Forward-looking Statements and Risk Factors

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

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

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

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

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

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

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

Established Investment Platform

- PennantPark Investment Advisers founded 13 years ago before the Global Financial Crisis
- Deep expertise in middle market direct lending
- Longer investment horizon with attractive publicly traded model
- Cohesive, experienced team

PFLT

- Primary focus: First Lien Senior Secured Debt
- Steady and stable dividend stream since inception in 2011
Established Credit Platform

PennantPark
Investment Advisers, LLC

Founded in 2007
Funded $11B in 543 companies

Disciplined Investor
- Value oriented with goal of capital preservation
- Focused approach to ensure good risk / reward
- Patient and prudently leveraged to capture returns during dislocations

Relationship & Solution Driven
- Team approach
- Build long-term relationships – trusted partner
- Independent and conflict free

Consistent Performance & Track Record
- Low volatility of underlying portfolio EBITDA through the Great Recession

PFLT
- Only 9 non-accruals out of 380 companies since inception
- Annualized realized loss ratio only seven basis points

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

Conservative Portfolio Construction
- 108 companies in 43 different industries
- Weighted average debt / EBITDA through PFLT security is 4.2x
- Weighted average cash interest coverage is 2.7x
- 91% of portfolio is first lien senior secured
- Largely avoided sectors such as retail, restaurants, apparel, airlines and energy
### Second Quarter 2020 Highlights

<table>
<thead>
<tr>
<th>Section</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Asset Value</strong></td>
<td>Net Asset Value (NAV) as of March 31, 2020 was $12.12 per share as compared to $12.95 as of December 31, 2019</td>
</tr>
<tr>
<td><strong>Originations</strong></td>
<td>Total originations during the quarter were $168 million in seven new and 37 existing companies while sales and repayments totaled $99 million</td>
</tr>
<tr>
<td><strong>Net Investment Income</strong></td>
<td>Net investment income for the quarter ended March 31, 2020 was $0.30 per share</td>
</tr>
<tr>
<td><strong>Portfolio Yield</strong></td>
<td>The weighted-average portfolio yield as of March 31, 2020 was 7.8%</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td>PFLT announced second quarter dividends of $0.285 per share</td>
</tr>
<tr>
<td><strong>Credit Performance</strong></td>
<td>As of quarter end there were two investments on non-accrual status, representing 0.6% at cost and zero at fair market value of the overall portfolio</td>
</tr>
</tbody>
</table>
Why is PFLT Well Positioned?

**Experienced Team**
- Decades of experience in middle market sponsor-driven direct lending
- Investment committee has worked together for over 20 years
- Stable, consistent investment team
- Headquarters in New York with offices in Los Angeles, Chicago, and Houston

**Expansive Relationship Network**
- Independent
- Established institutionalized relationships
- Focus on building long-term trust
- Brand recognition with about 190 sponsors financed

**Strong Capital Base**
- Permanent equity capital of $470 million
- Monthly dividend of 9.5 cents per share
- Leader in the BDC space as measured by expense and efficiency ratios
- Senior Secured Loan Fund Joint Venture, PSSL, with Kemper Corporation has up to $650 million of investment capacity

**Attractive and Diversified Financing**
- $520 million of credit facility at L + 225
- $139 million, long-term, 3.83% bond offering in Israel
- $228 million of Asset Backed Debt financing 4.0%, with a final maturity of 12 years
- Credit facility and Asset Backed Financing use cost accounting on underlying portfolio
Underwriting Philosophy & Process

Investment Philosophy

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

Underwriting Process

Sourcing & Industry Expertise
- Broad network of industry contacts
- Long-term relationships with middle market private equity sponsors and portfolio companies
- Proprietary origination
- Screen companies using value-oriented philosophy

Due Diligence & Underwriting
- Deep dive, private equity-style, diligence
- Review historical and prospective data
- On-site company visits, calls with competitors and clients
- Diligence alongside private equity sponsor

Investment Committee
- Memos focus on downside cases to ensure that risks are thoroughly understood
- Evaluate from an owner’s perspective
- Unanimous consent amongst IC needed

Structuring & Documentation
- Deep experience across multiple credit cycles negotiating structures
- Construct attractive risk / reward profile
- Covenants, terms, and conditions that enforce borrower discipline and preserve investor capital

Monitoring
- Proactive portfolio review
- Monthly financials supplemented with monitoring of key developments
- Board observer rights when possible
- Quarterly independent third-party valuations

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

- Portfolio growth has been measured and consistent with market opportunity
- Low loss experience: Only seven basis points of realized losses since inception
  - Only 9 non-accruals out of 380 companies since inception
PFLT Has a Compelling Track Record

- Consistent, steady dividend stream since inception
- Run rate net investment income covers the dividend
PennantPark Senior Secured Loan Fund ("PSSL")

- Invests in primarily middle market, directly originated first lien loans

- $650 million of total capacity

- Total commitments of $230 million in notes and equity from PFLT and Kemper Corporation

- Up to $420 million of third party debt financing

- Expands ability to serve sponsor and borrower clients with larger bite sizes

- Generating a higher ROE and NII per share for PFLT
PennantPark CLO I, Ltd.

- Consists of a diversified portfolio of middle market loans
- $301.4 million in total size
- PFLT retaining $55.4 million of the Preferred Shares and $18 million of the Class D Notes
- $228 million of third-party debt financing at 4.0%, with a final maturity of 12 years
- Diversifies PFLT’s capital base and assists in achieving leverage targets
Overall Portfolio as of 3/31/20

Highly Diversified Industry Mix

Total Portfolio: $1,179 million

- Professional Services, 8%
- Aerospace and Defense, 6%
- Other (1), 33%
- High Tech Industries, 6%
- Capital Equipment, 5%
- Media, 5%
- Business Services, 4%
- Hotel, Gaming and Leisure, 4%
- Healthcare and Pharmaceuticals, 5%
- Communications, 3%
- Media: Diversified and Production, 3%
- Healthcare Technology, 3%
- Consumer Services, 3%
- Consumer Goods: Durable, 3%
- Construction and Building, 3%
- Chemicals, Plastics and Rubber, 3%
- Beverages, Food and Tobacco, 3%

Portfolio Overview

- 108 different companies
- Average investment size: $10.9 million
- Yield at Cost on Debt Portfolio: 7.8%
- 94% Secured Investments

Portfolio Mix

- Q3 2019: 88% Sub Debt, Preferred & Common Equity, 3% Second Lien, 9% First Lien
- Q4 2019: 87% Sub Debt, Preferred & Common Equity, 4% Second Lien, 10% First Lien
- Q1 2020: 89% Sub Debt, Preferred & Common Equity, 3% Second Lien, 8% First Lien
- Q2 2020: 91% Sub Debt, Preferred & Common Equity, 3% Second Lien, 6% First Lien

Highly Diversified Industry Mix

- Transportation: Consumer, 2%
- Construction and Building, 2%
- Telecommunications, 2%
- Media: Broadcasting and Subscription, 2%
- Diversified Consumer Services, 5%
- Healthcare and Pharmaceuticals, 6%
- Consumer Goods: Durable, 6%
- Beverage, Food and Tobacco, 7%
- Consumer Goods: Non-Durable, 7%
- Aerospace and Defense, 8%
- Chemicals, Plastics and Rubber, 8%
- Business Services, 10%
- Wholesale, 10%
- High Tech Industries, 11%
- Capital Equipment, 11%
- Other(1), 4%

Total Portfolio: $483 million

Portfolio Overview

- 51 different companies
- Average investment size: $9.5 million
- Yield at Cost on Debt Portfolio: 7.0%
- 98% First Lien Investments

## Selected Financial Highlights

<table>
<thead>
<tr>
<th>($mm, except per share data)</th>
<th>June Q3 2019</th>
<th>September Q4 2019</th>
<th>December Q1 2020</th>
<th>March Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Portfolio</td>
<td>$1,072</td>
<td>$1,082</td>
<td>$1,176</td>
<td>$1,179</td>
</tr>
<tr>
<td>PFLT Investment in PSSL</td>
<td>$172</td>
<td>$172</td>
<td>$172</td>
<td>$155</td>
</tr>
<tr>
<td>PSSL Investment Portfolio</td>
<td>$470</td>
<td>$489</td>
<td>$493</td>
<td>$483</td>
</tr>
<tr>
<td>Debt (Cost)</td>
<td>$554</td>
<td>$632</td>
<td>$702</td>
<td>$780</td>
</tr>
<tr>
<td>GAAP Net Assets</td>
<td>$507</td>
<td>$503</td>
<td>$502</td>
<td>$470</td>
</tr>
<tr>
<td>Adjusted Net Assets²</td>
<td>$502</td>
<td>$498</td>
<td>$495</td>
<td>$430</td>
</tr>
<tr>
<td>GAAP Net Debt to Equity</td>
<td>1.03x</td>
<td>1.11x</td>
<td>1.27x</td>
<td>1.50x</td>
</tr>
<tr>
<td>Regulatory Net Debt to Equity²</td>
<td>1.06x</td>
<td>1.14x</td>
<td>1.31x</td>
<td>1.74x</td>
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<tr>
<td>PFLT Originations</td>
<td>$183</td>
<td>$141</td>
<td>$239</td>
<td>$168</td>
</tr>
<tr>
<td>PSSL Originations</td>
<td>$8</td>
<td>$53</td>
<td>$69</td>
<td>$18</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Per Share Data:</th>
<th>June Q3 2019</th>
<th>September Q4 2019</th>
<th>December Q1 2020</th>
<th>March Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Net Asset Value</td>
<td>$13.07</td>
<td>$12.97</td>
<td>$12.95</td>
<td>$12.12</td>
</tr>
<tr>
<td>Adjusted Net Asset Value²</td>
<td>$12.94</td>
<td>$12.83</td>
<td>$12.76</td>
<td>$11.10</td>
</tr>
<tr>
<td>Core Net Investment Income</td>
<td>$0.29¹</td>
<td>$0.29</td>
<td>$0.29</td>
<td>$0.30</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>$0.285</td>
<td>$0.285</td>
<td>$0.285</td>
<td>$0.285</td>
</tr>
</tbody>
</table>

1. Core Net Investment Income per Share is a non-GAAP financial measure.
2. Adjusted number is a non-GAAP financial measure which excludes mark-to-market of liabilities.
3. Adjusted number is a non-GAAP financial measure which includes mark-to-market of liabilities.
Strategy Targeted to Deliver Returns

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

- **Revolver**
  - First Lien Secured Debt
  - Equity

- Sagewind Capital

- **ECRM**
  - First Lien Secured Debt

- Snow Phipps Group

- **INSTITUTE FOR INTEGRATIVE NUTRITION**
  - Revolver
  - First Lien Term Loan
  - Equity

- Norwest Equity Partners

- **PERFORCE**
  - Revolver
  - First Lien Secured Debt

- Clearlake Capital

- **QUESTEX MEDIA**
  - Revolver
  - First Lien Term Loan

- MidOcean Partners

- **RIVERPOINT MEDICAL**
  - Revolver
  - First Lien Term Loan

- Arlington Capital Partners

- **SCHLESINGER GLOBAL QUALITATIVE**
  - First Lien Term Loan
  - Equity

- **SIGNATURE SYSTEMS GROUP**
  - Revolver
  - First Lien Secured Debt
  - Equity

- Center Rock Capital Partners

- **Smartronix**
  - First Lien Term Loan

- OceanSound Partners

- **SOLUTIONREACH**
  - Revolver
  - First Lien Term Loan

- Summit Partners LP

- **The Halifax Group**
  - Revolver
  - First Lien Term Loan

- **TYTO ATHENE**
  - Revolver
  - First Lien Term Loan

- Arlington Capital Partners

- **ECM INDUSTRIES**
  - Revolver
  - First Lien Term Loan
  - Equity

- Sentinel Capital

- **ECM**
  - Revolver
  - First Lien Secured Debt

- **Ecomission**
  - Revolver
  - First Lien Term Loan
  - Equity

- Lightyear Capital

- **MARKETPLACE EVENTS**
  - Revolver
  - First Lien Secured Debt

- Sentinel Capital Partners

- **MERITDIRECT HIGHER GROUND**
  - Revolver
  - First Lien Secured Debt
  - Equity

- Mountaingate Capital

- **Penchant Partners**