical Electronics, Inc.	09/28/2022	Capital Equipment	6.00 %	3M L+500	5,890	5,877	5,890
NBH Group LLC	08/19/2026	Healthcare, Education & Culture	6.50 %	3M L+550	10,902	10,687	10,684
New Milani Group LLC	06/06/2024	Consumer Goods: Non-Durable	6.50 %	1M L+550	14,550	14,481	13,895
OIS Management Services LLC	07/09/2026	Healthcare Equipment and Supplies	5.75 %	1M L+475	1,995	1,966	1,965
One Stop Mailing, LLC	05/07/2027	Air Freight and Logistics	7.25 %	1M L+625	14,920	14,631	14,659
Output Services Group, Inc.	03/27/2024	Business Services	5.50 %	1M L+450	7,743	7,733	7,047
Ox Two, LLC	05/18/2026	Construction and Building	7.00 %	3M L+600	4,975	4,901	4,876
PH Beauty Holdings III, Inc.	09/29/2025	Wholesale	5.12 %	1M L+500	9,693	9,514	9,467
Plant Health Intermediate, Inc.	10/19/2022	Chemicals, Plastics and Rubber	6.75 %	3M L+575	1,578	1,568	1,578
PlayPower, Inc.	05/8/2026	Consumer Goods: Durable	5.63 %	3M L+550	3,805	3,720	3,736
Recteq, LLC	01/29/2026	Leisure Products	7.00 %	3M L+600	4,975	4,888	4,925
Research Now Group, Inc. and Survey Sampling International LLC	12/20/2024	Diversified Consumer Services	6.50 %	3M L+550	10,680	10,592	10,544
Sales Benchmark Index LLC	01/03/2025	Professional Services	7.75 %	3M L+600	5,578	5,496	5,439
Sargent & Greenleaf Inc.	12/20/2024	Wholesale	7.00 %	1M L+550	5,550	5,493	5,550
Schlesinger Global, Inc.	07/14/2025	Business Services	8.00 %	3M L+700	11,785	11,760	11,254
Smile Brands Inc.	10/14/2024	Healthcare and Pharmaceuticals	5.32 %	3M L+450	12,576	12,459	12,451
Snak Club, LLC	07/19/2022	Beverage, Food and Tobacco	7.00 %	1M L+600	4,388	4,362	4,388
Solutionreach, Inc.	01/17/2024	Healthcare and Pharmaceuticals	6.75 %	1M L+575	5,892	5,854	5,892

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**PennantPark Senior Secured Loan Fund I LLC**  
**Consolidated Schedule of Investments**  
**September 30, 2021**

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par / Shares	Cost	Fair Value <sup>(2)</sup>
Spectacle Gary Holdings, LLC	12/23/2025	Hotels, Restaurants and Leisure	11.00 %	1M L+900	4,389	\$ 4,506	\$ 4,765
STV Group Incorporated	12/11/2026	Construction and Building	5.33 %	1M L+525	9,075	9,004	9,030
TAC LifePort Purchaser, LLC	03/01/2026	Aerospace and Defense	7.00 %	3M L+600	4,950	4,860	4,948
TeleGuam Holdings, LLC	11/20/2025	Telecommunications	5.50 %	1M L+450	10,337	10,313	10,234
Teneo Holdings LLC	07/18/2025	Business Services	6.25 %	1M L+525	2,309	2,306	2,297
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	6.77 %	3M L+550	5,713	5,634	5,656
The Bluebird Group LLC	07/27/2026	Professional Services	8.00 %	3M L+700	1,744	1,710	1,733
The InfoSoft Group, LLC	09/16/2024	Media: Broadcasting and Subscription	6.75 %	6M L+575	13,383	13,376	13,383
The Vertex Companies, LLC	08/30/2027	Construction and Engineering	6.50 %	6M L+550	5,634	5,523	5,529
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/2025	Consumer Goods: Non-Durable	6.25 %	3M L+525	8,834	8,655	8,569
TVC Enterprises, LLC	03/26/2026	Diversified Consumer Services	6.75 %	1M L+575	8,558	8,593	8,558
TWS Acquisition Corporation	06/16/2025	Diversified Consumer Services	7.25 %	1M L+625	6,636	6,599	6,636
Tyto Athene, LLC	08/27/2024	IT Services	6.25 %	1M L+550	11,443	11,334	11,443
UBEO, LLC	04/03/2024	Capital Equipment	5.50 %	1M L+450	17,571	17,457	17,483
Urology Management Associates, LLC	08/30/2024	Healthcare and Pharmaceuticals	5.50 %	1M L+450	11,030	10,849	10,975
Walker Edison Furniture Company LLC	03/31/2027	Wholesale	6.75 %	1M L+575	12,438	12,142	11,971
Wildcat Buyerco, Inc.	02/27/2026	Electronic Equipment, Instruments, and Components	6.00 %	3M L+500	5,706	5,656	5,678
<b>Total First Lien Secured Debt</b>						558,880	557,732
<b>Second Lien Secured Debt - 10.5%</b>							
DBI Intermediate Holdco, LLC, Term Loan B <sup>(4)</sup>	02/02/2026	Business Services	11.00 %	—	2,434	2,434	2,434
			P(K 9.00%)				
Inventus Power, Inc.	09/29/2024	Consumer Goods: Durable	9.50 %	3M L+850	3,000	2,947	2,940
<b>Total Second Lien Secured Debt</b>						5,381	5,374
<b>Equity Securities - 3.3%</b>							
DBI Intermediate Holdco, LLC, Series A-1 <sup>(4)</sup>	—	Business Services	13.00 %	—	7	5,034	—
DBI Intermediate Holdco, LLC, Series AA <sup>(4)</sup>	—	Business Services	—	—	7	6,731	1,315
DBI Intermediate Holdco, LLC, Series B <sup>(4)</sup>	—	Business Services	—	—	1,065	237	—
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	0	—	362
<b>Total Equity Securities</b>						12,002	1,677
<b>Total Investments - 1,101.7%</b>						576,263	564,783
<b>Cash and Cash Equivalents - 55.3%</b>							
BlackRock Federal FD Institutional 30						28,191	28,191
US Bank Cash						196	183
<b>Total Cash and Cash Equivalents</b>						28,387	28,374
<b>Total Investments and Cash Equivalents —1,157.1%</b>						\$ 604,650	\$ 593,157
<b>Liabilities in Excess of Other Assets — (1,057.1)%</b>							(541,893 )
<b>Members' Equity—100.0%</b>							\$ 51,264

(1) Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable LIBOR, or "L" or Prime rate or "P". The spread may change based on the type of rate used. The terms in the Consolidated Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to a 30-day, 60-day, 90-day or 180-day LIBOR rate (1M L, 2M L, 3M L, or 6M L, respectively), at the borrower's option. All securities are subject to a LIBOR or Prime rate floor where a spread is provided, unless noted. The spread provided includes PIK interest and other fee rates, if any.

(2) Valued based on PSSS's accounting policy.

(3) Non-U.S. company or principal place of business outside the United States.

(4) Security currently on interest non-accrual status.

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**PENNANTPARK SENIOR SECURED LOAN FUND I LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**1. ORGANIZATION**

PennantPark Senior Secured Loan Fund I LLC ("PSSL"), is organized as a Delaware limited liability company and commenced operations in May 2017. PSSL is a joint venture between PennantPark Floating Rate Capital Ltd. ("PFLT") and Trinity Universal Insurance Company, a subsidiary of Kemper Corporation (NYSE: KMPR), ("Kemper"). In this report, except where the context suggests otherwise, the terms "Company," "we," "our," or "us" refer to PSSL and its consolidated subsidiary.

The Company's investment objectives are to generate current income and capital appreciation while seeking to preserve capital. We seek to achieve our investment objective by investing primarily in loans bearing a variable-rate of interest, or floating rate loans, and other investments made to U.S. middle-market companies whose debt is rated below investment grade. Floating rate loans pay interest at variable rates, which are determined periodically, on the basis of a floating base lending rate such as London Interbank Offered Rate ("LIBOR"), and Secured Overnight Financing Rate ("SOFR"), with or without a floor, plus a fixed spread.

PFLT and Kemper (individually a "Member" and collectively the "Members") provide capital to PSSL in the form of notes and equity interests. As of September 30, 2022 and 2021, PFLT and Kemper owned 87.5% and 12.5%, respectively, of each of the outstanding notes and equity interests. The administrative agent of the Company is PennantPark Investment Administration, LLC, (the "Administrative Agent"). The Bank of New York Mellon Corporation, or the Sub-Administrator, provides certain services to the Administrative Agent with respect to certain accounting matters and has the responsibility for the official books and records.

PFLT and Kemper each appointed two members to PSSL's four-person board of directors and investment committee. All material decisions with respect to PSSL, including those involving its investment portfolio, require unanimous approval of a quorum of the board of directors or investment committee. Quorum is defined as (i) the presence of two members of the board of directors or investment committee; provided that at least one individual is present that was elected, designated or appointed by each of the Members; (ii) the presence of three members of the board of directors or investment committee, provided that the individual that was elected, designated or appointed by the Member with only one individual present shall be entitled to cast two votes on each matter; and (iii) the presence of four members of the board of directors or investment committee shall constitute a quorum, provided that two individuals are present that were elected, designated or appointed by each of the Members.

In May 2017, PennantPark Senior Secured Loan Facility LLC ("PSSL I"), a wholly-owned subsidiary of PSSL, was formed as a financing subsidiary for purposes of entering into a multi-currency senior secured revolving credit facility, with Capital One, N.A. (see Note 10). The \$325 million Credit Facility has a maturity date of May 2, 2023 and is priced at 2.25% over LIBOR. On January 27, 2021, PSSL terminated the facility with Capital One, N.A.

In January 2021, Pennant Park Senior Secured Loan Facility II, LLC ("PSSL II"), a wholly-owned subsidiary of PSSL, was formed as a financing subsidiary for purposes of entering into a senior secured revolving credit facility with Ally Bank (see Note 10). Credit Facility 2 has a maturity date of January 26, 2026 with an interest rate at 2.6% over LIBOR. On June 3, 2021, the facility amount was increased to \$155.0 million from \$125.0 million. On October 13, 2021, Credit Facility 2 was increased to \$225 million from \$155 million with an interest rate of 2.5% over LIBOR. On May 2, 2022, Credit Facility 2 was increased to \$325 million from \$225 million with and interest rate of 2.6% over daily SOFR.

PennantPark CLO II Ltd ("CLO II") In January 2021, PSSL completed a \$300.7 million debt securitization in the form of a collateralized loan obligation, or the "2032 Asset-Backed Debt". The 2032 Asset-Backed Debt is secured by a diversified portfolio of PennantPark CLO II, Ltd., a wholly-owned and consolidated subsidiary of PSSL, consisting primarily of middle market loans and participation interests in middle market loans. The 2032 Asset-Backed Debt is scheduled to mature in January 2032.

**2. SIGNIFICANT ACCOUNTING POLICIES**

PSSL is considered an investment company under U.S. generally accepted accounting principles ("GAAP") and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board Accounting Standards Codification Topic 946. References to the Accounting Standards Codification, as amended ("ASC"), serves as a source of accounting literature. Subsequent events are evaluated and recognized or disclosed as appropriate for events occurring through the date the consolidated financial statements are available to be issued. The preparation of our consolidated financial statements in conformity with GAAP requires the Members to make estimates and assumptions that affect the reported amount of our assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reported periods. In the opinion of the Members, all adjustments, which are of a normal recurring nature, considered necessary for the fair presentation of financial statements have been included. Actual results could differ from these estimates due to changes in the

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economic and regulatory environment, financial markets and any other parameters used in determining such estimates and assumptions. We have eliminated all intercompany balances and transactions.

Our significant accounting policies consistently applied are as follows:

**(a) Investment Valuations**

We expect that there may not be readily available market values for many of our investments, which are or will be in our portfolio, and we value such investments at fair value as determined in good faith by or under the direction of our board of directors using a documented valuation policy, described herein, and a consistently applied valuation process. With respect to investments for which there is no readily available market value, the factors that the board of directors may consider in pricing our investments at fair value include, as relevant, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event in determining our valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the price used in an actual transaction may be different than our valuation and the difference may be material. See Note 4.

Our portfolio generally consists of illiquid securities, including debt investments. With respect to investments for which market quotations are not readily available, or for which market quotations are deemed not reflective of the fair value, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- (1) Our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of PennantPark Investment Advisers, LLC, the investment adviser to PFLT, responsible for the portfolio investment;
- (2) Preliminary valuation conclusions are then documented and discussed with the management of PennantPark Investment Advisers, LLC;
- (3) Our board of directors also engages independent valuation firms to conduct independent appraisals of our investments for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment. The independent valuation firms review PennantPark Investment Advisers, LLC's preliminary valuations in light of their own independent assessment and also in light of any market quotations obtained from an independent pricing service, broker, dealer or market maker;
- (4) Our board of directors reviews the preliminary valuations of PennantPark Investment Advisers, LLC and those of the independent valuation firms on a quarterly basis, periodically assesses the valuation methodologies of the independent valuation firms, and responds to and supplements the valuation recommendations of the independent valuation firms to reflect any comments; and
- (5) Our board of directors assesses these valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of PennantPark Investment Advisers, LLC and the respective independent valuation firms.

Our board of directors generally uses market quotations to assess the value of our investments for which market quotations are readily available. We obtain these market values from independent pricing services or at bid prices obtained from at least two brokers or dealers, if available, or otherwise from a principal market maker or a primary market dealer. PennantPark Investment Advisers, LLC assesses the source and reliability of bids from brokers or dealers. If the board of directors has a bona fide reason to believe any such market quote does not reflect the fair value of an investment, it may independently value such investments by using the valuation procedure that it uses with respect to assets for which market quotations are not readily available.

**(b) Security Transactions, Revenue Recognition, and Realized/Unrealized Gains or Losses**

Security transactions are recorded on a trade -date basis. We record interest income on an accrual basis to the extent that we expect to collect such amounts. For loans and debt investments with contractual payment-in-kind, or PIK, interest, which represents interest accrued and added to the loan balance that generally becomes due at maturity, we will generally not accrue PIK interest when the portfolio company valuation indicates that such PIK interest is not collectable. We do not accrue as a receivable, interest on loans and debt investments if we have reason to doubt our ability to collect such interest. Loan origination fees, original issue

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discount ("OID"), market discount or premium and deferred financing costs on liabilities, which we do not fair value, are capitalized and then accreted or amortized using the effective interest method as interest income or, in the case of deferred financing costs, as interest expense. Dividend income, if any, is recognized on an accrual basis on the ex-dividend date to the extent that we expect to collect such amounts. From time to time, the Company receives certain fees from portfolio companies, which are non-recurring in nature. Such fees include loan prepayment penalties, structuring fees and amendment fees, and are recorded as other investment income when earned.

Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and/or if there is reasonable doubt that principal or interest will be collected. Accrued interest receivable is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon the Members' judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in the Members' judgment, are likely to remain current. As of September 30, 2022, none of our portfolio companies were on non-accrual. As of September 30, 2021, we had one portfolio company on non-accrual, representing 0.7% and 0.9% of our overall portfolio on a cost and fair value basis and zero investments on non-accrual, respectively.

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized, but considering prepayment penalties. Net change in unrealized appreciation or depreciation reflects the change in the fair values of our portfolio investments during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

***(c) Income Taxes***

PSSL is classified as a partnership for U.S. federal income tax purposes and is not subject to U.S. federal income tax. Accordingly, no provisions for U.S. income taxes have been made. The Members are responsible for reporting their share of the PSSL's income or loss on their U.S. income tax returns.

In accordance with FASB ASC Topic 740, the board of directors is required to determine whether a tax position of PSSL is more likely than not, based on the technical merits of the position, to be sustained upon examination including resolution of any related appeals or litigation processes. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in PSSL recording a tax liability that would reduce members' capital.

As of and for the years ended September 30, 2022 and 2021, there were no material uncertain income tax positions.

***(d) Foreign Currency Translation***

Our books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

1. Fair value of investment securities, other assets and liabilities – at the exchange rates prevailing at the end of the applicable period; and
2. Purchases and sales of investment securities, income and expenses – at the exchange rates prevailing on the respective dates of such transactions.

Although Members' capital and fair values are presented based on the applicable foreign exchange rates described above, we do not isolate that portion of the results of operations due to changes in foreign exchange rates on investments, other assets and debt from the fluctuations arising from changes in fair values of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Foreign security and currency translations may involve certain considerations and risks not typically associated with investing in U.S. companies and U.S. government securities. These risks include, but are not limited to, currency fluctuations and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices to be more volatile than those of comparable U.S. companies or U.S. government securities.

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***(e) Consolidation***

As explained by ASC paragraph 946-810-45, PSSL will generally not consolidate its investment in a company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to us.

***(f) Recent Accounting Pronouncements***

In March 2020, the FASB issued Accounting Standards Update No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The guidance provides optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued because of the reference rate reform. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The Company utilized the optional expedients and exceptions provided by ASU 2020-04 during the year ended September 30, 2022, the effect of which was not material to the consolidated financial statements and the notes thereto.

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326)", which is intended to address issues identified during the post-implementation review of ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". The amendment, among other things, eliminates the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, "Receivables - Troubled Debt Restructurings by Creditors", while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The new guidance is effective for interim and annual periods beginning after December 15, 2022. The Company is currently evaluating the impact of the adoption of ASU 2022-02 on its consolidated financial statement and disclosures.

In June 2022, the FASB issued Accounting Standards Update No. 2022-03, or ASU, 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions, or ASU 2022-03, which changed the fair value measurement disclosure requirements of ASC Topic 820, Fair Value Measurements and Disclosures, or ASC 820. The amendments clarify that a contractual restriction on the sale of an equity

security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The new guidance is effective for fiscal years beginning after December 15, 2023, including interim periods therein. Early application is permitted. The Company is currently evaluating the impact the adoption of this new accounting standard will have on its consolidated financial statements, but the impact of the adoption is not expected to be material.

**3. AGREEMENTS AND RELATED PARTY TRANSACTIONS**

On June 10, 2022, PFLT was issued a capital call from the Company totaling \$28.4 million consisting of Member notes of \$19.9 million and equity interest of \$8.5 million. PFLT fulfilled the June 10, 2022 capital call by contributing \$28.0 million of securities and \$0.4 million in cash to the Company.

For the years ended September 30, 2022 and 2021, PSSL purchased \$275.8 million and \$285.8 million, respectively, in investments from PFLT and other affiliated entities.

For the years ended September 30, 2022 and 2021, PSSL incurred \$1.8 and \$1.2 million in administrative services, respectively to the Administrative Agent. The Administrative Agent provides administration services to PSSL at an annual rate of 0.25% of average gross assets under management.

For the years ended September 30, 2022 and 2021, PSSL incurred \$17.5 million and \$12.6 million, respectively, in interest expense related to the notes outstanding with the Members.

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**4. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value, as defined under ASC 820, is the price that we would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment or liability. ASC 820 emphasizes that valuation techniques maximize the use of observable market inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of us. Unobservable inputs reflect the assumptions market participants would use in pricing an asset or liability based on the best information available to us on the reporting period date.

ASC 820 classifies the inputs used to measure these fair values into the following hierarchies:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2: Inputs that are quoted prices for similar assets or liabilities in active markets, or that are quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term, if applicable, of the financial instrument.

Level 3: Inputs that are unobservable for an asset or liability because they are based on our own assumptions about how market participants would price the asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Generally, most of our investments are classified as Level 3. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the price used in an actual transaction may be different than our valuation and those differences may be material.

The inputs into the determination of fair value may require significant management judgment or estimation. Even if observable market data is available, such information may be the result of consensus pricing information, disorderly transactions or broker quotes which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimer would result in classification as Level 3 information, assuming no additional corroborating evidence were available. Corroborating evidence that would result in classifying these non-binding broker/dealer bids as a Level 2 asset includes observable market-based transactions for the same or similar assets or other relevant observable market-based inputs that may be used in pricing an asset.

Our investments are generally structured as debt in the form of first lien secured debt, but may also include second lien secured debt, subordinated debt and equity investments. The transaction price, excluding transaction costs, is typically the best estimate of fair value at inception. Ongoing reviews by the Members and independent valuation firms are based on an assessment of each underlying investment, incorporating valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information including comparable transactions, performance multiples and yields, among other factors. These non-public investments using unobservable inputs are included in Level 3 of the fair value hierarchy.

A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in our ability to observe valuation inputs may result in a reclassification for certain financial assets or liabilities.

In addition to using the above inputs in valuing cash equivalents and investments, we employ the valuation policy approved by our board of directors that is consistent with ASC 820. Consistent with our valuation policy, we evaluate the source of inputs, including any markets in which our investments are trading, in determining fair value. See Note 2.

As outlined in the table below, some of our Level 3 investments using a market comparable valuation technique are valued using the average of the bids from brokers or dealers. The bids include a disclaimer, may not have corroborating evidence, may be the result of a disorderly transaction and may be the result of consensus pricing. The Members assess the source and reliability of bids from brokers or dealers. If the board of directors has a bona fide reason to believe any such market quote does not reflect the

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fair value of an investment, it may independently value such investments by using the valuation procedure that it uses with respect to assets for which market quotations are not readily available.

Some of our investments can also be valued using a market comparable or an enterprise market value technique. With respect to investments for which there is no readily available market value, the factors that the board of directors may consider in pricing our investments at fair value include, as relevant, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the pricing indicated by the external event, excluding transaction costs, is used to corroborate the valuation. When using earnings multiples to value a portfolio company, the multiple used requires the use of judgment and estimates in determining how a market participant would price such an asset. These non-public investments using unobservable inputs are included in Level 3 of the fair value hierarchy. Generally, the sensitivity of unobservable inputs or combination of inputs such as industry comparable companies, market outlook, consistency, discount rates and reliability of earnings and prospects for growth, or lack thereof, affects the multiple used in pricing an investment. As a result, any change in any one of those factors may have a significant impact on the valuation of an investment. Generally, an increase in a market yield will result in a decrease in the valuation of a debt investment, while a decrease in a market yield will have the opposite effect. Generally, an increase in an EBITDA multiple will result in an increase in the valuation of an investment, while a decrease in an EBITDA will have the opposite effect.

Our Level 3 valuation techniques, unobservable inputs and ranges were categorized as follows for ASC 820 purposes:

<b>Asset Category</b>	<b>Fair value at September 30, 2022</b>	<b>Valuation Technique</b>	<b>Unobservable Input</b>	<b>Range of Input (Weighted Average) <sup>(1)</sup></b>
First lien	\$ 127,355	Market Comparable	Broker/Dealer bids or quotes	N/A
First lien	615,800	Market Comparable	Market Yield	6.0% – 12.2% (9.1%)
First lien	8,473	Enterprise Market Value	EBITDA Multiple	14.0x
Second Lien	2,955	Market Comparable	Market Yield	12.2% - 12.2% (12.2%)
Equity	139	Enterprise Market Value	EBITDA Multiple	8.0x
Total Level 3 investments	<u>\$ 754,722</u>			

<b>Asset Category</b>	<b>Fair value at September 30, 2021</b>	<b>Valuation Technique</b>	<b>Unobservable Input</b>	<b>Range of Input (Weighted Average) <sup>(1)</sup></b>
First lien	\$ 168,834	Market Comparable	Broker/Dealer bids or quotes	N/A
First lien	388,898	Market Comparable	Market Yield	5.6% – 11.4% (7.8%)
Second Lien	5,374	Market Comparable	Market Yield	10.9% - 11.0% (10.9%)
Equity	1,677	Enterprise Market Value	EBITDA Multiple	7.6x
Total Level 3 investments	<u>\$ 564,783</u>			

<sup>(1)</sup> The weighted averages disclosed in the table above were weighted by their relative fair value.

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Our investments, cash and cash equivalents were categorized as follows in the fair value hierarchy for ASC 820 purposes:

Description	Fair Value at September 30, 2022			Total Fair Value
	Level 1	Level 2	Level 3	
First lien	\$ —	\$ —	\$ 751,628	\$ 751,628
Second Lien	—	—	2,955	2,955
Equity	—	—	139	139
Total investments	—	—	754,722	754,722
Cash and cash equivalents	33,705	—	—	33,705
Total investments, cash and cash equivalents	<u>\$ 33,705</u>	<u>\$ —</u>	<u>\$ 754,722</u>	<u>\$ 788,427</u>

Description	Fair Value at September 30, 2021			Total Fair Value
	Level 1	Level 2	Level 3	
First lien	\$ —	\$ —	\$ 557,732	\$ 557,732
Second Lien	—	—	5,374	5,374
Equity	—	—	1,677	1,677
Total investments	—	—	564,783	564,783
Cash and cash equivalents	28,374	—	—	28,374
Total investments, cash and cash equivalents	<u>\$ 28,374</u>	<u>\$ —</u>	<u>\$ 564,783</u>	<u>\$ 593,157</u>

The tables below show a reconciliation of the beginning and ending balances for fair valued investments measured using significant unobservable inputs (Level 3):

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Description	For the Year Ended September 30, 2022		
	Debt Investments	Equity Investments	Total
Beginning Balance	\$ 563,106	\$ 1,677	\$ 564,783
Net realized losses	(8,217)	(6,731)	(14,948)
Net change in unrealized depreciation	(8,888)	5,193	(3,695)
Purchases, net discount accretion and non-cash exchanges	311,018	—	311,018
Sales, repayments and non-cash exchanges	(102,436)	—	(102,436)
Transfers into and/or out of Level 3	—	—	—
Ending Balance	<u>\$ 754,583</u>	<u>\$ 139</u>	<u>\$ 754,722</u>
Net change in unrealized depreciation reported within the net change in unrealized appreciation (depreciation) on investments in our Consolidated Statements of Operations attributable to our Level 3 assets still held at the reporting date	<u>\$ (8,297)</u>	<u>\$ (460)</u>	<u>\$ (8,756)</u>

Description	For the Year Ended September 30, 2021		
	Debt Investments	Equity Investments	Total
Beginning Balance	\$ 391,182	\$ 1,804	\$ 392,986
Net realized losses	(4,732)	—	(4,732)
Net change in unrealized depreciation	9,139	(5,145)	3,994
Purchases, net discount accretion and non-cash exchanges	353,242	5,018	358,260
Sales, repayments and non-cash exchanges	(185,725)	—	(185,725)
Transfers into and/or out of Level 3	—	—	—
Ending Balance	<u>\$ 563,106</u>	<u>\$ 1,677</u>	<u>\$ 564,783</u>
Net change in unrealized depreciation reported within the net change in unrealized appreciation (depreciation) on investments in our Consolidated Statements of Operations attributable to our Level 3 assets still held at the reporting date	<u>\$ (4,111)</u>	<u>\$ (1,179)</u>	<u>\$ (5,290)</u>

#### 5. CASH AND CASH EQUIVALENTS

Cash equivalents represent cash in money market funds pending investment in longer-term portfolio holdings. Our portfolio may consist of temporary investments in U.S. Treasury Bills (of varying maturities), repurchase agreements, money market funds or repurchase agreement-like treasury securities. These temporary investments with original maturities of 90 days or less are deemed cash equivalents and are included in the Consolidated Schedule of Investments. U.S. Treasury Bills with maturities greater than 60 days from the time of purchase are valued consistent with our valuation policy. As of September 30, 2022 and 2021, cash and cash equivalents consisted of money market funds in the amounts of \$33.7 million and \$28.4 million at fair value, respectively.

#### 6. MEMBERS' EQUITY

PFLT and Kemper provide capital to PSSSL in the form of equity interests. As of September 30, 2022 and 2021, PFLT and Kemper owned 87.5% and 12.5%, respectively, of equity interests in PSSSL.

As of September 30, 2022 and 2021, PFLT had commitments to fund equity interests to PSSSL of \$90.0 million and \$73.0 million, respectively, of which \$8.5 million and \$12.6 million, respectively, were unfunded.

As of September 30, 2022 and 2021, Kemper had commitments to fund equity interests to PSSSL of \$12.9 million and \$10.4 million, respectively, of which \$1.2 million and \$1.8 million, respectively were unfunded.

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**7. NOTES PAYABLE TO MEMBERS**

PFLT and Kemper provide capital to PSSL in the form of first lien secured debt ("Member Notes"). The Member Notes were previously subordinated debt that were modified during the year ended September 30, 2018 to eliminate the subordination provision. The Member Notes bear an interest rate of 3-month LIBOR plus 8.0% and mature on May 6, 2024. As of September 30, 2022 and 2021, PFLT and Kemper owned 87.5% and 12.5%, respectively, of the Member Notes.

As of September 30, 2022 and 2021, PFLT had commitments to fund Member Notes to PSSL of \$210.1 million and \$170.3 million, respectively, of which \$19.9 million and \$29.4 million, respectively, were unfunded.

As of September 30, 2022 and 2021, Kemper had commitments to fund Member Notes to PSSL of \$30.0 million and \$24.3 million, respectively, of which \$2.8 million and \$4.2 million, respectively, were unfunded.

**8. RISKS AND UNCERTAINTIES**

**Investment risk**

PSSL seeks investment opportunities that offer the possibility of attaining income generation, capital preservation and capital appreciation including investments in private companies. Certain events particular to each industry in which PSSL's investments conduct their operations, as well as general economic and political conditions, may have a significant negative impact on the investee's operations and profitability. Such events are beyond PSSL's controls, and the likelihood that they may occur cannot be predicted. Furthermore, investments of PSSL are made in private companies and there are generally no public markets for these securities at the current time. The ability of PSSL to liquidate these investments and realize value is subject to significant limitations and uncertainties.

**Leverage Risk**

PSSL may borrow funds in order to increase the amount of capital available for investment. The use of leverage can improve the return on invested capital, however, such use may also magnify the potential for loss on invested equity capital. If the value of PSSL's assets decreases, leveraging would cause Members' equity to decline more sharply than it otherwise would have had PSSL not used leverage. Similarly, any decrease in PSSL's income would cause Members' equity to decline more sharply than it would have had PSSL not borrowed. Borrowings will usually be from credit facilities and will typically be secured by PSSL's securities and other assets. Under certain circumstances, such credit facilities may demand an increase in the collateral that secures PSSL's obligations and if PSSL was unable to provide additional collateral, the credit facilities could liquidate assets held in the account to satisfy PSSL's obligations. Liquidation in this manner could have adverse consequences. Additionally, the amount of PSSL's borrowings and the interest rates on those borrowings, which will fluctuate, could have a significant effect on PSSL's profitability.

**Credit Risk**

PSSL primarily invests in first lien secured debt to middle-market companies. A majority of the investments held by PSSL are subject to restrictions on their resale or are otherwise illiquid. PSSL assumes the credit risk of the borrower. In the event that the borrower becomes insolvent or enters bankruptcy, PSSL may incur certain costs and delays in realizing payment, or may suffer a loss of principal and/or interest.

**9. FINANCIAL HIGHLIGHTS**

The Members are responsible for all investment making and business decisions, therefore, there is no requirement to show financial highlights per ASC 946, which have been omitted accordingly.

**10. LEVERAGE**

**Credit Facility**

In May 2017, PSSL I entered into a \$325.0 million multi currency credit facility with Capital One, N.A. as the lender and administrative agent (the "Capital One Facility"). As of September 30, 2020, we had a \$217.5 million in outstanding borrowings under the Capital One Facility and the weighted average interest rate was 2.4% excluding the undrawn commitment fees. The Capital

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One Facility was secured by substantially all of the assets held by us. The Capital One Facility contains customary financial and other covenants and the carrying value approximates fair value. On January 27, 2021, PSSL I fully repaid and terminated the Capital One Facility.

On January 26, 2021, PSSL II entered into a \$125.0 million senior secured revolving credit facility with Ally Bank (the "Ally Credit Facility"). The Ally Credit Facility has a maturity date of January 26, 2026 and bears interest at 2.6% over LIBOR. The Ally Credit Facility is secured by substantially all of the assets held by PSSL II. On June 3, 2021 the facility amount was increased to \$155.0 million with no change to the interest rate and maturity date. On October 13, 2021, the Ally Credit Facility was further increased to \$225 million and the interest rate was changed to 2.5% over LIBOR. On May 2, 2022, the Ally Credit Facility was increased to \$325 million and interest rate was changed to 2.6% over daily SOFR. The Ally Credit Facility contains customary financial and other covenants and as of September 30, 2022, we are in compliance with all covenants. As of September 30, 2022 we had \$259.5 million in outstanding borrowings.

**Asset - Backed Debt**

In January 2021, CLO II completed a \$300.7 million debt securitization in the form of a collateralized loan obligation (the "Debt Securitization" or the "2032 Asset-Backed Debt"). The 2032 Asset-Backed Debt is secured by a diversified portfolio consisting primarily of middle market loans. The Debt Securitization was executed through (A) a private placement of: (i) \$171.0 million Class A-1 Senior Secured Floating Rate Loans maturing 2032, which bear interest at the three-month LIBOR plus 1.9%, (ii) \$6.0 million Class A-2 Senior Secured Fixed Rate Notes due 2032, which bear interest at three month LIBOR plus 2.25%, (iii) \$15.5 million Class B-1 Senior Secured Floating Rate Notes due 2032, which bear interest at the three-month LIBOR plus 2.6%, (iv) \$8.5 million Class B-2 Senior Secured Fixed Rate Notes due 2032, which bear interest of 3.14%, (v) \$27.0 million Class C Secured Deferrable Floating Rate Notes due 2032, which bear interest at the three-month LIBOR plus 4.25%, (vi) \$18.0 million Class D Secured Deferrable Fixed Rate Notes due 2032, which bear interest at the three-month LIBOR plus 6.5%, and (vii) \$18.0 million Class E Secured Deferrable Floating Rate Notes due 2032, which bear interest at the three-month LIBOR plus 8.5%, under a credit agreement by and among the Securitization Issuers, as borrowers, various financial institutions, as lenders, and U.S. Bank National Association, as collateral agent and as loan agent. As of September 30, 2022 there was \$246.0 million of 2032 Asset-Backed Debt and there was \$2.6 million of un-amortized fees. As of September 30, 2022 the weighted average interest rate was 5.0%.

On the closing date of the Debt Securitization, in consideration of our transfer to CLO II of the initial closing date loan portfolio, PSSL received 100% of the Preferred Shares of CLO II, 100% of the Class E Notes issued by CLO II, and a portion of the net cash proceeds received from the sale of the 2032 Asset-Backed Debt. The Preferred Shares do not bear interest and had a stated value of approximately \$36.7 million at the closing of the Debt Securitization.

The 2032 Asset-Backed Debt is included in the Consolidated Statement of Assets, Liabilities and Members' Equity as debt of the Company and the Class E Notes and the Preferred Shares have been eliminated in consolidation.

PennantPark Investment Adviser, LLC serves as collateral manager to the Securitization Issuer pursuant to the Collateral Management Agreement. For so long as PennantPark Investment Adviser, LLC serves as collateral manager, it will elect to irrevocably waive any collateral management fee to which it may be entitled under the Collateral Management Agreement.

**11. COMMITMENTS AND CONTINGENCY**

As of September 30, 2022, the Company had \$2.5 million of unfunded commitment to fund existing investments.

The Company has provided general indemnifications to the Members, affiliates of the Members, and any person acting on behalf of the Members or that affiliate when they act, in good faith, in the best interest of the Company. The Company is unable to develop an estimate of the maximum potential amount of future payments that could potentially result from any hypothetical future claim but expects the risk of having to make any payments under these general business indemnifications to be remote.

**12. SUBSEQUENT EVENTS**

Subsequent events are evaluated and disclosed as appropriate for events occurring through the date the consolidated financial statements were available to be issued, November 17, 2022.

On November 10, 2022 PSSL issued and the Members funded a capital call in the amount of \$15.0 million.

