



PennantPark

Floating Rate Capital Ltd.

09/30/2020

NEW YORK • CHICAGO • HOUSTON • LOS ANGELES

Forward-looking Statements and Risk Factors

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

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

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

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

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

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

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

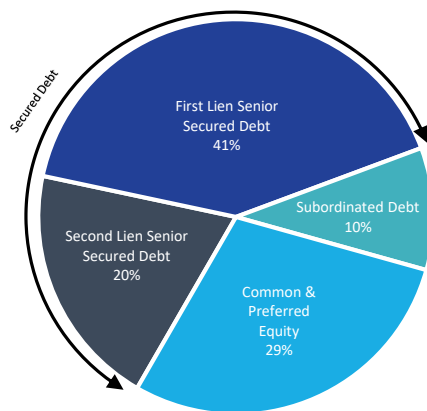
Established Credit Platform



\$3.5 billion total Assets Under Management



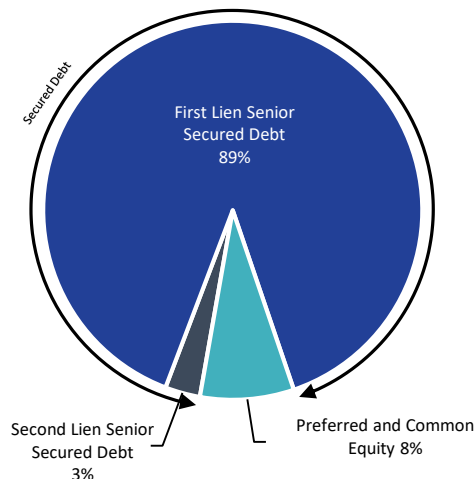
- NASDAQ: “PNNT”
- IPO Date: April 2007
- 61% Secured Debt



\$1,082 million



- NASDAQ: “PFLT”
- IPO Date: April 2011
- 92% Secured Debt



\$1,087 million

Established Investment Platform

- PennantPark Investment Advisers founded 13 years ago before the Global Financial Crisis
- Leading independent middle market credit platform
- Cohesive, experienced team
- Culture of building long term trust

PFLT

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

PennantPark

Investment Advisers, LLC

Founded in 2007
Funded \$11.5B in 547 companies

Disciplined Investor

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

Relationship & Solution Driven

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

Middle Market Focus

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

Consistent Performance & Track Record

- Low volatility of underlying portfolio EBITDA through the Great Recession and Covid
- Deep restructuring expertise to preserve capital

PFLT

- Only 12 non-accruals out of 382 companies since inception
- Annualized realized loss ratio only ten basis points

Conservative Portfolio Construction

- 102 companies in 44 different industries
- Weighted average debt / EBITDA through PFLT security is 4.2x
- Weighted average cash interest coverage is 2.9x
- 89% of portfolio is first lien senior secured
- Largely avoided sectors such as retail, restaurants, apparel, airlines and energy

Fourth Quarter 2020 Highlights

Net Asset Value

Adjusted NAV (excluding MTM of Liabilities) increased 3.2% to \$11.81 per share from \$11.44 from the prior quarter

Balance Sheet

Regulatory net debt to equity ratio, after subtracting cash, of 1.4x

Net Investment Income

Net investment income of \$0.27 per share

Credit Performance

Out of 102 companies, three investments on non-accrual status, representing 2.1% at cost and 1.8% at fair market value of the overall portfolio

Outlook

- Strong portfolio performance
- Several significant high growth equity positions
- Opportunity to optimize financing and grow PSSL
- Strengthening NII

Why is PFLT Well Positioned?

Experienced Team

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

Expansive Relationship Network

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

Strong Capital Base

- Permanent equity capital of \$477 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, PSSSL, with Kemper Corporation has up to \$555 million of investment capacity

Attractive and Diversified Financing

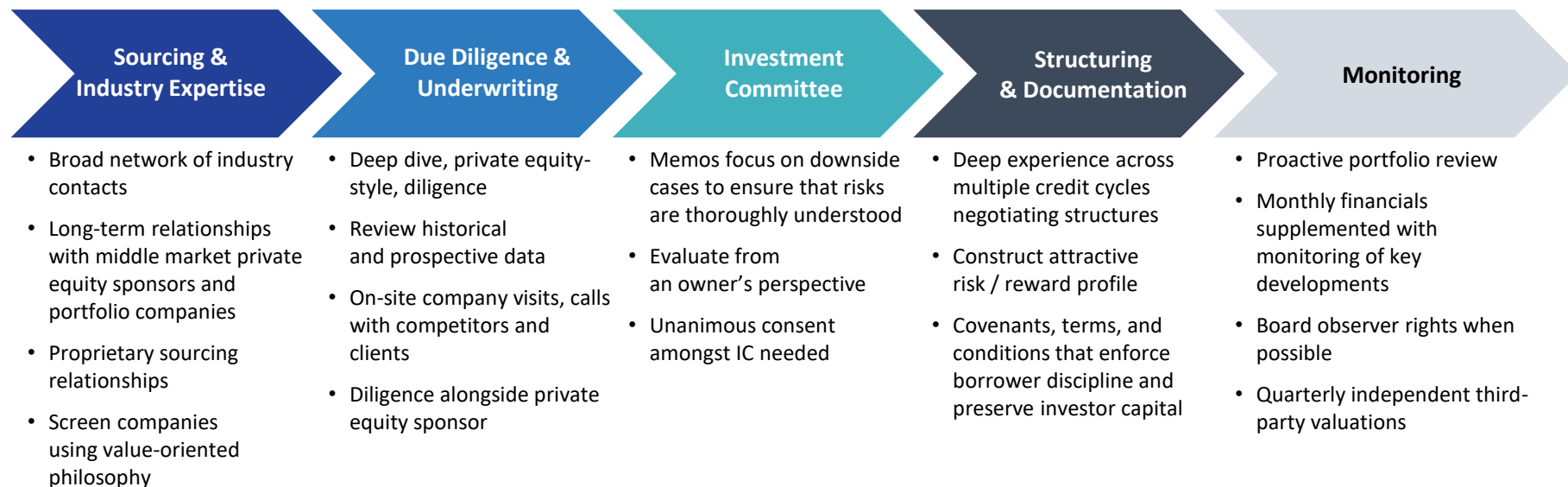
- \$520 million of credit facility at L + 200
- \$139 million, long-term, 4.33% bond offering in Israel
- \$228 million of Asset Backed Debt financing 4.0%, with a final maturity of 12 years
- Credit facility and Asset Backed Financing use cost accounting on underlying portfolio

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

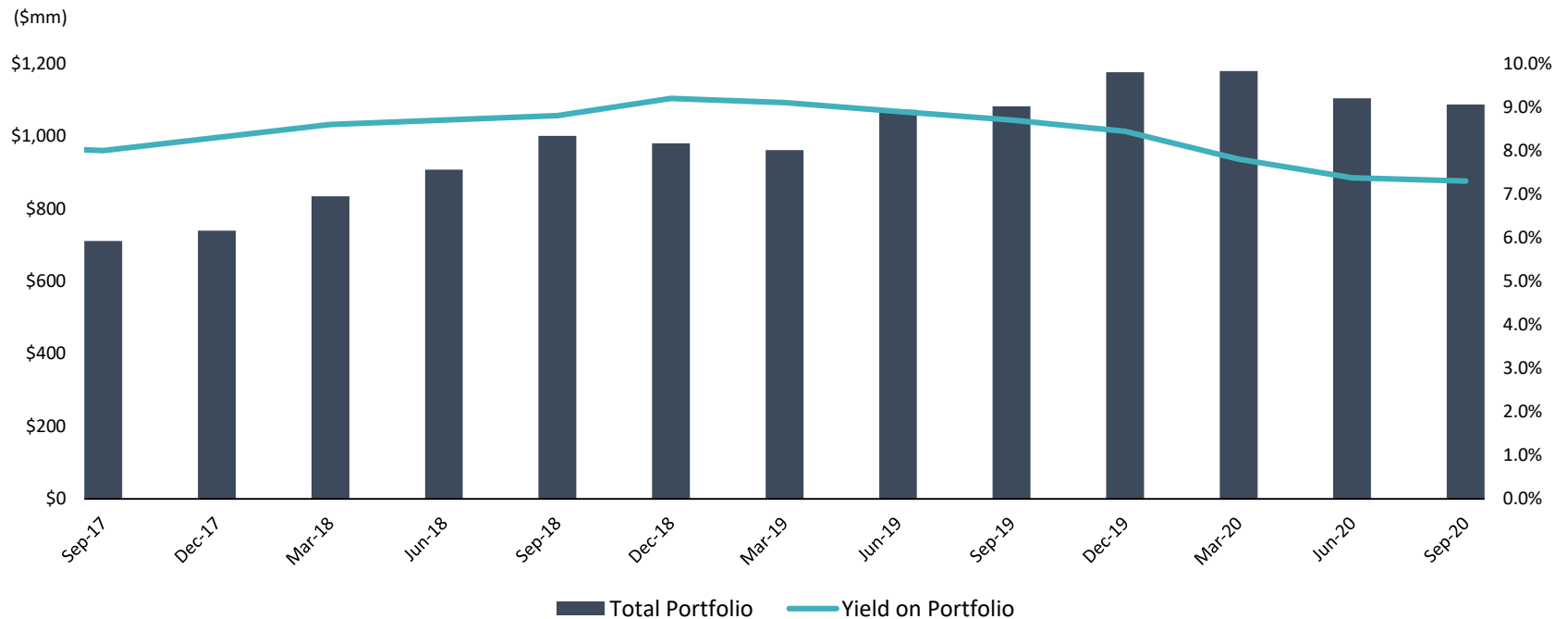


Note: The execution of the investment process described herein indicates the Manager's current approach to investing, and this investment approach may be modified in the future by the Manager in its sole discretion at any time and without further notice to investors in response to changing market conditions, 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 ten basis points of realized losses since inception against a 8.0% average yield on purchases since inception**
 - Only 12 non-accruals out of 382 companies since inception

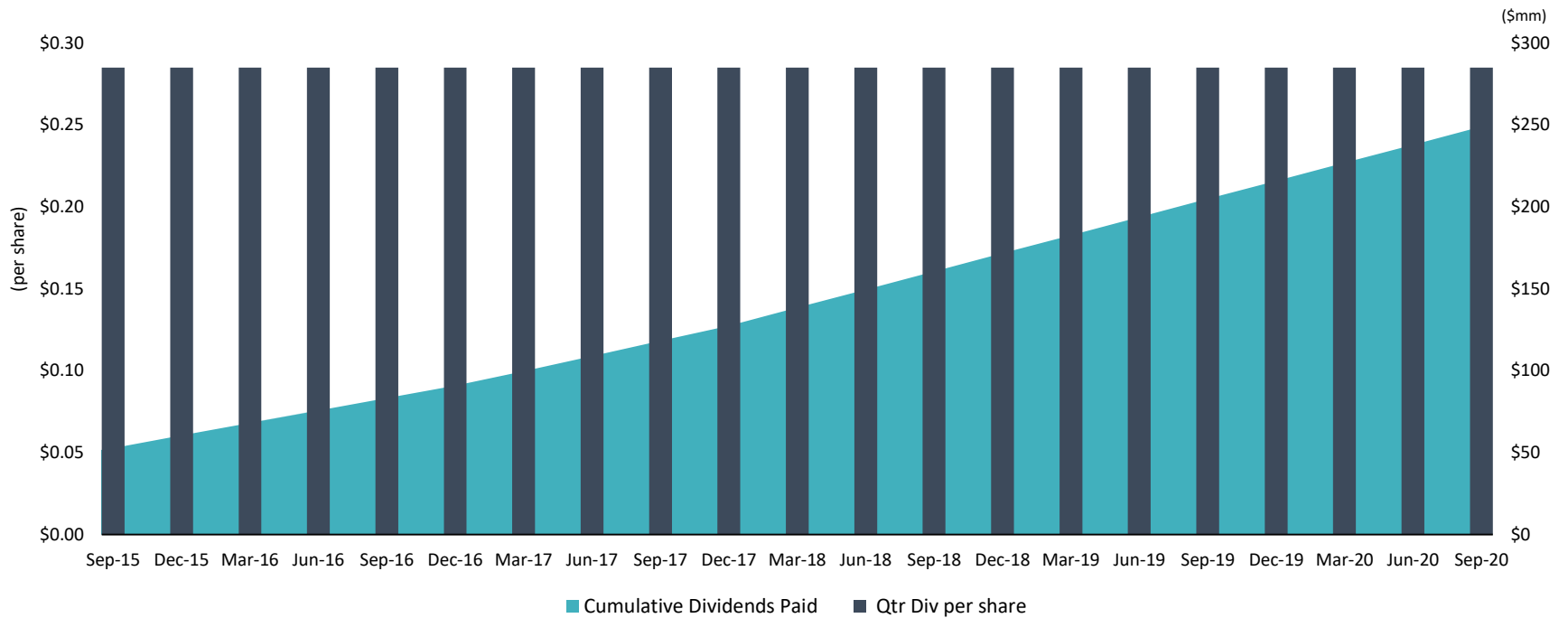
Portfolio Size and Debt Yield



PFLT Has a Compelling Track Record

- Consistent, steady dividend stream since inception

Quarterly Dividends & Cumulative Dividends Paid



PennantPark Senior Secured Loan Fund (“PSSL”)

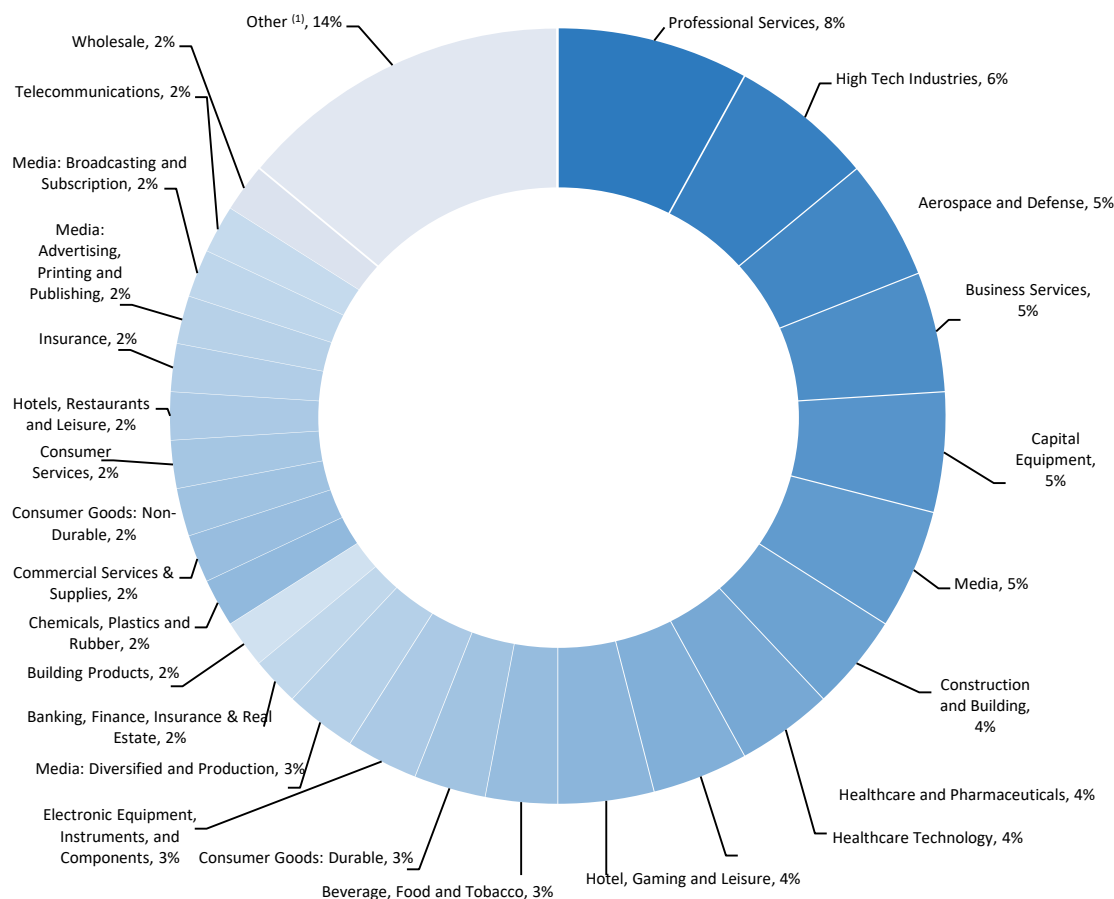
- ▶ **Invests in primarily middle market, directly originated first lien loans**
- ▶ **\$555 million of total capacity**
- ▶ **Total commitments of \$230 million in notes and equity from PFLT and Kemper Corporation**
- ▶ **Up to \$325 million of third-party debt financing**
- ▶ **Expands ability to serve sponsor and borrower clients with larger bite sizes**
- ▶ **Opportunity to optimize financing and grow PSSL to generate higher Return on Equity and Net Investment Income for PFLT**

PennantPark CLO I, Ltd.

- ▶ Consists of a diversified portfolio of middle market loans
- ▶ \$301.4 million in total size
- ▶ PFLT retained \$55.4 million of the Preferred Shares and \$18 million of the Class D Notes
- ▶ \$228 million of third-party debt financing at 4.0%, with a final maturity of 12 years
- ▶ Diversifies PFLT's capital base
- ▶ Structure has performed well through Covid

Overall Portfolio as of 9/30/20

Highly Diversified Industry Mix

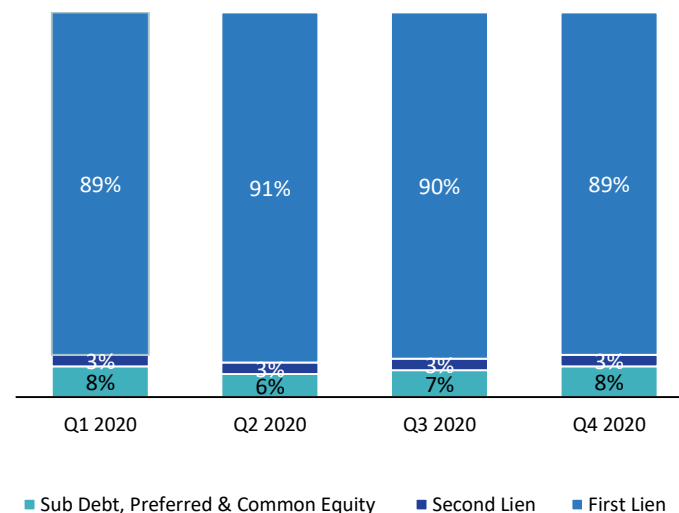


Total Portfolio: \$1,087 million

Portfolio Overview

- ▶ 102 different companies
- ▶ Average investment size: \$10.7 million
- ▶ Yield at Cost on Debt Portfolio: 7.3%
- ▶ 92% Secured Investments
- ▶ Several substantial high growth equity positions

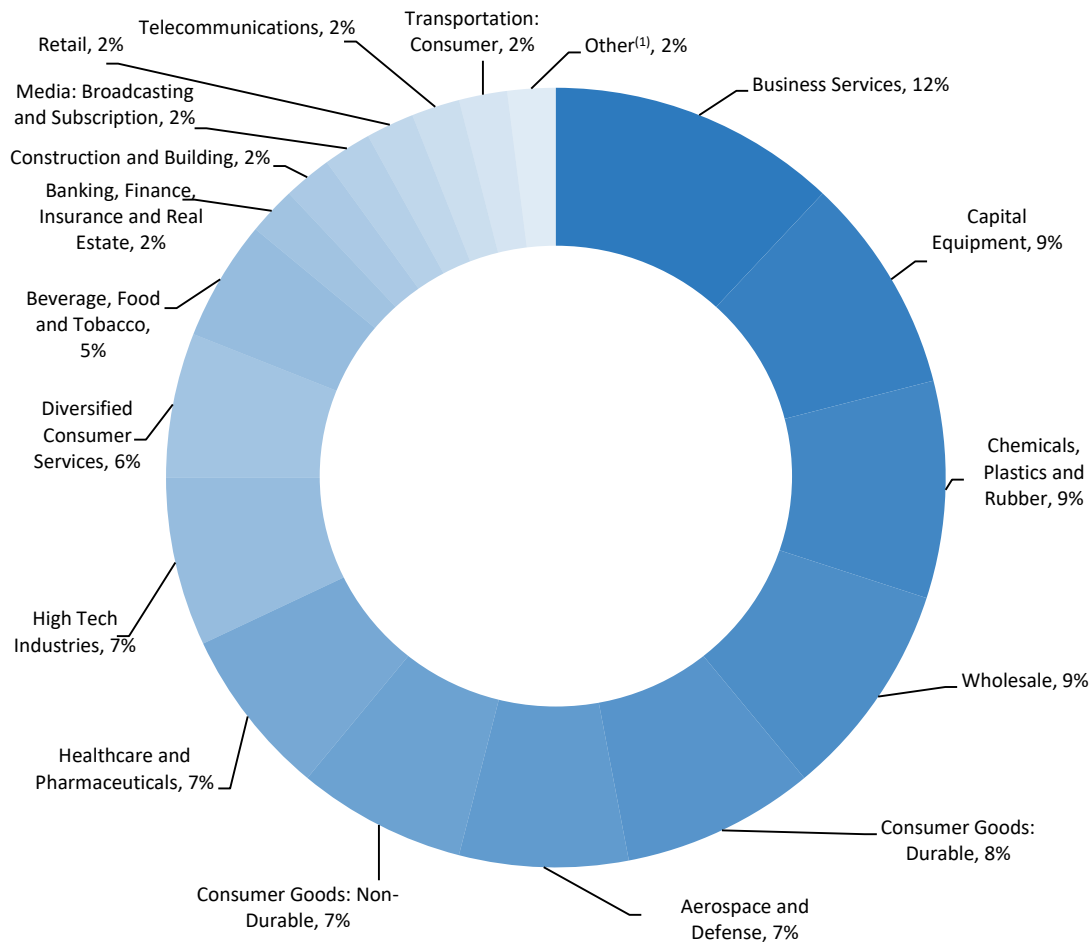
Portfolio Mix



1. Excluding investment in PSSS. Total of 43 industries. "Other" includes Beverages /Construction & Engineering/Diversified Consumer Services/Diversified Financial Services/Energy Equipment and Services/Environmental Industries/Food Products/ Food and Staples Retailing/Healthcare Equipment and Supplies/Healthcare Providers and Services/IT Services/Leisure Products/Personal Products/Retail /Software/Transportation: Consumer/Wireless Telecommunication Services.

PSSL Portfolio as of 9/30/20

Highly Diversified Industry Mix



Total Portfolio: \$393 million

Portfolio Overview

- ▶ 45 different companies
- ▶ Average investment size: \$8.7 million
- ▶ Yield at Cost on Debt Portfolio: 6.8%
- ▶ 97% First Lien Investments

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

Selected Financial Highlights

(\$mm, except per share data)	December Q1 2020	March Q2 2020	June Q3 2020	September Q4 2020
Investment Portfolio	\$1,176	\$1,179	\$1,104	\$1,087
PFLT Investment in PSSL (cost)	\$172	\$176	\$176	\$179
PSSL Investment Portfolio	\$493	\$483	\$458	\$393
Debt (Cost)	\$702	\$780	\$718	\$675
GAAP Net Assets	\$502	\$470	\$471	\$477
Adjusted Net Assets ²	\$495	\$430	\$444	\$458
Regulatory Net Debt to Equity	1.31x	1.74x	1.62x	1.35x
GAAP Net Debt to Equity ³	1.27x	1.50x	1.46x	1.25x
PFLT Originations	\$239	\$168	\$15	\$15
PSSL Originations	\$69	\$18	—	—
Per Share Data:				
GAAP Net Asset Value	\$12.95	\$12.12	\$12.16	\$12.31
Adjusted Net Asset Value ²	\$12.76	\$11.10	\$11.44	\$11.81
Core Net Investment Income ¹	\$0.29	\$0.30	\$0.26	\$0.27
Dividends Declared	\$0.285	\$0.285	\$0.285	\$0.285

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



Revolver
First Lien Term Loan
Equity

InTandem Capital Partners



Revolver
First Lien Secured Debt
Delayed-Draw Term Loan

Quad-C Management



Revolver
First Lien Secured Debt

Altamont Capital Partners



Revolver
First Lien Term Loan
Equity

Lightyear Capital



Revolver
First Lien Term Loan
Equity

Sentinel Capital



First Lien Secured Debt

Snow Phipps Group



Revolver
First Lien Term Loan
Equity

Norwest Equity Partners



Revolver
First Lien Secured Debt

Atlantic Street Capital



Revolver
First Lien Secured Debt
Equity

Mountaingate Capital



Revolver
First Lien Secured Debt

Windjammer Capital



First Lien Term Loan
Revolver

Clearlake Capital



Revolver
First Lien Term Loan

MidOcean Partners



Revolver
First Lien Term Loan

Arlington Capital Partners



First Lien Term Loan
Equity

Gauge Capital



Revolver
First Lien Secured Debt
Equity

Center Rock Capital Partners



First Lien Term Loan

OceanSound Partners



Revolver
First Lien Term Loan

Summit Partners LP



First Lien Secured Debt
Equity

The Halifax Group



Revolver
First Lien Term Loan

Arlington Capital Partners