PennantPark

Floating Rate Capital Ltd.

12/31/2022

MIAMI • NEW YORK • CHICAGO • HOUSTON • LOS ANGELES

Forward-looking Statements and Risk Factors

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

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

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

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

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

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

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

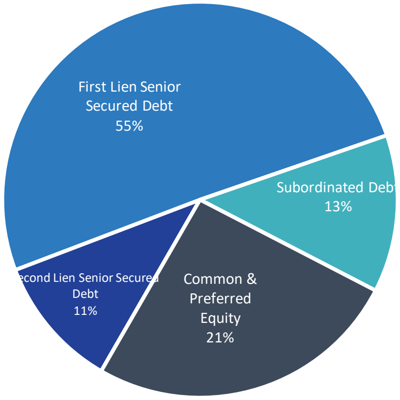
Established Credit Platform

PennantPark
Investment Advisers, LLC

$6.1 billion total Investable Capital Under Management

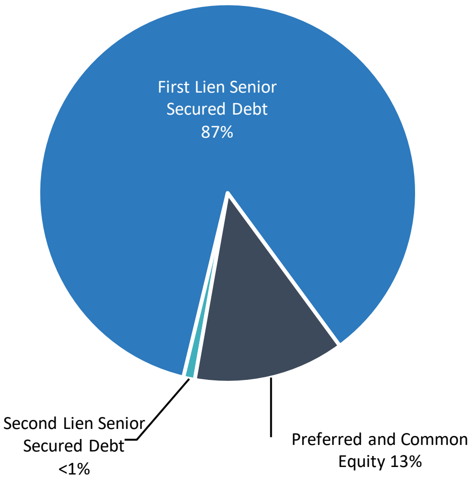
PennantPark
Investment Corporation

- NYSE: “PNNT”
- IPO Date: April 2007
- 62% Secured Debt
- $1,196 million



PennantPark
Floating Rate Capital Ltd.

- NYSE/TASE: “PFLT”
- IPO Date: April 2011
- 87% Secured Debt
- $1,151 million



Established Investment Platform

- PennantPark Investment Advisers founded 15 years ago before the Global Financial Crisis (“GFC”)
- Leading independent middle market credit platform providing strategic capital to growing companies in the core middle market
- Cohesive, experienced team
- Culture of building long-term trust
- Well positioned in this environment as a lender of secured floating rate loans in the U.S.

PFLT

- Primary focus: first lien senior secured floating rate debt
- Steady and stable dividend stream since inception in 2011
- Goal of capital preservation with a lower risk portfolio
- 100% of debt portfolio is floating rate

Established Credit Platform

PennantPark
Investment Advisers, LLC

Founded in 2007

Funded $17.4B in 638 companies

Disciplined Investor

- Value oriented with goal of capital preservation
- Focused approach to ensure balanced risk / reward
- Investing in 5% of deals reviewed over the past 3 years

Relationship & Solution Driven

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

Core Middle Market Focus

- Companies with EBITDA of $10 - $50 million
- Attractive risk adjusted returns
- Less competition and capital is more important to borrowers

Consistent Performance & Track Record

- Low volatility of underlying portfolio EBITDA through the GFC and COVID-19

PFLT

- Gross asset yield of 8% since inception 12 years ago
- Only 16 non-accruals out of 455 companies since inception
- Annualized loss ratio only 6 basis points

Conservative Portfolio Construction - PFLT

- 126 companies in 44 different industries
- Weighted average debt / EBITDA through PFLT security is 4.7x
- Weighted average cash interest coverage is 2.8x
- 87% of portfolio is first lien senior secured
- Focused on high free cash flow industry verticals with deep domain expertise.

First Fiscal Quarter 2023 Highlights

Highlights

- Monthly dividend increased to $0.10 per share
- Post quarter end equity raise of $47.9 million
- Net investment income (NII) of $0.30 per share
- 100% of the debt portfolio is floating rate
- Debt to equity ratio of 1.35x creates growth opportunity up to target ratio of 1.50x

Growing PSSL

- Stable base of assets at $751 million
- 1 investment on non-accrual
- 1.6% of portfolio at cost, 0.9% at fair market value
- Additional $65 million commitment from PFLT and Kemper
- Targeting $1 billion of assets from $751 million
- Enhances return on equity and NII at PFLT

Strong Credit Performance

- Only 3 companies on non-accrual
- 1.9% of portfolio at cost, 0.6% at fair market value

Outlook

- Growing PFLT and PSSL balance sheets
- Strengthening NII
- Strong portfolio performance
- 1% increase in base rates translates into 11 cents per share annually of NII

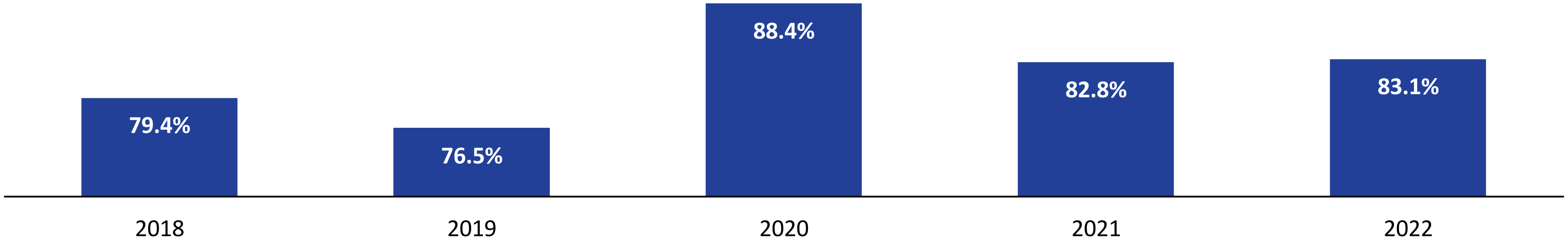
Why is PFLT Well Positioned?

Strong Capital Base	• Permanent equity capital of $561 million • Monthly dividend of 10 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 $935 million of investment capacity
Attractive and Diversified Financing	• $366 million revolving credit facility due August 2026 at SOFR + 225 bps • $76 million long-term notes due December 2023 at 4.33% • $185 million long-term notes due April 2026 at 4.25% • $228 million of securitized asset backed debt financing at a weighted average interest rate of 5.9%, final maturity of October 2031
Experienced Team	• Decades of experience in middle market credit through multiple cycles • Stable, consistent investment team • Headquarters in Miami with offices in New York, Chicago, Houston, and Los Angeles
Expansive Relationship Network	• Known as a provider of strategic capital to growing companies in the core middle market • Focus on building long-term trust • Brand recognition with 220+ private equity sponsors • Independent capital provider with established institutionalized relationships

Extensive Sourcing Network & Deep Industry Expertise

- **Robust origination platform built on a senior, experienced investment team[1]**
  - Actively cover over 700 of 2,000+ middle market private equity sponsors in the U.S.
  - Closed deals with 220+ private equity sponsors; majority repeat transactions
  - Incumbency advantage; existing lender to 160+ portfolio companies across 90+ sponsors
  - Strong track record financing spin-off private equity sponsors with prior experience financing the team
  - Additional opportunities from partner lenders and deep relationships with capital markets desks
  - Consistent deal flow enhances our ability to be highly selective; invested in 5% of deals reviewed over last 3 years
- **Deep industry knowledge and expertise in five sectors**
  - Focus on sectors that deliver steady and consistent cash flows, which include, Business Services, Consumer, Government Services, Healthcare, and Software/Technology
  - Avoid retail, restaurants, airlines, apparel/fashion, paper & packaging, chemicals, and other highly cyclical industries
- **Since 2018, over 75% of PennantPark's deals have been with repeat sponsors**
  - Private equity sponsors give PennantPark early and last looks because of our reliability, experience, market leadership, and flexible capital solutions offerings

Origination Volume with Repeat Sponsors[2]



Note: Past performance is not necessarily indicative of future results. Invested capital is at risk.

1. *As of 9/30/2022.*
2. *Percentage of total origination volume. Origination volume refers to the dollar value of all financing commitments to middle market companies. Repeat sponsors are private equity firms that had previously completed a financing transaction with PennantPark. 2022 data is through Q3-2022.*

Core Middle Market Strategy

- **Long-term track record of generating value by successfully financing high-growth middle market companies**
- **Focus on five key sectors: Business Services, Consumer, Government Services, Healthcare, and Software/Technology**
- **Well-established, repeatable process of:**
  - Identifying and underwriting companies with a clear pathway to growth
  - Fueling that growth over time by providing incremental debt and equity as the companies scale
  - Debt investment with strong capital preservation attributes and supported by substantial sponsor equity

Middle Market Advantage

- Favorable supply and demand dynamics as lenders have moved up market
- Process inefficiencies and less competitive processes
- More time to conduct thorough diligence
- Consistent yield premium over broadly-syndicated deals
- Lower average leverage
- Better structural and covenant protections
- Improved control of downside outcomes with greater recovery rates

Target Companies

- Profitable companies with $10 - $50 million of EBITDA
- Successful private equity sponsors with strong track records of supporting portfolio companies
- Outstanding, experienced management teams with proper incentives
- Seeking first round of institutional capital; founder / management rolling a significant stake
- Opportunity for PennantPark to become a strategic financing partner that can fuel growth
- Clear line of sight to $50+ million of EBITDA during life of our loan

Risk Management

- Conservative leverage ratios
- Target two financial covenants on each loan tailored to underlying business
- Covenants and monthly financial statements to enable early intervention
- Additional affirmative and negative covenants
- Excess cash flow sweeps allowing us to de-risk our investment over time
- Attractive exit options

Core Middle Market Advantage

- **The U.S. middle market includes nearly 200,000 companies, generates $10 trillion of annual revenue (1/3 of the U.S. economy), and is the world's fifth largest economy on a standalone basis[1]**
- **The core middle market presents attractive investment opportunities**
  - Lower leverage and higher yields
  - Strong covenant packages
  - Greater recovery rates

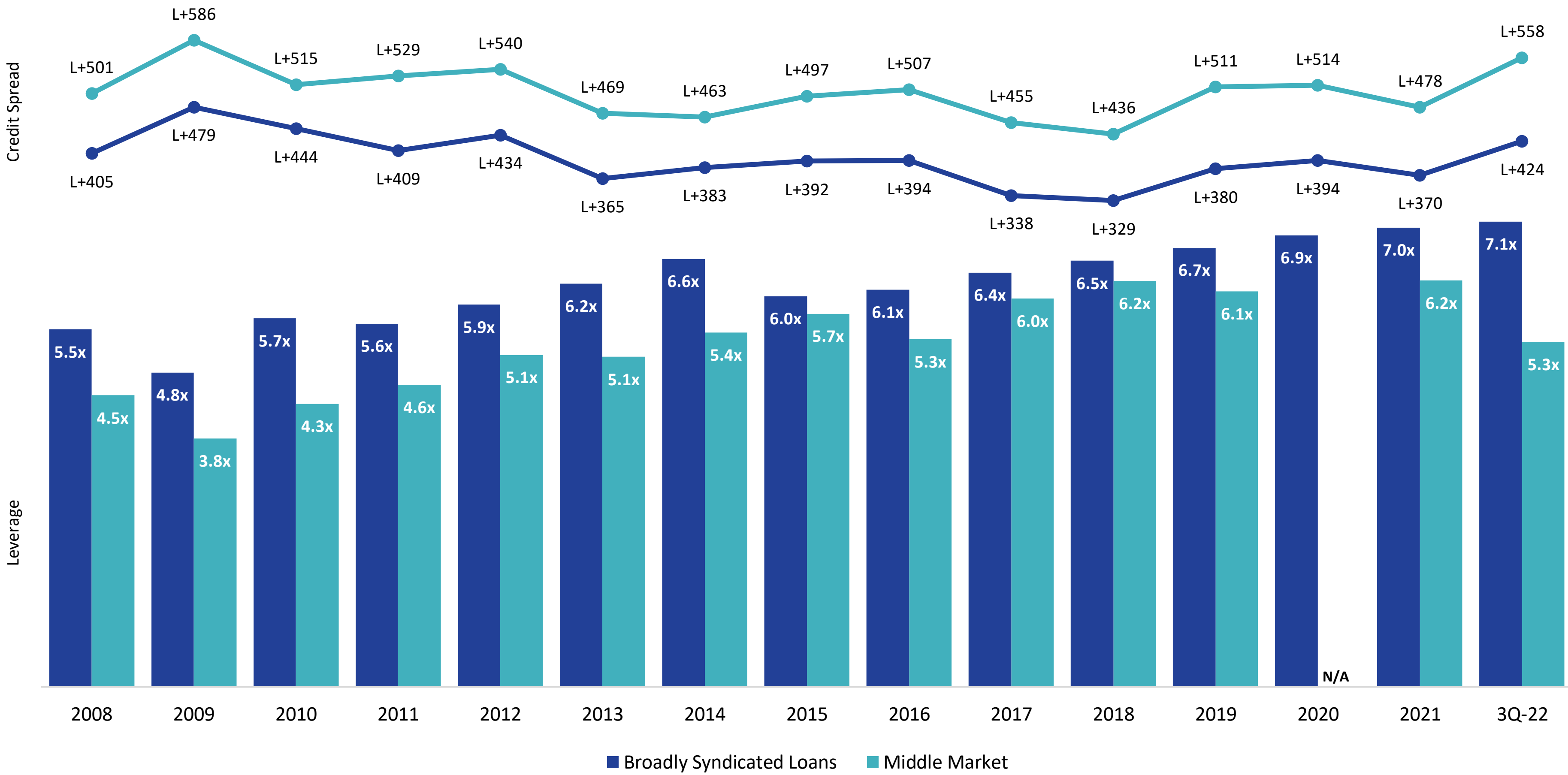
	Core Middle Market	Upper Middle Market
EBITDA	$10 to $50 million	$50 million and greater
New Issue Pricing	First Lien: L + 5.5% to 7.5% Second Lien: L + 8.5% to 10.5%	First Lien: L + 4.0% to 6.5% Second Lien: L + 7.0% to 8.5%
Leverage	First Lien: 4.0x to 5.5x Second Lien: 5.5x to 6.5x	First Lien: 5.0x to 7.5x Second Lien: 6.0x to 9.0x
Covenants	Usually stronger; total net leverage, interest coverage, etc.	Covenant lite or one covenant set at wide levels
Equity Contribution	45% or more	35% or more
Due Diligence Process	In-depth and comprehensive; typically 6 – 8 weeks	More limited information; typically 2 weeks or less
Reporting	Usually monthly	Usually quarterly
Lender Group Size	1 to 5 lenders	6 or more lenders

Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. Statements herein concerning financial market trends or other financial market commentary are based on the current market conditions, which will fluctuate. In addition, such statements constitute the Manager's current opinion, which is subject to change in the future without notice.

1. National Center For the Middle Market, 4Q 2021 Middle Market Indicator Report.

The Middle Market Offers a Yield Premium with Lower Risk

Middle Market vs. Broadly Syndicated Loans: Average Debt to EBITDA & Loan Spreads[1]

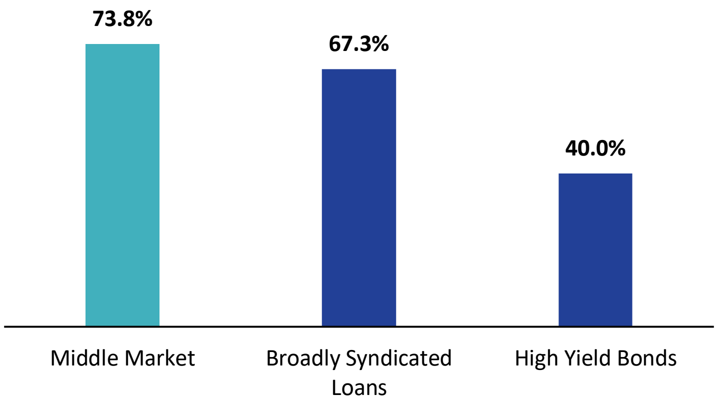


Note: Past performance is not necessarily indicative of future results. Invested capital is at risk.
Source: Refinitiv as of September 2022.
1. *Middle Market is defined as Issuers with revenues of $500M and below, and total loan package of less or equal to $500M. Broadly Syndicated Loans are defined as syndicated or direct/clubbed deals that have either revenues or total loan package of $500M or greater. Broadly Syndicated Loans are denoted as "BSL". For 2020 Refinitiv does not have sufficient observations at this time to provide data for MM.*

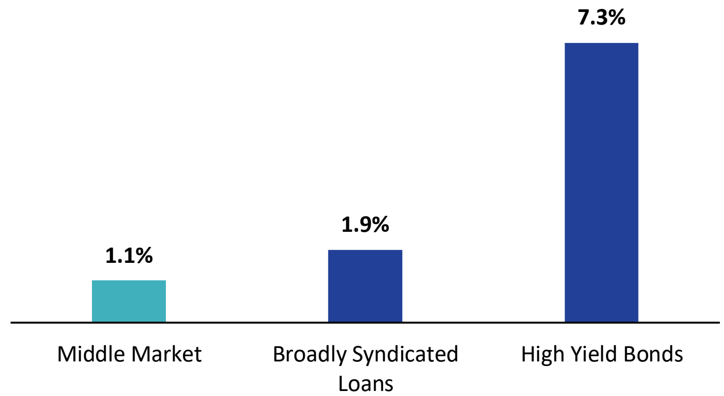
Perception vs. Reality: Lower Loss Rates in the Middle Market

- **Middle market loans consistently experience higher recoveries and lower loss rates than large corporate loans and high yield bonds**

Average Annual Recovery Rate by Loan Class



Average Annual Loss Rate by Loan Class



Middle market loans supported by:

- ✓ Lower leverage and valuation multiples
- ✓ Larger sponsor equity contribution
- ✓ Stronger covenant packages
- ✓ Tighter covenant cushions
- ✓ Monthly financial reporting to enable quick intervention
- ✓ Sponsor more willing to inject additional capital
- ✓ Attractive exit options

- **PFLT annualized loss rate approximately by 6 basis points**

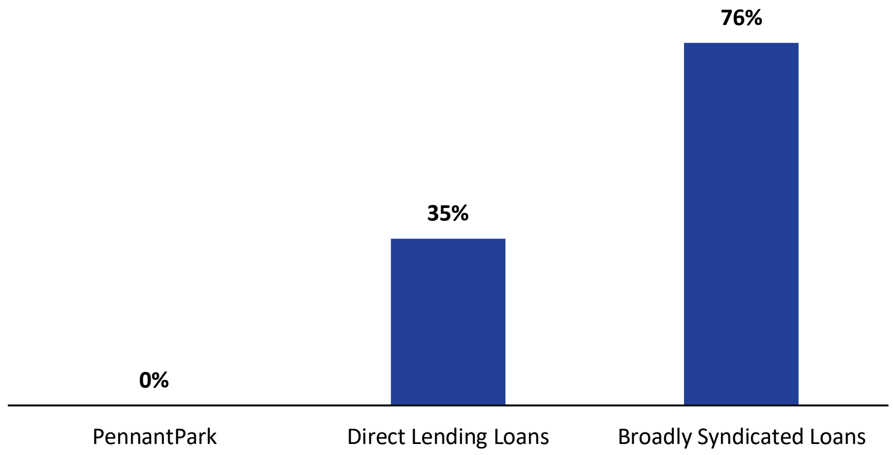
Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. All credit investments involve risk of loss. Statements herein concerning financial market trends or other financial market commentary are based on historical or current market conditions, which will fluctuate. In addition, such statements constitute the Manager's current opinion, which is subject to change in the future without notice.

Source: S&P Global LossStats. Average Annual Recovery Rates and Average Annual Loss Rates based on data from 1995 through 2020. Middle market loans denote total facility size of less than $500 million. Broadly syndicated loans denote total facility size of greater than or equal to $500 million.

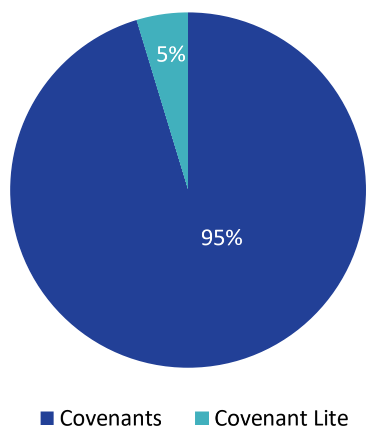
Covenant Protection in the Core Middle Market

- **Covenant protection is typically stronger in PennantPark's segment of the core middle market**
  - In Q4 2021, none of PennantPark's first lien loan originations were covenant lite, compared to 35% and 76% in the direct lending and broadly syndicated loan markets, respectively[1,2,3]
  - The vast majority of PennantPark's current investments have meaningful covenants (e.g. maximum total net leverage)[1,4]
- **Quarterly maintenance test covenants and required monthly financial reporting help protect against downside risk and bring stakeholders to the table early**
  - At the onset of COVID-19, frequent reporting prompted quick dialogue with management teams and sponsors
  - Protections may also lead to additional equity support from sponsors, reduced sponsor management fees, and additional yield and fees for lenders

Q4 2021 Percentage of Covenant Lite Transactions[1,2,3]



PennantPark Current Portfolio[1,4]



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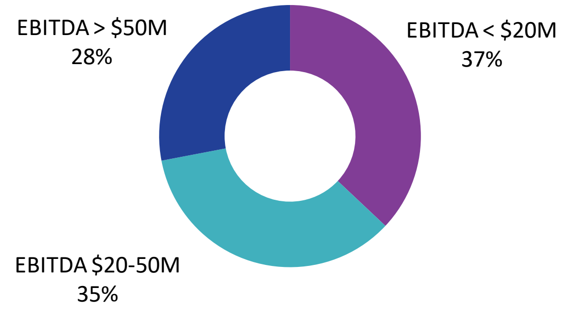
1. *Reflects first lien term loans across the PennantPark platform. Excludes broadly syndicated loans purchased solely for PennantPark's CLOs.*
2. *Source: Lincoln International LLC.*
3. *Source: Refinitiv.*
4. *Current portfolio as of April 2022.*

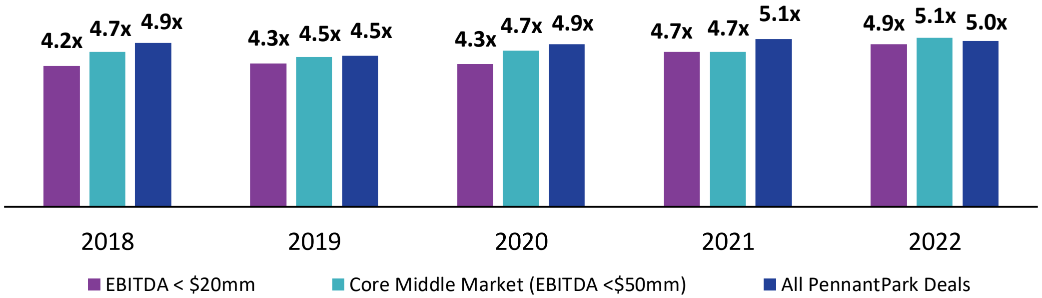
Lower Leverage and Better Returns in the Core Middle Market

- **PennantPark takes a more focused and value-added approach when evaluating core middle market opportunities**
- **Since 2015, 72% of invested capital was directed to companies with EBITDA below $50 million**
- **37% of total invested capital was directed to companies with EBITDA below $20 million**
- **Leverage multiples for smaller borrowers have consistently been lower compared to larger borrowers**
- **Despite lower leverage, PennantPark has achieved higher IRRs on deals with borrower EBITDA below $20 million at entry when compared to all deals**

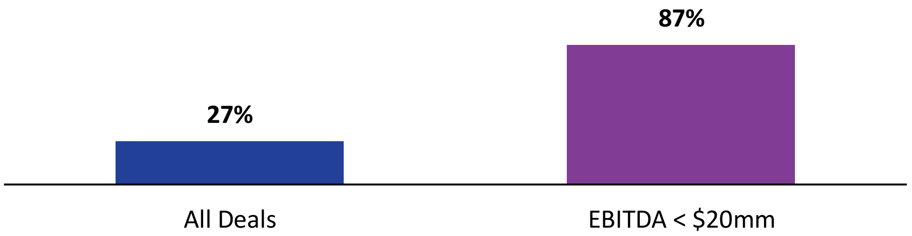
PennantPark Capital Invested as % of Total[1]



PennantPark Total Leverage



EBITDA Growth During Hold Period[1]



Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. As of 9/30/2022. Statistics presented above are calculated based on PennantPark's portfolio.
1. Capital invested and EBITDA growth during hold period since 2015.

Underwriting Process

- **Led by experienced senior team**
- **The same deal team originates, executes, and monitors each investment**
- **Every member of the investment team participates in consensus-driven Investment Committee**

Sourcing & Industry Expertise	Due Diligence & Underwriting	Investment Committee	Structuring & Documentation	Monitoring
• Long-term relationships with mid market private equity sponsors and portfolio companies • Broad network of industry contacts • Proprietary sourcing relationships	• Deep dive, private equity-style, iterative research • Review historical and prospective data • On-site company visits, interview competitors and customers • Diligence alongside private equity sponsor and industry experts	• Memos focus on downside cases to ensure risks are thoroughly understood • Evaluate from an owner's perspective • ESG evaluation is incorporated into our due diligence process through our ESG framework and checklist	• Covenants, terms, and conditions that enforce discipline and preserve capital • Construct attractive risk / reward profile • Deep experience across multiple credit cycles negotiating structures	• Proactive portfolio review • Monthly financials supplemented with monitoring key developments • Board observer rights when possible • Quarterly independent third-party valuations

Note: The execution of the investment process described herein indicates PennantPark's current approach to investing, and this investment approach may be modified in the future by PennantPark 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 Portfolio as of 12/31/22

Highly Diversified by Industry

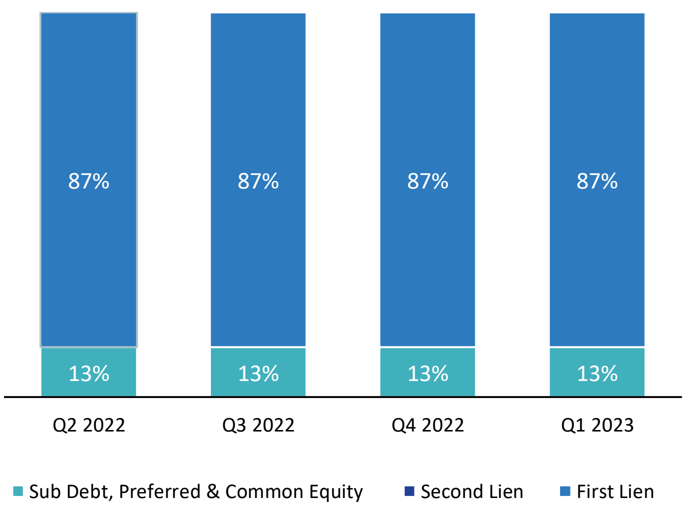
Industry[1]	Fair Value ($ millions)	% of Portfolio
Media	$ 71.3	7.9%
Professional Services	67.0	7.4%
IT Services	59.0	6.5%
Commercial Services & Supplies	47.9	5.3%
High Tech Industries	47.6	5.3%
Personal Products	46.5	5.1%
Media: Diversified and Production	46.5	5.1%
Diversified Consumer Services	41.0	4.5%
Aerospace and Defense	40.6	4.5%
Electronic Equipment, Instruments, and Components	37.4	4.1%
Healthcare Technology	34.7	3.8%
Capital Equipment	34.6	3.8%
Construction and Building	27.5	3.0%
Healthcare Providers and Services	22.0	2.4%
Business Services	21.8	2.4%
Insurance	20.8	2.3%
Distributors	19.2	2.1%
Chemicals, Plastics and Rubber	18.2	2.0%
Media: Broadcasting and Subscription	17.4	1.9%
Healthcare Equipment and Supplies	16.4	1.8%
Diversified Financial Services	15.6	1.7%
Consumer Services	15.3	1.7%
Automobiles	13.2	1.5%
Energy Equipment and Services	11.3	1.3%
Textiles, Apparel and Luxury Goods	10.2	1.1%
Other	100.4	11.5%
Total Portfolio	**$903.4**	**100.0%**

1. Excluding investment in PSSL. Total of 46 industries. "Other" includes Air Freight and Logistics / Auto Components / Banking, Finance, Insurance & Real Estate / Building Products / Commodity Chemicals / Construction & Engineering / Consumer Finance / Consumer Goods: Durable / Containers and Packaging / Environmental Industries / Financial Services / Food Products / Healthcare and Pharmaceuticals / Hotel, Restaurants and Leisure / Internet Software and Services / Leisure Products / Media: Advertising, Printing and Publishing / Software / Telecommunications / Trading Companies & Distributors/ Wholesale

Portfolio Overview

- 126 different companies
- $9.1 million: average investment size
- 11.3%: yield at cost on debt portfolio
- 87% secured investments

Portfolio Composition by Investment Type



PennantPark Senior Secured Loan Fund ("PSSL")

- **An unconsolidated joint venture between PFLT and Kemper Corporation**
- **Invests in middle market, directly originated first lien loans**
- **$935 million of total investment capacity, as of December 31, 2022**
- **Targeting $1 billion portfolio over time**
- **Total commitments of $343 million in notes and equity from PFLT and Kemper Corporation**
- **Diversified liabilities including a senior secured revolving credit facility and a long term CLO financing**
- **Expands ability to serve sponsor and borrower clients with larger investment hold size**
- **Enhances return on equity and NII at PFLT**

PSSL Portfolio as of 12/31/22

Highly Diversified by Industry

Industry[1]	Fair Value ($ millions)	% of Portfolio
Aerospace and Defense	$68.7	9.2%
Diversified Consumer Services	54.2	7.2%
Personal Products	45.0	6.0%
Business Services	39.2	5.2%
Media	34.2	4.6%
Capital Equipment	33.2	4.4%
IT Services	32.1	4.3%
Chemicals, Plastics and Rubber	29.3	3.9%
Distributors	27.8	3.7%
Healthcare Providers and Services	26.6	3.5%
Consumer Goods: Non-Durable	22.6	3.0%
Containers and Packaging	22.5	3.0%
Software	20.4	2.7%
Consumer Goods: Durable	19.4	2.6%
Commercial Services & Supplies	19.2	2.6%
Wholesale	19.2	2.6%
Healthcare and Pharmaceuticals	18.9	2.5%
Air Freight and Logistics	18.9	2.5%
Automobiles	18.1	2.4%
Professional Services	16.3	2.2%
Electronic Equipment, Instruments, and Components	15.6	2.1%
High Tech Industries	14.5	1.9%
Construction and Building	13.8	1.8%
Media: Broadcasting and Subscription	12.8	1.7%
Education	11.1	1.5%
Construction and Engineering	11.0	1.5%
Healthcare, Education & Childcare	10.8	1.4%
Healthcare Equipment and Supplies	9.6	1.3%
Other	65.7	8.7%
Total	**$750.7**	**100.0%**

1. *Total of 43 industries. "Other" includes Automotive/ Building Products / Consumer Products / Diversified Financial Services / Healthcare Technology / Home and Office Furnishings, Housewares/ Hotel, Gaming, and Leisure / Hotels, Restaurants, and Leisure / Insurance / Internet Software and Services / Leisure Products / Media: Advertising, Printing, and Publishing / Media: Diversified and Production / Textiles, Apparel and Luxury Goods / Trading Companies & Distributors.*

Portfolio Overview

- 100 different companies
- $7.5 million: average investment size
- 10.9%: yield at cost on debt portfolio
- 99.6%: first lien investments
- 100% floating rate investments

PFLT Selected Financial Highlights

($mm, except per share data)	December Q1 2023	September Q4 2022	June Q3 2022	March Q2 2022
Investment Portfolio, at fair value	$1,151	$1,164	$1,226	$1,193
Joint Venture Investment Portfolio, at fair value	$751	$754	$747	$705
Debt (GAAP)	$680	$673	$756	$746
GAAP Net Assets	$514	$527	$505	$520
Adjusted Net Assets[1]	$510	$527	$497	$511
Debt to Equity[2]	1.35x	1.29x	1.55x	1.49x
Investment Purchases	$66	$55	$105	$113
Investment Sales and Repayments	$63	$98	$55	$104
Per Share Data:				
GAAP Net Asset Value	$11.30	$11.62	$12.21	$12.62
Adjusted Net Asset Value	$11.22	$11.59	$12.02	$12.41
Net Investment Income	$0.30	$0.29	$0.29	$0.29
Core Net Investment Income[3]	$0.30	$0.30	$0.29	$0.29
Dividends Declared	$0.285	$0.285	$0.285	$0.285

1. *Adjusted number is a non-GAAP financial measure which excludes the unrealized gain/loss from the mark-to-market of certain liabilities.*
2. *Debt to equity is calculated by dividing the total par balance of outstanding debt liabilities by Adjusted Net Assets.*
3. *Core Net Investment Income per Share is a non-GAAP financial measure and excluded the impact of one-time non-recurring expenses*

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 first lien secured floating rate debt**

PFLT Selected Investments

Company	Investments	Sponsor
Anteriad	Revolver First Lien Term Loan Equity	Mountaingate Capital
Any Hour Electric, Plumbing Heating & Air	Revolver First Lien Term Loan Equity	Knox Lane Partners
ATS Applied Technical Services	Revolver First Lien Term Loan Equity	Odyssey Investment Part.
BLUEBIRD	Revolver First Lien Term Loan	H.I.G. Capital
BYLIGHT	Revolver First Lien Term Loan Equity	Sagewind Capital
CONNATIX	Revolver First Lien Term Loan Equity	Court Square Capital
CRANE 1 Service • Safety • Systems	Revolver First Lien Term Loan Equity	L Squared Capital Partners
Crash Champions Collision Repair Team	First Lien Term Loan Equity	A&M Capital Opportunities
exigo	Revolver First Lien Term Loan Equity	Gauge Capital
Hancock Claims Consultants	Revolver First Lien Term Loan Equity	Century Equity Partners
Institute for Integrative Nutrition	Revolver First Lien Term Loan Equity	Norwest Equity Partners
LifePort	Equity	Tower Arch Capital
The Mars Agency	Revolver First Lien Term Loan Equity	Mountaingate Capital
Painters Supply & Equipment Co.	Revolver First Lien Term Loan	Odyssey Investment Prtnrs
Quantic Electronics	Revolver First Lien Term Loan	Arcline Investment Prtnrs
Rancho Family Medical Group	Revolver First Lien Term Loan Equity	LightBay Capital
RP Riverpoint Medical	Revolver First Lien Term Loan	Arlington Capital Partners
Schlesinger Group	Revolver First Lien Term Loan Equity	Gauge Capital
Sigma Defense Systems	Revolver First Lien Term Loan Equity	Sagewind Capital
TVC Pro-Driver	Revolver First Lien Term Loan Equity	Gauge Capital