

**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, 2022**

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, 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 checked="" 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.

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, 2022 based on the closing price on that date of \$13.51 on The New York Stock Exchange was approximately \$619.4 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 45,345,638 shares of the Registrant's common stock outstanding as of November 17, 2022.

Documents Incorporated by Reference: Portions of the Registrant's Proxy Statement relating to the Registrant's 2023 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, 2022

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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 Rate 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 phasing out of LIBOR and the uncertainties associated therewith;
- 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, uncertainty about presidential administration initiatives and 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;
- 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 and the United Kingdom's withdrawal from the European Union, that could cause volatility or prolonged disruption of the capital markets and impact the value of our assets;
- the novel coronavirus ("COVID-19") pandemic and its effect on our results of operations and the operations of our portfolio companies;
- 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.

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 \$366 million (increased from \$300 million in September 2022). 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 \$17.1 billion in 628 companies with more than 200 different financial sponsors through its managed funds, which includes investments by the Company totaling \$5.0 billion in 451 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, 2022, we maintained a \$366 million (increased from \$300 million in September 2022) 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 225 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 \$168.8 million outstanding as of September 30, 2022. The Credit Facility had a weighted average interest rate of 4.9%, exclusive of the fee on undrawn commitments as of September 30, 2022. The Credit Facility had a weighted average interest rate of 2.3%, exclusive of the fee on undrawn commitments as of September 30, 2021. As of September 30, 2022 and 2021, we had \$197.2 million and \$80.6 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, 2022 and 2021 we had \$97.0 million and \$117.8 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, 2022 and 2021, we had \$185.0 million and \$100.0 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, 2022 and 2021, the Company had \$228.0 million of 2031 Asset-Backed Debt outstanding with a weighted average interest rate of 4.6% and 2.6%, 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, 2022, 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, 2022 and 2021, our asset coverage ratio, as computed in accordance with the 1940 Act, was 178% and 175%, 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, 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.pennanipark.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 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	2022 ⁽¹⁾	Portfolio Company	2021 ⁽¹⁾
By Light Professional IT Services, LLC	5%	By Light Professional IT Services, LLC	4%
Marketplace Events LLC	3	Lilly Lashes	4
Ox Two, LLC	3	Marketplace Events LLC	4
GCOM Software LLC	3	Lightspeed Buyer Inc.	3
TVC Enterprises, LLC	3	MeritDirect, LLC	3
Lightspeed Buyer Inc.	3	Ox Two, LLC	3
Kinetic Purchaser, LLC	2	TVC Enterprises, LLC	3
Apex Service Partners, LLC	2	GCOM Software LLC	2
Cartessa Aesthetics, LLC	2	Lombart Brothers, Inc.	2
UBEO, LLC	2	UBEO, LLC	2

Industry	2022 ⁽¹⁾	Industry	2021 ⁽¹⁾
Professional Services	9%	Media	9%
Media	7	Professional Services	8
Personal Products	7	Personal Products	7
IT Services	6	Capital Equipment	6
High Tech Industries	5	Commercial Services & Supplies	5
Media: Diversified and Production	5	IT Services	5
Commercial Services & Supplies	5	Media: Diversified and Production	5
Aerospace and Defense	4	Business Services	4
Capital Equipment	4	Healthcare Technology	4
Healthcare Technology	4	High Tech Industries	4

⁽¹⁾ Excludes investments in PSSSL.

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, 2022, 2021, and 2020, the Investment Adviser earned a base management fee of \$11.9 million, \$10.7 million and \$11.4 million, respectively, from us.

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

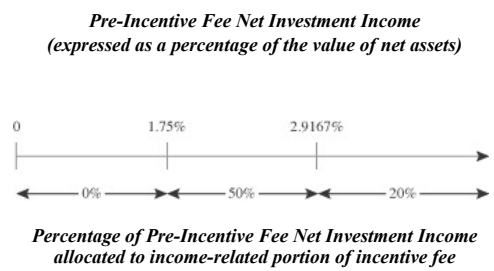
Gross assets as of December 31, 20XX = \$160 million
 U.S. Treasury bills and temporary draws on credit facilities as of December 31, 20XX = \$10 million
 Adjusted gross assets as of December 31, 20XX = \$150 million
 Gross assets as of March 31, 20XX = \$200 million
 U.S. Treasury bills and temporary 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 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, 2022, 2021, and 2020, the Investment Adviser earned \$11.6 million, \$5.3 million and \$9.3 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:



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, 2022, 2021, and 2020, 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, 2022, 2021, and 2020 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 ⁽¹⁾ = 1.75%

Base management fee ⁽²⁾ = 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 ⁽¹⁾ = 1.75%

Base management fee ⁽²⁾ = 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 ⁽¹⁾ = 1.75%

Base management fee ⁽²⁾ = 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” ⁽³⁾
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.

⁽¹⁾ Represents 7.0% annualized hurdle.

⁽²⁾ Represents 1.0% annualized base management fee.

⁽³⁾ 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 ⁽¹⁾

\$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)

⁽¹⁾ 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, 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 2022. Unless terminated earlier as described below, the Investment Management Agreement will continue in effect for a period of one year through February 2023. 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, 2022, 2021 and 2020, we reimbursed the Investment Adviser approximately \$0.6 million, \$1.1 million and \$1.6 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 2022. Unless terminated earlier as described below, our Administration Agreement will continue in effect for a period of one year through February 2023. 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, 2022 and 2021, PSSSL had total assets of \$796.8 million and \$603.6 million, respectively. PSSSL's portfolio consisted of debt investments in 95 portfolio companies as of September 30, 2022. 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. As of September 30, 2021, at fair value, the largest investment in a single portfolio company in PSSSL was \$18.9 million and the five largest investments totaled \$84.3 million.

We provide capital to PSSSL in the form of first lien secured debt and equity interests. As of September 30, 2022 and 2021, 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, 2022 and 2021, our investment made in PSSSL consisted of first lien secured debt of \$190.2 million (additional \$19.9 million unfunded) and \$140.9 million (additional \$29.4 million unfunded), respectively, and equity interests of \$81.5 million (additional \$8.5 million unfunded) and \$60.4 million (additional \$12.6 million unfunded), respectively.

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 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. 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. You may also obtain a copy of our joint code of ethics, after paying a duplicating fee, by electronic request at the following email address: publicinfo@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, 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. In addition, the privacy policy is available on the EDGAR Database on the SEC's Internet website at www.sec.gov, filed as an exhibit to our annual report on Form 10-K (File No. 814-00891) filed on November 16, 2022.

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 thereunder. 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 pending discontinuation and replacement of LIBOR may adversely affect the value of the LIBOR-indexed, floating-rate debt securities in our portfolio or issued by us.

In July 2017, the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. Since December 31, 2021, all sterling, euro, Swiss franc and Japanese yen LIBOR settings and the 1-week and 2-month U.S. dollar LIBOR settings have ceased to be published on a representative basis, and it is anticipated that after June 30, 2023, the overnight, 1-month, 3-month, 6-month and 12-month U.S. dollar LIBOR settings will cease to be published on a representative basis. Although some settings of U.S. dollar LIBOR continue to be published, there is no assurance that LIBOR will continue to exist as a representative rate until June 30, 2023, or at any time thereafter. Some regulators have prohibited the use of any LIBOR benchmarks in new contracts and have required that regulated entities transition existing contracts to another benchmark prior to June 30, 2023. Although settings of such LIBOR benchmarks may continue to be available, such prohibitions and requirements may adversely affect the value of floating-rate debt securities in our portfolio or issued by us.

At this time, no consensus exists as to what rate or rates will become accepted alternatives to LIBOR, although the U.S. Federal Reserve, in connection 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"). Given the inherent differences between LIBOR and SOFR, or any other alternative benchmark rate that may be established, there are many uncertainties regarding a transition from LIBOR, including, but not limited to, the need to amend all contracts with LIBOR as the referenced rate and how this 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 LIBOR 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. In addition, certain statutory regimes which cause a legislative transaction away from LIBOR to an alternative reference rate may apply, e.g., N.Y. Gen. Oblig. Law § 18-401 or the Adjustable Interest Rate (LIBOR) Act to certain 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.

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 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 other debt securities, 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, 2022 and 2021, our asset coverage ratio, as computed in accordance with the 1940 Act, was 178% and 175%, respectively. Since our leverage was 128% and 138% of our net assets as of September 30, 2022 and 2021, respectively, we would have to receive an annual return of at least 2.2% and 1.8%, respectively, to cover annual interest payments.

As of September 30, 2022, we had outstanding borrowings of \$168.8 million under the Credit Facility, \$97.0 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 \$678.8 million and had a weighted average annual interest rate at the time of 4.5%, 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, 2022 of 54.7% of total assets (including such borrowed funds), at the current interest rate at the time of 3.9%, 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) ⁽¹⁾	(10.0)%	(5.0)%	0%	5.0%	10.0%
Corresponding return to common stockholders ⁽²⁾	(28.2)%	(16.6)%	(5.0)%	6.6%	18.3%

⁽¹⁾ 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.

⁽²⁾ 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.

The impact of recent financial reform legislation on us is uncertain.

In light of current conditions in the U.S. and global financial markets and the U.S. and global economy, legislators, the presidential administration and regulators have increased their focus on the regulation of the financial services industry. The Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, institutes a wide range of reforms that will have an impact on financial institutions. Legislation may be adopted that could significantly affect the regulation of U.S. financial markets. Areas subject to potential change, amendment or repeal include the Dodd-Frank Act and the authority of the Federal Reserve and the Financial Stability Oversight Council. These or other regulatory changes could result in greater competition from banks and other lenders with which we compete for lending and other investment opportunities. Accordingly, we are continuing to evaluate the effect the Dodd-Frank Act or implementing its regulations or any repeal or revision thereto will have on our business, financial condition and results of operations.

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.

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 regulation at the local, state and federal levels. These laws and regulations, as well as their interpretation, may be changed from time to time. Accordingly, any change in these laws or regulations that govern our operations or those of our portfolio companies could have a material adverse effect on our business, financial condition and results of operations. See “Business—Regulation” for more information.

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 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. In October 2020, the SEC adopted Rule 18f-4 under the 1940 Act regarding the ability of a BDC to use derivatives and other transactions that create future payment or delivery obligations. Under Rule 18f-4, BDCs that use derivatives are subject to a value-at-risk leverage limit, a derivatives risk management program and testing requirements and requirements related to board reporting. These requirements apply unless the BDC qualifies as a "limited derivatives user," as defined under Rule 18f-4. Under Rule 18f-4, a BDC may enter into an unfunded commitment agreement (which may include delayed draw and revolving loans) that will not be deemed to a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has, among other things, a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. Collectively, these requirements may limit the Company's ability to use derivatives and/or enter into certain other financial contracts.

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 \$9.60 and \$12.79 on September 30, 2022 and 2021, respectively. Our NAV per share was \$11.62 and \$12.62 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 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, 2022, we had \$168.8 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. 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, 2022, we had

\$168.8 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, including the impact of COVID-19, 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.

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.

United Kingdom's Withdrawal from the European Union.

The U.K. ceased to be a member of the EU with effect from January 31, 2020 (such departure from the EU, "Brexit"). On December 24, 2020, a trade agreement was concluded between the EU and the U. K. (the "TCA"), which formally took effect on May 1, 2021, and now governs the relationship between the U.K. and EU.

Although the TCA covers many issues, it is silent on items such as financial services equivalence. As such, there remains uncertainty as to the scope, nature and terms of the relationship between the U.K. and the EU and the effect and implications of the TCA.

The actual and potential consequences of Brexit, and the associated uncertainty, have adversely affected, and for the foreseeable future may adversely affect, economic and market conditions in the U.K., in the EU and its member states and elsewhere, and may also contribute to uncertainty and instability in global financial markets, which could adversely affect our business, financial results and results of operations and those of our portfolio companies. There may be detrimental implications for the value of the Company's investments. This may be due to, among other things: (i) increased uncertainty and volatility in U.K., EU and other financial markets; (ii) fluctuations in asset values; (iii) fluctuations in exchange rates; (iv) increased illiquidity of investments located, listed or traded within the U.K., the EU or elsewhere; (v) changes in the willingness or ability of financial and other counterparties to enter into transactions, or the price at which and terms on which they are prepared to transact; and/or (vi) changes in legal and regulatory regimes to which the Company or certain of the Company's assets and/or service providers are or become subject.

The COVID-19 pandemic resulted in a period of capital markets disruption and economic uncertainty.

The U.S. capital markets experienced extreme volatility and disruption following the global outbreak of COVID-19. Some economists and major investment banks have expressed concern that the continued spread of the virus globally could lead to a prolonged period of world-wide economic downturn. Disruptions in the capital markets have in the past increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. Such disruptions adversely affected our business, financial condition, results of operations and cash flows, and future market disruptions and/or illiquidity may again negatively impact us. Such unfavorable economic conditions could also increase our funding costs and limit our access to the capital markets, and may result in a decision by lenders not to extend credit to us in the future. These events could limit our investment originations, limit our ability to grow and negatively impact our operating results and the fair values of our debt and equity investments. As such, we could also face an increased risk of investor, creditor or portfolio company disputes, litigation and governmental and regulatory scrutiny as a result of the effects of COVID-19 on economic and market conditions.

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 the COVID-19 pandemic or any outbreak of other 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, including the COVID-19 pandemic, 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 the COVID-19 pandemic or any outbreak of other 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 2. Properties

As of September 30, 2022, 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.

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, 2022 and 2021.

Period	NAV ⁽¹⁾	Closing Sale Prices		Premium / (Discount) of High Sale Price to NAV ⁽²⁾	Premium / (Discount) of Low Sale Price to NAV ⁽²⁾	Distributions Declared
		High	Low			
Year Ended September 30, 2022						
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
Year Ended September 30, 2021						
Fourth quarter	\$ 12.62	\$ 13.41	\$ 12.51	6 %	(1)%	\$ 0.285
Third quarter	12.81	13.19	11.94	3	(7)	0.285
Second quarter	12.71	12.63	10.46	(1)	(18)	0.285
First quarter	12.70	10.96	7.80	(14)	(39)	0.285

⁽¹⁾ 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.

⁽²⁾ 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 \$9.60 and the Nasdaq Global Select Market at \$12.79 on September 30, 2022 and 2021, respectively. Our NAV per share was \$11.62 and \$12.62 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, 2022, we had 37 stockholders of record.

Sale of Unregistered Securities

We did not engage in any sales of unregistered securities during the year ended September 30, 2022.

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, 2022.

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.

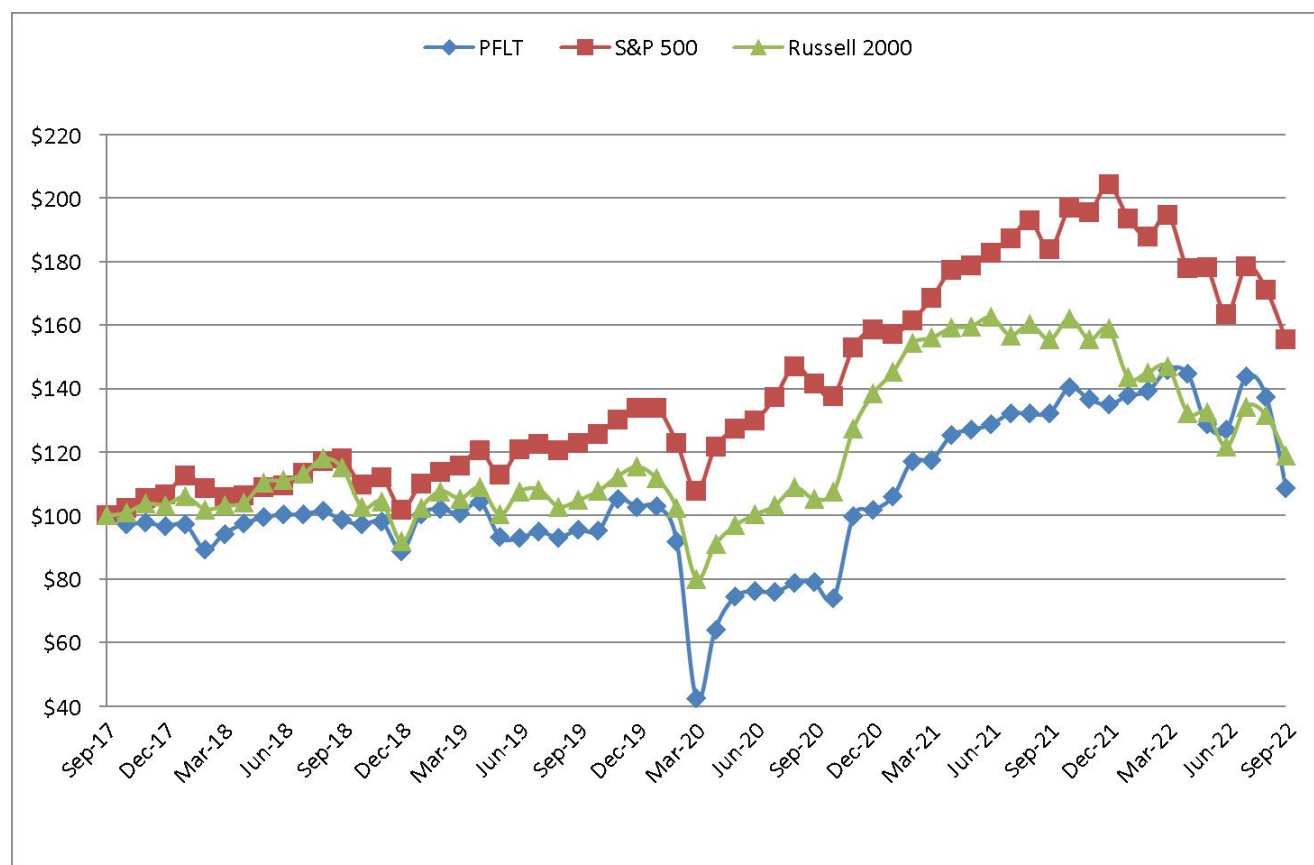
In January 2023, a Form 1099-DIV will be sent to stockholders subject to information reporting that will state the amount and composition of distributions and provide information with respect to appropriate tax treatment of our distributions.

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, 2022 and 2021 from ordinary income (including short-term gains), if any, totaled \$46.7 million, or \$1.14 per share, and \$44.2 million, or \$1.14 per share, based on the weighted average shares outstanding for the respective periods. Additionally, for both years ended September 30, 2022 and 2021, 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, 2017, 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, 2022, certain information in our registration statement on Form N-2 (File No. 333-235532), most recently declared effective by the SEC on January 29, 2020. 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)	— % ⁽¹⁾
Offering expenses (as a percentage of offering price)	— % ⁽²⁾
Total stockholder expenses (as a percentage of offering price)	—

Estimated annual expenses (as a percentage of average net assets attributable to common shares)⁽³⁾

Management fees	2.35 % ⁽⁴⁾
Incentive fees	2.29 % ⁽⁵⁾
Interest on borrowed funds	5.85 % ⁽⁶⁾
Acquired fund fees and expenses	7.35 % ⁽⁷⁾
Other expenses	0.71 % ⁽⁸⁾
Total estimated annual expenses	18.55 %⁽⁹⁾

(1) 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.

(2) 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.

- (3) Net assets attributable to common shares equals average net assets for the fiscal year ended September 30, 2022.
- (4) The contractual management fee is calculated at an annual rate of 1.00% of our average adjusted gross assets on September 30, 2022. The contractual management fee is calculated at an annual rate of 1.00% of our average adjusted gross assets on September 30, 2022.
- (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, 2022. 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, 2022. 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, 2022, we had \$168.8 million in borrowings outstanding under the Credit Facility, \$97.0 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, 2022 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 PSSL. No management fee is charged by PennantPark Investment Advisers in connection with PSSL. PSSL pays the Administrator an annual fee of 0.25% of average gross assets under management. For this chart, PSSL fees and operating expenses are based on our share of the actual fees and operating expenses of PSSL for the fiscal year ended September 30, 2022. Expenses for PSSL 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 0.30% per annum of the gross assets of PTSF and its subsidiaries is charged by PennantPark Investment Advisers in connection with PTSF (which is waived by PennantPark Investment Advisers). When applicable, fees and operating expenses estimates would be based on historic fees and operating expenses for acquired funds. For PTSF, which has a limited operating history, fees and operating expenses are estimates based on expected fees and operating expenses of PTSF for the applicable fiscal quarter, annualized for a full year. Expenses for PTSF 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 7.47% 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 16.26% 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.

You would pay the following expenses on a \$1,000 common stock investment	1 Years	3 Years	5 Years	10 Years
Assuming a 5% annual return (assumes no return from net realized capital gains or net unrealized capital appreciation)	\$ 183	\$ 431	\$ 626	\$ 952
Assuming a 5% annual return (assumes return only from realized capital gains and thus subject to the capital gains incentive fee)	\$ 191	\$ 449	\$ 647	\$ 965

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

None

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, including as a result of the pandemic caused by COVID-19 or any future worsening thereof;
- 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, including changes from the impact of the COVID-19 pandemic or any future worsening thereof;
- 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; and
- the impact of the ongoing invasion of Ukraine by Russia, United Kingdom's withdrawal from the European Union (commonly known as "Brexit") and other world economic and political issues.

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, the Company entered into equity distribution agreements (together, as amended from time to time, the "Equity Distribution Agreements") with each of JMP Securities LLC and Raymond James & Associates, Inc., as the sales agents (each, a "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 \$75 million under an at-the-market offering. 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. The Equity Distribution Agreements, as amended, 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.

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;
- 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.

PORTFOLIO AND INVESTMENT ACTIVITY

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 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 10.0%, 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.

As of September 30, 2021, our portfolio totaled \$1,081.6 million and consisted of \$934.4 million of first lien secured debt (including \$140.9 million in PSSL), \$8.9 million of second lien secured debt and \$138.3 million of preferred and common equity (including \$44.9 million in PSSL). Our debt portfolio consisted of 99% variable-rate investments. As of September 30, 2021, we had two portfolio companies on non-accrual, representing 2.7% and 2.6% of our overall portfolio on a cost and fair value basis, respectively. Overall, the portfolio had net unrealized depreciation of \$11.0 million. Our overall portfolio consisted of 110 companies with an average investment size of \$9.8 million, had a weighted average yield on debt investments of 7.4%, and was invested 86% in first lien secured debt (including 13% in PSSL), 1% in second lien secured debt and 13% in preferred and common equity (including 4% in PSSL). As of September 30, 2021, 99% of the investments held by PSSL were first lien secured debt.

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.

For the year ended September 30, 2021, we invested \$661.1 million in 35 new and 68 existing portfolio companies with a weighted average yield on debt investments of 7.4%. Sales and repayments of investments for the same period totaled \$702.1 million.

PennantPark Senior Secured Loan Fund I LLC

As of September 30, 2022, PSSL'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%. As of September 30, 2021, PSSL's portfolio totaled \$564.8 million, consisted of 74 companies with an average investment size of \$7.6 million and had a weighted average yield on debt investments of 7.1%.

For the year ended September 30, 2022, PSSL 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%. PSSL's sales and repayments of investments for the same period totaled \$102.4 million.

For the year ended September 30, 2021, PSSL invested \$354.4 million (of which \$285.7 million was purchased from the Company) in 42 new and 29 existing portfolio companies with a weighted average yield on debt investments of 7.2%. PSSL's sales and repayments of investments for the same period totaled \$185.7 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 2026 Notes are classified as Level 2 as they are financial instruments with readily observable market inputs. Our 2023 Notes are classified as Level 1, as they were valued using the closing price from the primary exchange. 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 \$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, 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 the 2026 Notes and the 2031 Asset-Backed Debt.

For the years September 30, 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 \$(4.9) million and \$(11.6) million, respectively. As of September 30, 2022 and 2021, the net unrealized depreciation on the Credit Facility or Prior Credit Facility, as applicable, the 2023 Notes totaled \$2.3 million and \$7.2 million, respectively. We use a nationally recognized independent valuation service to

measure the fair value of the Credit Facility in a manner consistent with the valuation process that our board of directors uses to value our investments. Our 2023 Notes trade on the TASE and we use the closing price on the exchange to determine the fair value.

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, 2022, 2021 and 2020, we recorded a provision for taxes on net investment income of \$0.4 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, 2022, 2021 and 2020, the Company recognized a provision for taxes of \$4.6 million, zero 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, 2022 and 2021, \$4.6 million and zero, 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. During the years ended September 30, 2022 and 2021, the Company paid \$1.2 million and zero, 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, 2022 included under prepaid expenses and other assets in the consolidated statement of assets and liabilities.

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.

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, 2022 and 2021. For information regarding results of operations for the year ended September 30, 2020, see the Company's Form 10-K for the fiscal year ended September 30, 2021, as filed with the SEC on November 17, 2021.

Investment Income

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. The increase in investment income compared to the same periods in the prior year was primarily due to an increase in the size of our portfolio as well as the increase in LIBOR and SOFR indices.

Investment income for the year ended September 30, 2021 was \$82.7 million and was attributable to \$72.1 million from first lien secured debt and \$10.6 million from other investments.

Expenses

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 the upsizing of the credit facility), general and administrative expenses totaled \$3.2 million and provision for taxes totaled \$0.4 million. The increase in expenses compared to the prior year was primarily due to a decrease in management fees under our Investment Management Agreement with the Investment Advisor and debt related interest and expenses.

Expenses for the year ended September 30, 2021 totaled \$43.1 million. Base management fee for the same period totaled \$10.7 million, incentive fee totaled \$5.3 million, debt related interest and expenses totaled \$24.5 million (including \$2.9 million attributable to fees associated with entering into the New Credit Facility amendment fees) general and administrative expenses totaled \$2.1 million and provision for taxes totaled \$0.4 million.

Net Investment Income

Net investment income totaled \$48.6 million, or \$1.18 per share, and \$39.6 million, or \$1.02 per share, for the years ended September 30, 2022 and 2021, 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 LIBOR and SOFR indices.

Net Realized Gains or Losses

Sales and repayments of investments for the years ended September 30, 2022 and 2021 totaled \$495.2 million and \$702.1 million, respectively. Net realized losses totaled \$(11.1) million and \$12.8 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, 2022 and 2021, we reported net change in unrealized appreciation (depreciation) on investments of \$(24.5) million and \$41.3 million, respectively. As of September 30, 2022 and 2021, our net unrealized appreciation (depreciation) on investments totaled \$(13.1) million and \$11.0 million, respectively. The net change in unrealized appreciation/depreciation on our investments for the year ended September 30, 2022 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, 2022 and 2021, the Credit Facility or Prior Credit Facility, as applicable, and the 2023 Notes had a net change in unrealized (appreciation) depreciation of \$(4.9) million and \$(11.6) million and, respectively. As of September 30, 2022 and 2021, our net unrealized depreciation on the Credit Facility or our Prior Credit Facility, as applicable, and the 2023 Notes totaled \$2.3 million and \$7.2 million, respectively. The net change in unrealized depreciation for the year ended September 30, 2022 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 \$3.5 million, or \$0.08 per share, and \$56.5 million, or \$1.46 per share, for the years ended September 30, 2022 and 2021, respectively. The decrease in net assets from operations for the year ended September 30, 2022 compared to the prior year was primarily due to depreciation of the portfolio primarily driven by changes in market conditions, as discussed above under "Forward-Looking Statements".

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, 2022, 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, 2020, see the Company's Form 10-K for the fiscal year ended September 30, 2021, as filed with the SEC on November 18, 2021.

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, 2022 and 2021, our asset coverage ratio, as computed in accordance with the 1940 Act, was 178%% and 175%, respectively.

The annualized weighted average cost of debt for the years ended September 30, 2022 and 2021, 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 4.5% and 3.9%, respectively. As of September 30, 2022 and 2021, we had

\$197.2 million and \$80.6 million of unused borrowing capacity under the Credit Facility or our Prior Credit Facility, as applicable, respectively, subject to leverage and borrowing base restrictions.

Funding I's multi-currency Credit Facility with the Lenders was \$366 million as of September 30, 2022, 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 225 basis points, a maturity date of August 2026 and a revolving period that ends in August 2024. As of September 30, 2022 and 2021, Funding I had \$168.8 million and \$219.4 million of outstanding borrowings under the Credit Facility or the Prior Credit Facility, as applicable, respectively. The Credit Facility or the Prior Credit Facility, as applicable, had a weighted average interest rate of 4.5% and 2.3%, exclusive of the fee on undrawn commitments, as of September 30, 2022 and 2021, respectively.

During the revolving period, the Credit Facility bears interest at SOFR (or an alternative risk-free floating interest rate index) plus 225 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, 2022, 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 \$97.0 million and \$117.8 million was outstanding as of September 30, 2022 and September 30, 2021, 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 LIBOR 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 LIBOR 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 LIBOR 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 LIBOR 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 LIBOR 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, 2022 and 2021, the Company had \$228.0 million, respectively, of 2031 Asset-Backed Debt outstanding with a weighted average interest rate of 4.6% and 2.6%, 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 (together, as may be amended from time to time, the "Equity Distribution Agreements") with each of JMP Securities LLC and Raymond James & Associates, Inc., as the sales agents (each, a "Sales Agent," and together, the "Sales Agents"), in connection with the

sale of shares of our common stock, par value \$0.001 per share (the "Common Stock"), with an aggregate offering price of up to \$75 million under an at-the-market offering (the "ATM Program"). 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. 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. 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.

During the years ended September 30, 2022, and 2021 we issued 2,464,910 and 108,654 shares of our Common Stock, respectively, under the ATM Program at a weighted-average price of \$13.12 and \$12.91 per share, respectively, raising \$32.3 million and \$1.4 million of gross proceeds, respectively. For the same time period, net proceeds were \$31.9 million and \$1.4 million, respectively, after commissions to the Sales Agents on shares sold. We incurred \$0.1 million and \$0.4 million, respectively, of legal and other offering costs associated with establishing the ATM Program. As of September 30, 2022, and 2021, we had \$41.3 million and \$73.6 million available under the ATM Program.

Since inception of the ATM Program through September 30, 2022, we issued 2,573,564 shares of our Common Stock under the ATM Program at a weighted-average price of \$13.11, raising \$33.7 million of gross proceeds. Net proceeds were \$33.2 million after commissions to the Sales Agents on shares sold. We incurred \$0.5 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 2021, 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 2022, 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, 2022 and 2021, we had cash equivalents of \$47.9 million and \$49.8 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 \$50.0 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 used cash primarily for paying down the Credit Facility and paying distributions to stockholders.

Our operating activities provided cash of \$49.6 million for the year ended September 30, 2021, and our financing activities used cash of \$56.3 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.

Senior Securities

Information about our senior securities is shown in the following table as of September 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014 and 2013. The report of RSM US LLP, an independent registered public accounting firm, on the Senior Securities table as of September 30, 2022, is attached as an exhibit to this Report.

Class and Year	Total Amount Outstanding ⁽¹⁾	Asset Coverage Per Unit ⁽²⁾	Average Market Value Per Unit ⁽³⁾
Credit Facility			
Fiscal 2022	\$ 168,830	\$ 1,776	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
Fiscal 2013	99,600	3,109	N/A
2023 Notes			
Fiscal 2022	\$ 97,006	\$ 1,776	
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
2026 Notes			
Fiscal 2022	\$ 185,000	\$ 1,776	N/A
Fiscal 2021	100,000	1,746	N/A
2031 Asset-Backed Debt			
Fiscal 2022	\$ 228,000	\$ 1,776	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

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

⁽²⁾ 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.

⁽³⁾ 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, 2022 and 2021, PSSSL had total assets of \$796.8 million and \$603.6 million, respectively. 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. As of September 30, 2021, at fair value, the largest investment in a single portfolio company in PSSSL was \$18.9 million and the five largest investments totaled \$84.3 million. PSSSL invests in portfolio companies in the same industries in which we may directly invest.

We provide capital to PSSSL in the form of first lien secured debt and equity interests. As of September 30, 2022 and 2021, 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 \$190.2 million (additional \$19.9 million unfunded) and \$140.9 million (additional \$29.4 million unfunded), respectively, and equity interests of \$81.5 million (additional \$8.5 million unfunded) and \$60.4 million (additional \$12.6 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 May 2022 PSSSL entered into a \$325.0 million (increased from \$225.0 million in May 2022) 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 PSSSL Subsidiary II, subject to leverage and borrowing base restrictions.

In January 2021, PSSSL 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 PSSSL, 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 PSSSL's transfer to PennantPark CLO II, Ltd. of the initial closing date loan portfolio, which included loans distributed to PSSSL by certain of its wholly owned subsidiaries and us, PennantPark CLO II, Ltd. transferred to PSSSL 100% of the Preferred Shares of PennantPark CLO II, Ltd. and 100% of the Class E Notes issued by PennantPark CLO II, Ltd.

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

(\$ in thousands)	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total investments	\$ 754,722	\$ 564,783
Weighted average cost yield on income producing investments	9.6 %	7.1 %
Number of portfolio companies in PSSSL	95	74
Largest portfolio company investment	\$ 19,250	\$ 18,933
Total of five largest portfolio company investments	\$ 86,872	\$ 84,287

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

Issuer Name	Maturity		Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par	Cost	Fair Value ⁽²⁾
First Lien Secured Debt - 1,330.4%							
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
Anteradi, 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 I 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	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	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 PSSL's individual investments as of September 30, 2022 (continued):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
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	16,533
Total First Lien Secured Debt						767,316	751,627
Second Lien Secured Debt - 5.0%							
Inventus Power, Inc.	9/29/2024	Consumer Goods: Durable	12.17 %	3M L+850	3,000	2,963	2,955
Total Second Lien Secured Debt						2,963	2,955
Equity Securities - 0.4%							
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	—	—	139
Total Equity Securities							139
Total Investments - 1.335.9%						770,280	754,722
Cash and Cash Equivalents - 59.7%							
BlackRock Federal FD Institutional 30						33,725	33,705
Total Cash and Cash Equivalents						33,725	33,705
Total Investments and Cash Equivalents —1,329.0%						\$ 804,005	\$ 788,427
Liabilities in Excess of Other Assets — (1,229.0)%							(731,931)
Members' Equity—100.0%							\$ 56,496

- (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 PSSL's accounting policy.
- (3) Non-income producing security.

Below is a listing of PSSSL's individual investments as of September 30, 2021 (Par and \$ in thousands):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par	Cost	Fair Value ⁽²⁾
First Lien Secured Debt - 1,088.8%							
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
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	6.00 %	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 ⁽³⁾⁽⁴⁾	09/30/2025	Media: Diversified and Production	6.25 %	3M L+525	617	617	617
Super Priority First Lien Term Loan			P(IK 6.25%)				
Marketplace Events, LLC - Super Priority First Lien Unfunded Term Loan ⁽⁵⁾⁽⁴⁾	09/30/2025	Media: Diversified and Production	—	—	589	—	—
Marketplace Events LLC ⁽⁴⁾	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

Below is a listing of PSSL's individual investments as of September 30, 2021 (continued):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
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
Total First Lien Secured Debt						558,880	557,732
Second Lien Secured Debt - 10.5%							
DBI Intermediate Holdco, LLC, Term Loan B ⁽⁴⁾	02/02/2026	Business Services	11.00 %	—	2,434	2,434	2,434
			P(IK 9.00%)				
Inventus Power, Inc.	09/29/2024	Consumer Goods: Durable	9.50 %	3M L+850	3,000	2,947	2,940
Total Second Lien Secured Debt						5,381	5,374
Equity Securities - 3.3%							
DBI Intermediate Holdco, LLC, Series A-1 ⁽⁴⁾	—	Business Services	13.00 %	—	7	5,034	—
DBI Intermediate Holdco, LLC, Series AA ⁽⁴⁾	—	Business Services	—	—	7	6,731	1,315
DBI Intermediate Holdco, LLC, Series B ⁽⁴⁾	—	Business Services	—	—	1,065	237	—
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	0	—	362
Total Equity Securities						12,002	1,677
Total Investments - 1,101.7%						576,263	564,783
Cash and Cash Equivalents - 55.3%							
BlackRock Federal FD Institutional 30						28,191	28,191
US Bank Cash						196	183
Total Cash and Cash Equivalents						28,387	28,374
Total Investments and Cash Equivalents —1,157.1%						\$ 604,650	\$ 593,157
Liabilities in Excess of Other Assets — (1,057.1)%							(541,893)
Members' Equity—100.0%							\$ 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 EURIBOR or "E". 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) Non-U.S. company or principal place of business outside the United States.

(4) Par amount is denominated in Australian Dollars (A\$) or Canadian Dollars (C\$) as denoted.

(5) 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.

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

	September 30, 2022	September 30, 2021
Assets		
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
Total assets	796,811	603,559
Liabilities		
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
Total liabilities	740,315	552,295
Commitments and contingencies (See Note 11)		
Members' equity	56,496	51,264
Total liabilities and members' equity	\$ 796,811	\$ 603,559

⁽¹⁾ As of both September 30, 2022 and 2021, 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,	
	2022	2021
Investment income:		
Interest	\$ 53,006	\$ 33,364
Other income	1,188	982
Total investment income	54,194	34,346
Expenses:		
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
Total expenses	38,869	24,390
Net investment income	15,325	9,956
Realized and unrealized gain (loss) on investments and credit facility foreign currency translation:		
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)
Net change in unrealized appreciation (depreciation) on investments and credit facility foreign currency translations	(3,695)	2,888
Net realized and unrealized gain (loss) from investments and credit facility foreign currency translations	(18,643)	(1,844)
Net increase (decrease) in members' equity resulting from operations	\$ (3,318)	\$ 8,112

⁽¹⁾ No management or incentive fees are payable by PSSS. 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 both years ended September 30, 2022 and 2021, we declared distributions of \$1.14 per share for total distributions of \$46.7 million and \$44.2 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 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.

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, 2022, our debt portfolio consisted of 100% variable-rate investments. The variable-rate loans are usually based on a 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:

Change in Interest Rates	Change in Interest Income, Net of Interest Expense (in thousands)		Change in Interest Income, Net of Interest Expense Per Share	
Down 1%	\$	(6,654)	\$	(0.15)
Up 1%		6,849		0.15
Up 2%		13,622		0.30
Up 3%		20,395		0.45
Up 4%	\$	27,168	\$	0.60

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 Investment" 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, 2022. 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 Investment'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 Investment, 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 Investment's internal control over financial reporting as of September 30, 2022. 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, 2022, we do not maintain effective internal control over financial reporting due to the material weakness described below.

A material weakness was identified in our internal control over financial reporting 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 for the periods presented, there is a possibility they could lead to a material misstatement of account balances or disclosures. Accordingly, management has concluded that this control deficiency constitutes 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 this material weakness. Our internal control remediation efforts include the following:

- Enhancing existing controls to ensure the timely transmission of all relevant portfolio company financial information to our independent valuation service providers;
- 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 the material weakness, 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.

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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, 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, 2022, in conformity with accounting principles generally accepted in the United States of America.

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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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, 2022 and 2021, 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 matters communicated below are matters arising from the current period audit of the financial statements that were 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 critical audit matters 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 matters below, providing separate opinions on the critical audit matters 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 \$1.10 billion as of September 30, 2022. The fair value of the Company's financial instruments classified as liabilities valued using Level 3 fair value measurements was approximately \$167.6 million as of September 30, 2022. 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 may 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. We also tested the related significant unobservable inputs by comparing these inputs to external sources.
- We evaluated management's historical ability to estimate fair value through comparison of previous estimates to the transaction price of available transactions occurring subsequent to the previous valuation date.

/s/ RSM US LLP

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

New York, New York

November 17, 2022

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

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Assets		
Investments at fair value		
Non-controlled, non-affiliated investments (cost—\$882,570 and \$824,542, respectively)	\$ 893,249	\$ 856,806
Non-controlled, affiliated investments (cost— zero and \$22,380, respectively)	—	7,433
Controlled, affiliated investments (cost— \$294,787 and \$223,714, respectively)	271,005	217,380
Total of investments (cost—\$1,177,357 and \$1,070,636, respectively)	1,164,254	1,081,619
Cash and cash equivalents (cost—\$47,917 and \$49,826, respectively)	47,880	49,826
Interest receivable	7,543	5,446
Receivable for investments sold	3,441	33,965
Prepaid expenses and other assets	748	—
Total assets	<u>1,223,866</u>	<u>1,170,856</u>
Liabilities		
Distributions payable	4,308	3,690
Payable for investments purchased	—	13,546
Credit Facility payable, at fair value (cost—\$168,830 and \$219,400, respectively) (See Notes 5 and 11)	167,563	218,851
2023 Notes payable, at fair value (par—\$97,006 and \$117,793, respectively) (See Notes 5 and 11)	96,812	111,114
2026 Notes payable, net (par—\$185,000 and \$100,000, respectively) (See Notes 5 and 11)	182,276	97,171
2031 Asset-Backed Debt, net (par—\$228,000) (See Notes 5 and 11)	226,128	225,497
Interest payable on debt	8,163	5,455
Base management fee payable (See Note 3)	3,027	2,707
Performance-based incentive fee payable (See Note 3)	3,164	624
Accrued other expenses	765	1,590
Deferred tax liability	4,568	—
Total liabilities	<u>696,774</u>	<u>680,245</u>
Commitments and contingencies (See Note 12)		
Net assets		
Common stock, 45,345,638 and 38,880,728 shares issued and outstanding, respectively	45	39
Par value \$0.001 per share and 100,000,000 shares authorized		
Paid-in capital in excess of par value	618,028	538,814
Accumulated deficit	(90,981)	(48,242)
Total net assets	<u>\$ 527,092</u>	<u>\$ 490,611</u>
Total liabilities and net assets	<u>\$ 1,223,866</u>	<u>\$ 1,170,856</u>
Net asset value per share	<u>\$ 11.62</u>	<u>\$ 12.62</u>

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,		
	2022	2021	2020
Investment income:			
From non-controlled, non-affiliated investments:			
Interest	\$ 68,413	\$ 56,878	\$ 73,251
Dividend	2,308	—	—
Other income	4,278	4,153	3,565
From non-controlled, affiliated investments:			
Interest	112	1,309	883
Other income	—	123	36
From controlled, affiliated investments:			
Interest	16,724	11,241	11,801
Dividend	13,650	8,794	5,950
Other Income	—	196	—
Total investment income	<u>105,485</u>	<u>82,694</u>	<u>95,486</u>
Expenses:			
Base management fee (See Note 3)	11,930	10,678	11,428
Performance-based incentive fee (See Note 3)	11,625	5,341	9,300
Interest and expenses on debt (See Note 11)	29,755	21,650	27,108
Administrative services expenses (See Note 3)	575	900	1,400
Other general and administrative expenses	2,618	1,201	2,465
Expenses before amendment costs, debt issuance costs and provision for taxes	<u>56,503</u>	<u>39,770</u>	<u>51,701</u>
Credit Facility amendment costs and debt issuance costs (See Notes 5 and 11)	—	2,898	—
Provision for taxes	400	400	400
Total expenses	<u>56,903</u>	<u>43,068</u>	<u>52,101</u>
Net investment income	<u>48,582</u>	<u>39,626</u>	<u>43,385</u>
Realized and unrealized (loss) gain on investments and debt:			
Net realized loss on:			
Non-controlled, non-affiliated investments	11,209	24,613	(6,999)
Non-controlled and controlled, affiliated investments	(22,315)	(37,409)	(5,683)
Net realized loss on investments	<u>(11,106)</u>	<u>(12,796)</u>	<u>(12,682)</u>
Net change in unrealized (depreciation) appreciation on:			
Non-controlled, non-affiliated investments	(22,009)	30,881	(7,390)
Controlled and non-controlled, affiliated investments	(2,503)	10,414	(19,077)
Provision for taxes on unrealized appreciation on investments	(4,568)	—	—
Debt depreciation (appreciation) (See Note 5 and 11)	(4,943)	(11,609)	14,177
Net change in unrealized (depreciation) appreciation on investments and debt	<u>(34,023)</u>	<u>29,686</u>	<u>(12,290)</u>
Net realized and unrealized (loss) gain from investments and debt	<u>(45,129)</u>	<u>16,890</u>	<u>(24,972)</u>
Net increase in net assets resulting from operations	<u>\$ 3,453</u>	<u>\$ 56,516</u>	<u>\$ 18,413</u>
Net increase in net assets resulting from operations per common share (See Note 7)	<u>\$ 0.08</u>	<u>\$ 1.46</u>	<u>\$ 0.47</u>
Net investment income per common share	<u>\$ 1.18</u>	<u>\$ 1.02</u>	<u>\$ 1.12</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,		
	2022	2021	2020
Net increase in net assets from operations:			
Net investment income	\$ 48,582	\$ 39,626	\$ 43,385
Net realized loss on investments	(11,106)	(12,796)	(12,682)
Net change in unrealized depreciation (appreciation) on investments	(24,512)	41,295	(26,467)
Net change in provision for taxes on unrealized appreciation on investments	(4,568)	—	—
Net change in unrealized depreciation (appreciation) on debt	(4,943)	(11,609)	14,177
Net increase in net assets resulting from operations	3,453	56,516	18,413
Distributions to stockholders:			
Distribution of net investment income	(46,685)	(44,207)	(44,200)
Distribution of realized gains	—	—	—
Total distributions to stockholders	(46,685)	(44,207)	(44,200)
Capital transactions			
Public offering (See Note 1)	81,936	1,403	—
Offering costs	(2,223)	(371)	—
Net increase in net assets resulting from capital transactions	79,713	1,032	—
Net increase (decrease) in net assets	36,481	13,341	(25,787)
Net assets:			
Beginning of year	490,611	477,270	503,057
End of year	\$ 527,092	\$ 490,611	\$ 477,270
Capital share activity:			
Shares issued from public offering	6,464,910	108,654	—

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Years Ended September 30,		
	2022	2021	2020
Cash flows from operating activities:			
Net increase in net assets resulting from operations	\$ 3,453	\$ 56,516	\$ 18,413
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	24,512	(41,295)	26,467
Net change in unrealized (depreciation) appreciation on debt	4,943	11,609	(14,177)
Provision for taxes on unrealized appreciation on investments	4,568	-	-
Net realized loss on investments	11,106	12,796	12,682
Net accretion of discount and amortization of premium	(4,194)	(3,243)	(1,666)
Purchases of investments	(607,765)	(661,112)	(436,704)
Payment-in-kind interest	(1,389)	(3,020)	(2,488)
Proceeds from dispositions of investments	495,191	702,129	396,866
Amortization of deferred financing costs	737	961	544
(Increase) decrease in interest receivable	(2,097)	(1,772)	219
Decrease (increase) in receivable for investments sold	30,525	(33,966)	2,998
(Increase) decrease in prepaid expenses and other assets	(748)	173	(134)
(Decrease) increase in payable for investments purchased	(13,546)	9,746	(8,234)
Increase in interest payable on debt	2,708	1,853	326
Increase (Decrease) in base management fee payable	320	(70)	48
Increase (Decrease) in performance-based incentive fee payable	2,540	(1,448)	(461)
(Decrease) increase in accrued other expenses	(826)	(285)	360
Net cash (used in) provided by operating activities	<u>(49,962)</u>	<u>49,572</u>	<u>(4,941)</u>
Cash flows from financing activities:			
Public offering	81,936	1,403	—
Offering costs	(1,973)	(364)	—
Distributions paid to stockholders	(46,067)	(44,207)	(44,200)
Repayment of 2023 Notes (See Notes 5 and 11)	(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)	147,254	346,500	265,000
Repayments under Credit Facility (See Notes 5 and 11)	(197,000)	(435,699)	(221,709)
Net cash provided by (used in) financing activities	<u>47,696</u>	<u>(56,313)</u>	<u>(909)</u>
Net decrease in cash and cash equivalents	<u>(2,266)</u>	<u>(6,741)</u>	<u>(5,850)</u>
Effect of exchange rate changes on cash	320	(945)	24
Cash and cash equivalents, beginning of year	<u>49,826</u>	<u>57,512</u>	<u>63,338</u>
Cash and cash equivalents, end of year	<u>\$ 47,880</u>	<u>\$ 49,826</u>	<u>\$ 57,512</u>
Supplemental disclosures:			
Interest paid	\$ 26,091	\$ 18,837	\$ 26,238
Taxes paid	\$ 1,167	\$ 405	\$ 502
Non-cash exchanges and conversions	\$ 50,352	\$ 20,491	\$ 8,026

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
Investments in Non-Controlled, Non-Affiliated Portfolio Companies—169.5% ^{(3),(4)}							
First Lien Secured Debt—149.7%							
Ad.net Acquisition, LLC	05/06/2026	Media	9.67 %	3M L+600	4,938	\$ 4,882	\$ 4,900
Ad.net Acquisition, LLC (Revolver) ^{(7),(9)}	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) ⁽⁷⁾	07/24/2025	IT Services	11.67 %	3M L+800	575	575	555
Altamira Technologies, LLC (Revolver) ^{(7),(9)}	07/24/2025	IT Services	—	—	1,581	—	(55)
American Insulated Glass, LLC	12/21/2023	Building Products	7.79 % ⁽⁶⁾	3M L+550	7,601	7,559	7,601
American Teleconferencing Services, Ltd. ⁽⁷⁾	06/08/2023	Telecommunications	0.00% ⁽⁶⁾	—	7,986	7,915	90
American Teleconferencing Services, Ltd. (Revolver) ⁽⁷⁾	12/08/2022	Telecommunications	0.00% ⁽⁶⁾	—	1,656	1,642	17
Amsive Holding Corporation (f/k/a Vision Purchaser Corporation)	06/10/2025	Media	—	—	—	—	—
Anteriad, LLC (f/k/a MeritDirect, LLC)	05/23/2024	Media	9.85 %	3M L+625	14,104	13,951	13,892
Anteriad, LLC (f/k/a MeritDirect, LLC) (Revolver) ^{(7),(9)}	05/23/2024	Media	9.17 %	3M L+550	14,568	14,486	14,568
Any Hour Services	07/21/2027	Energy Equipment and Services	—	—	2,869	—	—
Any Hour Services (Revolver) ^{(7),(9)}	07/21/2027	Energy Equipment and Services	7.43 %	3M L+525	10,536	10,432	10,326
Apex Service Partners, LLC	07/31/2025	Diversified Consumer Services	—	—	1,147	—	(23)
Apex Service Partners, LLC Term Loan B	07/31/2025	Diversified Consumer Services	6.72 %	1M L+525	6,208	6,166	6,177
Apex Service Partners, LLC Term Loan C	07/31/2025	Diversified Consumer Services	9.67 %	1M L+550	296	296	295
Apex Service Partners, LLC (Revolver) ^{(7),(9)}	07/31/2025	Diversified Consumer Services	7.75 %	1M L+525	12,906	12,814	12,841
API Holding III Corp.	05/11/2026	Electronic Equipment, Instruments, and Components	—	—	1,845	—	(9)
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	7.92 %	1M L+425	5,805	5,785	5,050
Applied Technical Services, LLC (Unfunded Term Loan)	04/21/2023	Commercial Services & Supplies	9.42 %	3M L+575	7,147	7,040	6,968
Applied Technical Services, LLC (Revolver) ⁽⁷⁾	12/29/2026	Commercial Services & Supplies	—	—	2,298	—	(32)
Applied Technical Services, LLC (Revolver) ^{(7),(9)}	12/29/2026	Commercial Services & Supplies	10.25 %	3M L+475	255	255	248
Applied Technical Services, LLC (Revolver) ^{(7),(9)}	12/29/2026	Commercial Services & Supplies	—	—	1,018	—	(25)
Arcfield Acquisition Corp. (Revolver) ⁽⁹⁾	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. ^{(7),(9)}	09/17/2024	Distributors	—	—	3,232	—	(40)
Blackhawk Industrial Distribution, Inc. (Revolver) ⁽⁷⁾	09/17/2024	Distributors	8.87 %	3M L+500	549	549	533
Blackhawk Industrial Distribution, Inc. ⁽⁹⁾	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) ⁽⁷⁾	05/16/2024	High Tech Industries	9.75 %	3M L+663	877	877	868
By Light Professional IT Services, LLC (Revolver) ⁽⁹⁾	05/16/2024	High Tech Industries	—	—	3,189	—	(32)
Cadence Aerospace, LLC ⁽⁷⁾	11/14/2023	Aerospace and Defense	11.31 %	3M L+850	3,033	3,024	3,003
Cartessa Aesthetics, LLC	05/13/2028	Distributors	(PIK 9.50%) 9.55 %	1M L+600	16,459	16,143	16,212
Cartessa Aesthetics, LLC (Revolver) ⁽⁷⁾	05/13/2028	Distributors	9.55 %	1M L+600	511	511	503
Cartessa Aesthetics, LLC (Revolver) ^{(7),(9)}	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. ^{(7),(9)}	08/20/2026	Media	—	—	191	—	(1)
CF512, Inc. (Revolver) ^{(7),(9)}	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) ^{(7),(9)}	08/31/2023	Business Services	9.27 %	1M L+675	357	357	346
Challenger Performance Optimization, Inc. (Revolver) ^{(7),(9)}	08/31/2023	Business Services	—	—	8,038	—	(11)
Compex Legal Services, Inc.	02/09/2026	Professional Services	8.83 %	3M L+525	773	773	773
Compex Legal Services, Inc. (Revolver) ⁽⁷⁾	02/07/2025	Professional Services	8.92 %	3M L+525	633	—	—
Compex Legal Services, Inc. (Revolver) ^{(7),(9)}	02/07/2025	Professional Services	—	—	3,907	3,841	3,810
Connatix Buyer, Inc.	07/13/2027	Media	8.42 %	3M L+550	2,105	—	(32)
Connatix Buyer, Inc. ^{(7),(9)}	01/13/2023	Media	—	—	1,234	—	(30)
Connatix Buyer, Inc. ^{(7),(9)}	07/13/2027	Media	—	—	891	885	882
Crane 1 Services, Inc.	08/16/2027	Commercial Services & Supplies	9.39 %	3M L+575	224	224	222
Crane 1 Services, Inc. (Revolver) ⁽⁷⁾	08/16/2027	Commercial Services & Supplies	8.87 %	3M L+575	112	—	(1)
Crane 1 Services, Inc. (Revolver) ⁽⁷⁾	08/16/2027	Commercial Services & Supplies	—	—	6,477	6,476	6,477
Douglas Products and Packaging Company LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87 %	3M L+575	2,627	2,627	2,627
Douglas Products and Packaging Company LLC (Revolver)	10/19/2022	Chemicals, Plastics and Rubber	11.00 %	P+475	3,425	—	—
Douglas Products and Packaging Company LLC (Revolver) ⁽⁹⁾	10/19/2022	Chemicals, Plastics and Rubber	—	—	3,920	3,920	3,920
Douglas Sewer Intermediate, LLC	10/19/2022	Chemicals, Plastics and Rubber	8.87 %	3M L+575	4,428	4,356	4,362
Dr. Squatch, LLC	08/31/2027	Personal Products	9.42 %	3M L+600	1,118	1,118	1,101
Dr. Squatch, LLC (Revolver) ⁽⁷⁾	08/31/2027	Personal Products	8.95 %	3M L+600	2,236	—	(34)
Dr. Squatch, LLC (Revolver) ^{(7),(9)}	08/31/2027	Personal Products	—	—	17,111	16,993	16,564
DRS Holdings III, Inc.	11/03/2025	Personal Products	8.87 %	3M L+575	1,426	—	(46)
DRS Holdings III, Inc. (Revolver) ^{(7),(9)}	11/03/2025	Personal Products	—	—	3,247	3,208	3,169
Duraco Specialty Tapes LLC	06/30/2024	Containers and Packaging	8.62 %	3M L+550	5,203	5,158	5,125
ECL Entertainment, LLC	05/01/2028	Hotels, Restaurants and Leisure	10.62 %	1M L+750	—	—	—
ECM Industries, LLC (Revolver)	12/23/2025	Electronic Equipment, Instruments, and Components	8.00 %	1M L+475	514	514	490
ECM Industries, LLC (Revolver) ⁽⁹⁾	12/23/2025	Electronic Equipment, Instruments, and Components	—	—	400	—	(19)
eCommission Financial Services, Inc. ⁽¹⁰⁾	10/05/2023	Banking, Finance, Insurance & Real Estate	7.63 %	1M L+500	5,837	5,837	5,837
eCommission Financial Services, Inc. (Revolver) ^{(7),(10)}	10/05/2023	Banking, Finance, Insurance & Real Estate	7.63 %	1M L+500	2,500	2,500	2,500
eCommission Financial Services, Inc. (Revolver) ^{(7),(9),(10)}	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 ⁽⁹⁾	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) ⁽⁹⁾	03/15/2027	Software	—	—	552	—	(12)
Findex Group Limited ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾	05/31/2024	Diversified Financial Services	7.17 %	3M L+450	AUD 10,000	7,399	6,430
Gantech Acquisition Corp.	05/14/2026	IT Services	9.37 %	1M L+625	21,982	21,632	21,322
Gantech Acquisition Corp. (Revolver) ⁽⁷⁾	05/14/2026	IT Services	9.37 %	1M L+625	249	249	241
Gantech Acquisition Corp. (Revolver) ^{(7),(9)}	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

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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 ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
Graffiti Buyer, Inc. ^{(7),(9)}	08/10/2023	Trading Companies & Distributors	—	—	1,071	\$ —	\$ (24)
Graffiti Buyer, Inc. (Revolver) ⁽⁷⁾	08/10/2027	Trading Companies & Distributors	8.92 %	3M L+575	418	418	401
Graffiti Buyer, Inc. (Revolver) ^{(7),(9)}	08/10/2027	Trading Companies & Distributors	—	—	447	—	(18)
Hancock Roofing and Construction L.L.C. ^{(7),(9)}	12/31/2026	Insurance	8.67 %	3M L+500	4,441	4,378	4,374
Hancock Roofing and Construction L.L.C. (Revolver) ⁽⁷⁾	12/31/2022	Insurance	—	—	400	—	(6)
Hancock Roofing and Construction L.L.C. (Revolver) ^{(7),(9)}	12/31/2026	Insurance	7.82 %	3M L+500	270	270	266
Hancock Roofing and Construction L.L.C. (Revolver) ^{(7),(9)}	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) ⁽⁹⁾	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 ⁽⁹⁾	12/10/2024	Media	—	—	1,686	—	(4)
HW Holdco, LLC (Revolver) ^{(7),(9)}	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) ⁽⁹⁾	12/30/2026	Healthcare Equipment and Supplies	—	—	4,167	—	(188)
IG Investments Holdings, LLC ⁽⁷⁾	09/22/2028	Professional Services	9.45 %	3M L+600	4,473	4,390	4,429
IG Investments Holdings, LLC (Revolver) ^{(7),(9)}	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 ⁽⁹⁾	11/15/2027	Software	—	—	1,657	—	(25)
Imagine Acquisitionco, LLC (Revolver) ⁽⁹⁾	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 ⁽⁹⁾	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) ^{(7),(9)}	09/29/2023	Consumer Services	—	—	5,000	—	—
Integrity Marketing Acquisition, LLC ⁽⁷⁾	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) ⁽⁹⁾	03/03/2028	IT Services	—	—	532	—	(11)
K2 Pure Solutions NoCal, L.P. (Revolver) ^{(7),(9)}	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) ⁽⁹⁾	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) ⁽⁷⁾	08/16/2026	Personal Products	9.38 %	1M L+700	599	599	587
Lash OpCo, LLC (Revolver) ^{(7),(9)}	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) ⁽⁷⁾	10/31/2024	Capital Equipment	(PIK 5.50%) 9.95 %	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) ⁽⁹⁾	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) ⁽⁷⁾	02/03/2026	Healthcare Technology	8.87 %	1M L+575	1,083	1,083	1,048
Lightspeed Buyer Inc. (Revolver) ^{(7),(9)}	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) ^{(7),(9)}	05/14/2026	Media	—	—	1,624	—	(8)
MBS Holdings, Inc. (Revolver) ^{(7),(9)}	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) ⁽⁹⁾	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 ⁽⁹⁾	12/10/2027	Professional Services	—	—	1,782	—	—
Meadowlark Acquirer, LLC - Term Loan II ⁽⁹⁾	12/10/2027	Professional Services	—	—	9,483	—	—
Meadowlark Acquirer, LLC (Revolver) ⁽⁹⁾	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. ⁽⁹⁾	03/28/2024	Capital Equipment	—	—	883	—	(7)
Mission Critical Electronics, Inc. (Revolver) ⁽⁷⁾	03/28/2024	Capital Equipment	6.67 %	1M L+500	557	557	550
Mission Critical Electronics, Inc. (Revolver) ^{(7),(9)}	03/28/2024	Capital Equipment	—	—	769	—	(9)
Municipal Emergency Services, Inc. ⁽⁷⁾	09/28/2027	Distributors	8.67 %	3M L+500	354	351	334
Municipal Emergency Services, Inc. ^{(7),(9)}	09/28/2027	Distributors	—	—	592	—	(29)
Municipal Emergency Services, Inc. (Revolver) ⁽⁷⁾	09/28/2027	Distributors	8.67 %	3M L+500	142	142	134
Municipal Emergency Services, Inc. (Revolver) ^{(7),(9)}	09/28/2027	Distributors	—	—	805	—	(47)
NBH Group LLC (Revolver) ^{(7),(9)}	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) ^{(7),(9)}	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. ⁽⁷⁾	09/03/2027	Consumer Finance	8.92 %	3M L+525	7,195	7,069	7,195
ORL Acquisition, Inc. (Revolver) ^{(7),(9)}	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) ⁽⁷⁾	05/18/2026	Construction and Building	9.81 %	1M L+700	2,484	2,484	2,434
Ox Two, LLC (Revolver) ⁽⁹⁾	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) ⁽⁹⁾	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

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PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS—(Continued)
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(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
PRA Events, Inc.	08/07/2025	Business Services	14.17 % (PIK 10.50%)	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) ⁽⁹⁾	07/06/2028	Professional Services	—	—	1,221	—	(12)
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) ⁽⁷⁾	11/19/2026	Electronic Equipment, Instruments, and Components	9.51 %	1M L+600	268	268	263
Quantic Electronics, LLC (Revolver) ^{(7),(9)}	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) ^{(7),(9)}	09/09/2024	Media: Diversified and Production	—	—	1,197	—	(24)
Rancho Health MSO, Inc. ⁽⁷⁾	12/18/2025	Healthcare Equipment and Supplies	7.75 %	3M L+550	1,040	1,040	1,040
Rancho Health MSO, Inc. (Revolver) ^{(7),(9)}	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) ⁽⁷⁾	01/29/2026	Leisure Products	9.92 %	3M L+600	360	360	347
Recteq, LLC (Revolver) ^{(7),(9)}	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) ^{(7),(9)}	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) ^{(7),(9)}	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) ⁽⁹⁾	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) ^{(7),(9)}	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) ⁽⁷⁾	12/18/2025	IT Services	12.17 %	3M L+850	996	996	976
Sigma Defense Systems, LLC (Revolver) ^{(7),(9)}	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) ⁽⁹⁾	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) ^{(7),(9)}	10/14/2025	Healthcare and Pharmaceuticals	—	—	1,508	—	(57)
Smile Brands Inc. LC (Revolver) ^{(7),(9)}	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) ^{(7),(9)}	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 ⁽⁹⁾	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) ⁽⁹⁾	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) ^{(7),(9)}	07/27/2026	Professional Services	—	—	862	—	9
The Infsoft Group, LLC	09/16/2024	Media: Broadcasting and Subscription	8.51 %	3M L+575	15,229	15,120	15,115
The Vertex Companies, LLC ⁽⁷⁾	08/30/2027	Construction & Engineering	8.18 %	1M L+550	2,159	2,122	2,148
The Vertex Companies, LLC ^{(7),(9)}	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) ^{(7),(9)}	08/30/2027	Construction & Engineering	—	—	729	—	(4)
TPC Canada Parent, Inc. and TPC US Parent, LLC ^{(5),(10)}	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) ^{(7),(9)}	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) ^{(7),(9)}	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) ^{(7),(9)}	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) ⁽⁹⁾	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 ⁽⁷⁾	05/24/2027	Diversified Consumer Services	—	—	10,760	—	(129)
Unique Indoor Comfort, LLC (Revolver) ^{(7),(9)}	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) ⁽⁹⁾	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
Total First Lien Secured Debt						815,742	789,107
Second Lien Secured Debt—0%							
Mailsouth Inc. ⁽⁷⁾	04/23/2025	Media: Advertising, Printing and Publishing	0.00 % ⁽⁶⁾ (PIK 15.00%)	—	1,001	965	-
QuantiTech LLC	02/04/2027	Aerospace and Defense	12.68 %	3M L+1,000	150	148	147
Total Second Lien Secured Debt						1,113	147

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(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
Preferred Equity—1.6% ⁽⁶⁾							
Ad.net Holdings, Inc. ^{(7),(8)}	—	Media	—	—	6,720	\$ 672	\$ 747
Imagine Topco, LP	—	Software	8.00 %	—	1,236,027	1,236	1,170
Mars Intermediate Holdings II, Inc. ⁽⁷⁾	—	Media	—	—	835	835	976
Anteradi Holdings, LP (f/k/a MeritDirect Holdings, LP) ^{(7),(8)}	—	Media	—	—	2,018	2,018	2,537
NXOF Holdings, Inc. (Tyto Athene, LLC) ⁽⁷⁾	—	IT Services	—	—	733	733	1,042
ORL Holdco, Inc. ⁽⁷⁾	—	Consumer Finance	—	—	1,327	133	144
Signature CR Intermediate Holdco, Inc. ⁽⁷⁾	—	Commercial Services & Supplies	12.00 %	—	1,323	1,323	1,674
TPC Holding Company, LP ^{(5),(7),(10)}	—	Food Products	—	—	409	409	116
TWD Parent Holdings, LLC (The Vertex Companies, LLC) ⁽⁷⁾	—	Construction & Engineering	—	—	37	37	40
UniTek Global Services, Inc. - Super Senior Preferred Equity ⁽⁷⁾	—	Telecommunications	20.00 %	—	343,861	344	—
UniTek Global Services, Inc. - Senior Preferred Equity ⁽⁷⁾	—	Telecommunications	19.00 %	—	448,851	449	—
UniTek Global Services, Inc. ⁽⁷⁾	—	Telecommunications	13.50 %	—	1,047,317	670	—
Total Preferred Equity						8,859	8,446
Common Equity/Warrants—18.1% ⁽⁶⁾							
Ad.net Holdings, Inc. ^{(7),(8)}	—	Media	—	—	7,467	75	98
Affinion Group Holdings, Inc. (Warrants) ⁽⁷⁾	04/10/2024	Consumer Goods: Durable	—	—	8,893	245	—
AG Investco LP ^{(7),(8)}	—	Software	—	—	805,164	805	1,127
AG Investco LP ^{(7),(8),(9)}	—	Software	—	—	194,836	—	—
Altamira Intermediate Company II, Inc. ⁽⁷⁾	—	IT Services	—	—	1,437,500	1,438	906
Anteradi Holdings, LP (f/k/a MeritDirect Holdings, LP) ^{(7),(8)}	—	Media	—	—	2,018	—	480
Athletico 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 ^{(7),(8)}	—	High Tech Industries	—	—	22,090	193	18,085
By Light Investco LP ^{(7),(8),(9)}	—	High Tech Industries	—	—	3,223	—	—
Cartessa Aesthetics, LLC	—	Distributors	—	—	1,437,500	1,438	1,499
CI (Allied) Investment Holdings, LLC (PRA Events, Inc.) ^{(7),(8)}	—	Business Services	—	—	120,962	1,243	1,651
Connatix Parent, LLC ⁽⁷⁾	—	Media	—	—	38,278	421	459
Crane I Acquisition Parent Holdings, L.P. ⁽⁷⁾	—	Commercial Services & Supplies	—	—	130	120	140
Delta InvestCo LP (Sigma Defense Systems, LLC) ^{(7),(8)}	—	IT Services	—	—	615,484	602	1,255
Delta InvestCo LP (Sigma Defense Systems, LLC) ^{(7),(8),(9)}	—	IT Services	—	—	389,386	—	—
ECM Investors, LLC ^{(7),(8)}	—	Electronic Equipment, Instruments, and Components	—	—	295,982	65	633
eCommission Holding Corporation ^{(7),(10)}	—	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 ^{(7),(8)}	—	Aerospace and Defense	—	—	21,083	711	2,142
FedHC InvestCo LP ^{(7),(8),(9)}	—	Aerospace and Defense	—	—	9,488	—	—
Gauge InfosoftCoInvest, LLC (The Infosoft Group, LLC) ⁽⁷⁾	—	Media: Broadcasting and Subscription	—	—	500	144	2,471
Gauge Lash Coinvest LLC ⁽⁷⁾	—	Personal Products	—	—	1,485,953	227	7,030
Gauge Schlesinger Coinvest LLC ⁽⁷⁾	—	Professional Services	—	—	465	476	496
Gauge TVC Coinvest, LLC (TVC Enterprises, LLC) ⁽⁷⁾	—	Professional Services	—	—	391,144	—	1,558
GCOM InvestCo LP ^{(7),(8)}	—	IT Services	—	—	19,184	3,342	4,626
Go Dawgs Capital III, LP (American Insulated Glass, LLC) ^{(7),(8)}	—	Building Products	—	—	324,675	325	377
Hancock Claims Consultants Investors, LLC ^{(7),(8)}	—	Insurance	—	—	450,000	450	477
HV Watterson Holdings, LLC	—	Professional Services	—	—	100,000	100	87
Icon Partners V C, L.P. ^{(7),(9)}	—	Internet Software and Services	—	—	1,851,852	1,852	1,989
Icon Partners V C, L.P. ^{(7),(9)}	—	Internet Software and Services	—	—	648,148	—	—
IIN Group Holdings, LLC (Integrative Nutrition, LLC) ^{(7),(8)}	—	Consumer Services	—	—	1,000	1,000	54
Imagine Topco, LP (Common)	—	Software	—	—	1,236,027	—	—
Ironclad Holdco, LLC (Applied Technical Services, LLC) ^{(7),(8)}	—	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) ^{(7),(8)}	—	Healthcare and Pharmaceuticals	—	—	46,763	117	5,232
JWC-WE Holdings, L.P. (Walker Edison Furniture Company LLC) ^{(7),(8)}	—	Wholesale	—	—	1,948	568	—
Kinetic Purchaser, LLC	—	Personal Products	—	—	1,734,775	1,735	2,458
KL Stockton Co-Invest LP (Any Hour Services) ^{(7),(8)}	—	Energy Equipment and Services	—	—	382,353	382	643
Kentucky Racing Holdco, LLC (Warrants) ^{(7),(8)}	—	Hotels, Restaurants and Leisure	—	—	87,345	—	961
Lightspeed Investment Holdco LLC ⁽⁷⁾	—	Healthcare Technology	—	—	585,587	586	800
Mars Intermediate Holdings II, Inc. ⁽⁷⁾	—	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. ⁽⁷⁾	—	Distributors	—	—	1,973,370	2,005	1,505
NEPRT Parent Holdings, LLC (Recteq, LLC) ^{(7),(8)}	—	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) ⁽⁷⁾	—	IT Services	—	—	14,960	15	310
OceanSound Discovery Equity, LP (Holdco Sands Intermediate, LLC) ^{(7),(8)}	—	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. ^{(8),(9)}	—	Distributors	—	—	506,250	—	(73)
Oral Surgery (ITC) Holdings, LLC ^{(7),(8)}	—	Healthcare Equipment and Supplies	—	—	3,872	83	231
ORL Holdco, Inc. ⁽⁷⁾	—	Consumer Finance	—	—	1,474	15	261
PennantPark-TSO Senior Loan Fund, LP ⁽⁷⁾	—	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

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(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
Pragmatic Institute, LLC (—	Professional Services	—	—	610,583	\$ 611	\$ 611
QuantiTech InvestCo LP ^{(7),(8)}	—	Aerospace and Defense	—	—	712	68	352
QuantiTech InvestCo LP ^{(7),(8),(9)}	—	Aerospace and Defense	—	—	955	—	—
QuantiTech InvestCo II LP ^{(7),(8)}	—	Aerospace and Defense	—	—	40	25	24
RFMG Parent, LP (Rancho Health MSO, Inc.) ⁽⁷⁾	—	Healthcare Equipment and Supplies	—	—	1,050,000	1,050	1,091
SPH Holdings Investments LLC (Sales Benchmark Index LLC)	—	Professional Services	—	—	64,634	646	634
Seaway Topco, LP	—	Chemicals, Plastics and Rubber	—	—	296	296	296
Signature CR Intermediate Holdco, Inc. ⁽⁷⁾	—	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.) ⁽⁷⁾	—		—	—			
SSC Dominion Holdings, LLC	—	Capital Equipment	—	—	500	—	1,463
Class B (US Dominion, Inc.) ⁽⁷⁾	—		—	—			
StellPen Holdings, LLC (CF512, Inc.) ⁽⁷⁾	—	Media	—	—	161,538	162	160
TAC LifePort Holdings, LLC ^{(7),(8)}	—	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)	—	Media	—	—	148,681	—	—
TPC Holding Company, LP ^{(5),(7),(10)}	—	Food Products	—	—	21,527	22	—
TWD Parent Holdings, LLC (The Vertex Companies, LLC) ⁽⁷⁾	—	Construction & Engineering	—	—	749	1	—
UniTek Global Services, Inc. ⁽⁷⁾	—	Telecommunications	—	—	213,739	—	—
UniTek Global Services, Inc. (Warrants) ⁽⁷⁾	—	Telecommunications	—	—	23,889	—	—
UniVista Insurance ^{(7),(8)}	—	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 ⁽⁹⁾	—	Healthcare Providers and Services	—	—	237,743	—	—
Wildcat Parent, LP (Wildcat Buyerco, Inc.) ^{(7),(8)}	—	Electronic Equipment, Instruments, and Components	—	—	2,240	224	596
Total Common Equity/Warrants						56,856	95,549
Total Investments in Non-Controlled, Non-Affiliated Portfolio Companies						882,570	893,249
Investments in Controlled, Affiliated Portfolio Companies—51.4% ^{(3),(4)}							
First Lien Secured Debt—41.8%							
Marketplace Events, LLC - Super Priority First Lien Term Loan	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 ^{(7),(9)}	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 ^{(7),(9),(10)}	05/06/2024	Financial Services	10.71 %	3M L+800	190,181	190,181	190,182
Total First Lien Secured Debt						213,281	220,535
Equity Interests—9.6%							
New MPE Holdings, LLC (Marketplace Events, LLC) ^{(7),(8)}	—	Media: Diversified and Production	—	—	349	—	1,036
PennantPark Senior Secured Loan Fund I LLC ^{(7),(9),(10)}	—	Financial Services	—	—	81,506	81,506	49,434
Total Equity Interests						81,506	50,470
Total Investments in Controlled, Affiliated Portfolio Companies						294,787	271,005
Total Investments—220.9%						1,177,357	1,164,254
Cash and Cash Equivalents—9.1%							
BlackRock Federal FD Institutional 30						38,209	38,209
BNY Mellon Cash						9,707	9,671
Total Cash and Cash Equivalents						47,916	47,880
Total Investments and Cash Equivalents—230.0%						\$ 1,225,273	\$ 1,212,134
Liabilities in Excess of Other Assets—(130.0)%							(685,042)
Net Assets—100.0%							\$ 527,092

- Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable London Interbank Offered Rate, or LIBOR or "L," the Euro Interbank Offered Rate, or EURIBOR or "E," or 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 Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to a 30-day, 90-day or 180-day LIBOR rate (1M L, 3M L, or 6M L, respectively), and EURIBOR loans are typically indexed to a 90-day EURIBOR rate (3M E), SOFR loans are typically indexed to a 30-day, 90-day or 180-day SOFR rates (1M L, 3M L, or 6M L, respectively) at the borrower's option. All securities are subject to a LIBOR, SOFR or Prime rate floor where a spread is provided, unless noted. The spread provided includes PIK interest and other fee rates, if any.
- Valued based on our accounting policy (See Note 2). The value of all securities was determined using significant unobservable inputs (See Note 5).
- 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.
- 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.
- Non-U.S. company or principal place of business outside the United States.
- Non-income producing securities.
- 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.
- Investment is held through our Taxable Subsidiary (See Note 1).
- 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.
- 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.
- Par amount is denominated in Canadian Dollars (CS) as denoted.

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Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
Investments in Non-Controlled, Non-Affiliated Portfolio Companies—174.6% ^{(3),(4)}							
First Lien Secured Debt—155.8%							
18 Freemont Street Acquisition, LLC	08/11/2025	Hotels, Restaurants and Leisure	9.50 %	1M L+800	5,996	\$ 5,910	\$ 6,101
Ad.net Acquisition, LLC	05/06/2026	Media	7.00 %	3M L+600	4,988	4,917	4,913
Ad.net Acquisition, LLC (Revolver) ⁽⁷⁾	05/06/2026	Media	7.00 %	3M L+600	212	212	208
Ad.net Acquisition, LLC (Revolver) ^{(7),(9)}	05/06/2026	Media	—	—	1,033	—	(15)
Altamira Technologies, LLC	07/24/2025	IT Services	8.00 %	3M L+700	5,069	5,016	4,752
Altamira Technologies, LLC (Revolver) ⁽⁷⁾	07/24/2025	IT Services	8.00 %	3M L+700	575	575	539
Altamira Technologies, LLC (Revolver) ^{(7),(9)}	07/24/2025	IT Services	—	—	1,581	—	(99)
American Insulated Glass, LLC	12/21/2023	Building Products	6.50 %	3M L+550	8,905	8,818	8,816
American Teleconferencing Services, Ltd. ⁽⁷⁾	09/09/2021	Telecommunications	0.00% ⁽⁶⁾	—	7,986	7,915	1,278
American Teleconferencing Services, Ltd. (Revolver)	12/08/2022	Telecommunications	0.00% ⁽⁶⁾	—	—	1,656	1,656
Any Hour Services	07/21/2027	Energy Equipment and Services	6.75 %	3M L+575	6,500	6,373	6,370
Any Hour Services ^{(7),(9)}	07/21/2027	Energy Equipment and Services	—	—	3,824	—	(38)
Any Hour Services (Revolver) ^{(7),(9)}	07/21/2027	Energy Equipment and Services	—	—	1,147	—	(23)
Apex Service Partners, LLC	07/31/2025	Diversified Consumer Services	6.25 %	1M L+525	6,272	6,216	6,209
Apex Service Partners, LLC Term Loan B	07/31/2025	Diversified Consumer Services	6.50 %	1M L+550	300	300	297
Apex Service Partners, LLC Term Loan C	07/31/2025	Diversified Consumer Services	6.25 %	1M L+525	6,897	6,802	6,828
Apex Service Partners, LLC Term Loan C ^{(7),(9)}	01/31/2022	Diversified Consumer Services	—	—	13,179	—	(16)
Apex Service Partners, LLC (Revolver) ⁽⁷⁾	07/29/2024	Diversified Consumer Services	6.25 %	1M L+525	473	473	465
Apex Service Partners, LLC (Revolver) ^{(7),(9)}	07/29/2024	Diversified Consumer Services	—	—	1,372	—	(24)
API Technologies Corp.	05/11/2026	Electronic Equipment, Instruments, and Components	4.33 %	1M L+425	5,865	5,841	5,689
Applied Technical Services, LLC	12/29/2026	Commercial Services & Supplies	6.75 %	3M L+575	4,963	4,863	4,863
Applied Technical Services, LLC ^{(7),(9)}	06/29/2022	Commercial Services & Supplies	—	—	8,567	—	(75)
Applied Technical Services, LLC (Revolver) ^{(7),(9)}	12/29/2026	Commercial Services & Supplies	—	—	1,273	—	(25)
By Light Professional IT Services, LLC	05/16/2022	High Tech Industries	7.25 %	3M L+625	22,681	22,627	22,681
By Light Professional IT Services, LLC (Revolver) ⁽⁹⁾	05/16/2022	High Tech Industries	—	—	3,063	—	—
Cadence Aerospace, LLC ⁽⁷⁾	11/14/2023	Aerospace and Defense	9.50 %	3M L+850	3,002	2,985	2,928
			(PIK 9.50%)				
Cano Health, LLC	11/23/2027	Healthcare and Pharmaceuticals	5.25 %	1M L+450	2,653	2,647	2,654
CF512, Inc.	08/20/2026	Media	7.00 %	3M L+600	10,500	10,293	10,290
CF512, Inc. ^{(7),(9)}	08/20/2026	Media	—	—	2,864	—	(29)
CF512, Inc. (Revolver) ^{(7),(9)}	08/20/2026	Media	—	—	955	—	(19)
CHA Holdings, Inc.	04/10/2025	Environmental Industries	5.50 %	3M L+450	1,597	1,593	1,573
Challenger Performance Optimization, Inc. (Revolver) ^{(7),(9)}	08/31/2023	Business Services	—	—	711	—	(21)
Compex Legal Services, Inc.	02/09/2026	Professional Services	6.75 %	3M L+575	7,653	7,530	7,566
Compex Legal Services, Inc. (Revolver) ⁽⁷⁾	02/07/2025	Professional Services	6.75 %	3M L+575	984	984	973
Compex Legal Services, Inc. (Revolver) ^{(7),(9)}	02/07/2025	Professional Services	—	—	422	—	(5)
Confluent Health, LLC	06/24/2026	Health Providers and Services	5.08 %	1M L+500	3,910	3,879	3,910
Connatix Buyer, Inc.	07/13/2027	Media	6.25 %	3M L+550	4,000	3,921	3,920
Connatix Buyer, Inc. ^{(7),(9)}	01/13/2023	Media	—	—	2,105	—	(21)
Connatix Buyer, Inc. (Revolver) ⁽⁷⁾	07/13/2027	Media	6.25 %	3M L+550	123	123	121
Connatix Buyer, Inc. (Revolver) ^{(7),(9)}	07/13/2027	Media	—	—	1,111	—	(22)
CoolSys, Inc.	08/04/2028	Commercial Services & Supplies	5.50 %	3M L+475	1,909	1,890	1,914
CoolSys, Inc. ^{(7),(9)}	08/04/2028	Commercial Services & Supplies	—	—	848	—	2
Crane 1 Services, Inc. ^{(7),(9)}	08/16/2023	Commercial Services & Supplies	—	—	897	—	(2)
Crane 1 Services, Inc. (Revolver) ^{(7),(9)}	08/16/2027	Commercial Services & Supplies	—	—	336	—	(3)
Crash Champions, LLC	08/05/2025	Automobiles	5.85 %	3M L+500	13,078	12,889	12,817
Crash Champions, LLC ^{(7),(9)}	05/14/2022	Automobiles	—	—	12,912	—	(129)
Digital Room Holdings, Inc.	05/22/2026	Media: Advertising, Printing and Publishing	5.08 %	1M L+500	6,547	6,468	6,462
Douglas Products and Packaging Company LLC	10/19/2022	Chemicals, Plastics and Rubber	6.75 %	3M L+575	6,545	6,514	6,545
Douglas Products and Packaging Company LLC (Revolver)	10/19/2022	Chemicals, Plastics and Rubber	8.00 %	P+475	2,927	2,927	2,927
Douglas Products and Packaging Company LLC (Revolver) ⁽⁹⁾	10/19/2022	Chemicals, Plastics and Rubber	—	—	1,464	—	—
Douglas Sewer Intermediate, LLC	10/19/2022	Chemicals, Plastics and Rubber	6.75 %	3M L+575	3,961	3,942	3,961
Dr. Squatch, LLC	08/27/2026	Personal Products	7.00 %	3M L+600	9,485	9,297	9,296
Dr. Squatch, LLC (Revolver) ⁽⁷⁾	08/27/2026	Personal Products	7.00 %	3M L+600	2,459	2,459	2,410
Dr. Squatch, LLC (Revolver) ^{(7),(9)}	08/27/2026	Personal Products	—	—	894	—	(18)
DRS Holdings III, Inc.	11/03/2025	Personal Products	7.25 %	3M L+625	17,671	17,515	17,547
DRS Holdings III, Inc. (Revolver) ^{(7),(9)}	11/03/2025	Personal Products	—	—	1,426	—	(10)
East Valley Tourist Development Authority	03/07/2022	Hotel, Gaming and Leisure	9.00 %	3M L+800	13,217	13,191	13,019
			(PIK 3.50%)				
ECL Entertainment, LLC	03/31/2028	Hotels, Restaurants and Leisure	8.25 %	1M L+750	5,256	5,205	5,374
ECM Industries, LLC (Revolver) ⁽⁹⁾	12/23/2025	Electronic Equipment, Instruments, and Components	—	—	914	—	(5)
eCommission Financial Services, Inc. ⁽¹⁰⁾	10/05/2023	Banking, Finance, Insurance & Real Estate	6.00 %	1M L+500	6,951	6,951	6,951
eCommission Financial Services, Inc. (Revolver) ^{(7),(9),(10)}	10/05/2023	Banking, Finance, Insurance & Real Estate	—	—	5,000	—	—
Efficient Collaborative Retail Marketing Company, LLC	06/15/2022	Media: Diversified and Production	7.75 %	3M L+675	7,189	7,180	7,153
Findex Group Limited ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾	05/31/2024	Diversified Financial Services	5.07 %	3M L+500	AUD 10,000	7,323	7,151
Gantech Acquisition Corp.	05/14/2026	IT Services	7.25 %	1M L+625	17,413	17,082	17,064
Gantech Acquisition Corp. (Revolver) ⁽⁷⁾	05/14/2026	IT Services	7.25 %	1M L+625	933	933	915
Gantech Acquisition Corp. (Revolver) ^{(7),(9)}	05/14/2026	IT Services	—	—	2,800	—	(56)
Global Holdings InterCo LLC	03/16/2026	Diversified Financial Services	7.00 %	3M L+600	3,483	3,435	3,465
Graffiti Buyer, Inc. ^{(7),(9)}	08/10/2023	Trading Companies & Distributors	—	—	1,071	—	(5)
Graffiti Buyer, Inc. (Revolver) ^{(7),(9)}	08/10/2027	Trading Companies & Distributors	—	—	865	—	(20)
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	6.00 %	3M L+500	3,474	3,397	3,439
Hancock Roofing and Construction L.L.C. ^{(7),(9)}	12/31/2022	Insurance	—	—	1,500	—	(15)
Hancock Roofing and Construction L.L.C. (Revolver) ^{(7),(9)}	12/31/2026	Insurance	—	—	750	—	(8)
Holdco Sands Intermediate, LLC	12/19/2025	Aerospace and Defense	7.50 %	3M L+600	2,983	2,941	2,968
HW Holdco, LLC	12/10/2024	Media	5.50 %	1M L+450	7,341	7,296	7,267

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HW Holdco, LLC (Revolver) ⁽⁷⁾	12/10/2024	Media	5.50 %	1M L+450	523	523	517
HW Holdco, LLC (Revolver) ^{(7), (9)}	12/10/2024	Media	—	—	929	—	(9)
IG Investments Holdings, LLC ⁽⁷⁾	09/22/2028	Professional Services	6.75 %	3M L+600	4,518	4,428	4,428
IG Investments Holdings, LLC (Revolver) ^{(7), (9)}	09/22/2027	Professional Services	—	—	477	—	—

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PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS—(Continued)

SEPTEMBER 30, 2021

(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
IMIA Holdings, Inc.	04/09/2027	Aerospace and Defense	6.75 %	3M L+600	13,144	\$ 12,904	\$ 12,881
IMIA Holdings, Inc. (Revolver) ^{(7),(9)}	04/09/2027	Aerospace and Defense	—	—	2,343	—	(47)
Innova Medical Ophthalmics Inc. ^{(5),(10)}	04/13/2023	Capital Equipment	7.25 %	3M L+625	3,253	3,234	3,253
Innova Medical Ophthalmics Inc. (Revolver) ^{(5),(7),(10)}	04/13/2023	Capital Equipment	7.25 %	3M L+625	534	534	534
Integrative Nutrition, LLC	09/29/2023	Consumer Services	5.50 %	3M L+450	16,167	16,095	16,167
Integrative Nutrition, LLC (Revolver) ^{(7),(9)}	09/29/2023	Consumer Services	—	—	5,000	—	—
Integrity Marketing Acquisition, LLC ⁽⁷⁾	08/27/2025	Insurance	6.25 %	3M L+550	3,170	3,147	3,154
Integrity Marketing Acquisition, LLC ^{(7),(9)}	07/09/2023	Insurance	—	—	18,822	—	47
K2 Pure Solutions NoCal, L.P. (Revolver) ⁽⁷⁾	12/20/2023	Chemicals, Plastics and Rubber	8.00 %	1M L+700	643	643	626
K2 Pure Solutions NoCal, L.P. (Revolver) ^{(7),(9)}	12/20/2023	Chemicals, Plastics and Rubber	—	—	786	—	(21)
Lash OpCo, LLC	02/18/2027	Personal Products	8.00 %	1M L+700	31,662	30,960	31,029
Lash OpCo, LLC (Revolver) ⁽⁷⁾	08/16/2026	Personal Products	8.00 %	1M L+700	307	307	301
Lash OpCo, LLC (Revolver) ^{(7),(9)}	08/16/2026	Personal Products	—	—	1,613	—	(32)
LAV Gear Holdings, Inc.	10/31/2024	Capital Equipment	8.50 %	1M L+750	9,487	9,453	8,892
LAV Gear Holdings, Inc. (Revolver) ⁽⁷⁾	10/31/2024	Capital Equipment	(PIK 5.00%) 8.50 %	1M L+750	1,691	1,691	1,585
Lightspeed Buyer Inc.	02/03/2026	Healthcare Technology	6.75 %	1M L+575	29,607	29,160	29,607
Lightspeed Buyer Inc. (Revolver) ^{(7),(9)}	02/03/2026	Healthcare Technology	—	—	2,499	—	—
Lombart Brothers, Inc.	04/13/2023	Capital Equipment	7.25 %	3M L+625	14,285	14,208	14,285
Lombart Brothers, Inc. (Revolver) ⁽⁷⁾	04/13/2023	Capital Equipment	7.25 %	3M L+625	516	516	516
Lucky Bucks, LLC	07/20/2027	Hotels, Restaurants and Leisure	6.25 %	3M L+550	4,500	4,411	4,424
MAG DS Corp.	04/01/2027	Aerospace and Defense	6.50 %	1M L+550	3,891	3,721	3,502
Magenta Buyer, LLC	07/31/2028	Software	5.75 %	3M L+500	10,000	9,901	9,997
Mars Acquisition Holdings Corp.	05/14/2026	Media	6.50 %	3M L+550	6,113	5,998	6,052
Mars Acquisition Holdings Corp. (Revolver) ^{(7),(9)}	05/14/2026	Media	—	—	1,624	—	(16)
MBS Holdings, Inc. (Revolver) ^{(7),(9)}	04/16/2027	Internet Software and Services	—	—	1,157	—	(23)
MeritDirect, LLC	05/23/2024	Media	6.50 %	3M L+550	25,250	25,029	24,997
MeritDirect, LLC (Revolver) ^{(7),(9)}	05/23/2024	Media	—	—	4,482	—	(45)
Mission Critical Electronics, Inc.	09/28/2022	Capital Equipment	6.00 %	1M L+500	606	604	606
Mission Critical Electronics, Inc. (Revolver) ⁽⁷⁾	09/28/2022	Capital Equipment	6.00 %	1M L+500	468	468	468
Mission Critical Electronics, Inc. (Revolver) ^{(7),(9)}	09/28/2022	Capital Equipment	—	—	857	—	—
Municipal Emergency Services, Inc. ⁽⁷⁾	09/28/2027	Distributors	6.00 %	3M L+500	3,500	3,430	3,430
Municipal Emergency Services, Inc. ^{(7),(9)}	09/28/2027	Distributors	—	—	947	—	—
Municipal Emergency Services, Inc. (Revolver) ^{(7),(9)}	09/28/2027	Distributors	—	—	947	—	—
NBH Group LLC (Revolver) ^{(7),(9)}	08/19/2026	Healthcare Equipment and Supplies	—	—	1,677	—	(34)
OIS Management Services, LLC	07/09/2026	Healthcare Equipment and Supplies	5.75 %	3M L+475	3,195	3,156	3,147
OIS Management Services, LLC ^{(7),(9)}	07/09/2023	Healthcare Equipment and Supplies	—	—	1,911	—	(14)
OIS Management Services, LLC (Revolver) ^{(7),(9)}	07/09/2026	Healthcare Equipment and Supplies	—	—	444	—	(7)
One Stop Mailing, LLC	05/07/2027	Air Freight and Logistics	7.25 %	3M L+625	8,952	8,779	8,795
ORL Acquisition, Inc. ⁽⁷⁾	09/03/2027	Consumer Finance	6.25 %	3M L+525	7,268	7,124	7,123
ORL Acquisition, Inc. (Revolver) ^{(7),(9)}	09/03/2027	Consumer Finance	—	—	861	—	—
Output Services Group, Inc.	03/27/2024	Business Services	5.50 %	1M L+450	4,900	4,448	4,459
Ox Two, LLC	05/18/2026	Construction and Building	7.00 %	1M L+600	22,636	22,296	22,184
Ox Two, LLC (Revolver) ⁽⁷⁾	05/18/2026	Construction and Building	7.00 %	1M L+600	903	903	885
Ox Two, LLC (Revolver) ^{(7),(9)}	05/18/2026	Construction and Building	—	—	2,484	—	(50)
Plant Health Intermediate, Inc.	10/19/2022	Chemicals, Plastics and Rubber	6.75 %	3M L+575	644	642	644
PlayPower, Inc.	05/08/2026	Leisure Products	5.70 %	1M L+550	5,074	5,037	4,981
PRA Events, Inc.	08/07/2025	Business Services	11.50 %	1M L+1,050	3,158	2,724	2,985
Quantic Electronics, LLC	11/19/2026	Electronic Equipment, Instruments, and Components	(PIK 11.50%) 7.25 %	1M L+625	8,716	8,583	8,542
Quantic Electronics, LLC ^{(7),(9)}	11/19/2026	Electronic Equipment, Instruments, and Components	—	—	2,810	—	(28)
Quantic Electronics, LLC (Revolver) ^{(7),(9)}	11/19/2026	Electronic Equipment, Instruments, and Components	—	—	670	—	(13)
Questex, LLC	09/09/2024	Media: Diversified and Production	6.00 %	3M L+500	7,275	7,195	6,839
Questex, LLC (Revolver)	09/09/2024	Media: Diversified and Production	6.00 %	3M L+500	718	718	675
Questex, LLC (Revolver) ^{(7),(9)}	09/09/2024	Media: Diversified and Production	—	—	479	—	(29)
Rancho Health MSO, Inc. ⁽⁷⁾	12/18/2025	Healthcare Equipment and Supplies	6.75 %	3M L+575	1,050	1,050	1,050
Rancho Health MSO, Inc. (Revolver) ^{(7),(9)}	12/18/2025	Healthcare Equipment and Supplies	—	—	525	—	—
Recteq, LLC	01/29/2026	Leisure Products	7.00 %	3M L+600	1,493	1,466	1,478
Recteq, LLC (Revolver) ^{(7),(9)}	01/29/2026	Leisure Products	—	—	1,296	—	(13)
Research Horizons, LLC	06/28/2022	Media: Advertising, Printing and Publishing	7.25 %	3M L+625	6,719	6,694	6,652
Research Now Group, Inc. and Dynata, LLC	12/20/2024	Business Services	6.50 %	3M L+550	17,322	17,099	17,102
Riverpoint Medical, LLC	06/20/2025	Healthcare Equipment and Supplies	6.00 %	3M L+450	8,115	8,039	8,015
Riverpoint Medical, LLC (Revolver) ^{(7),(9)}	06/20/2025	Healthcare Equipment and Supplies	—	—	909	—	(11)
Riverside Assessments, LLC	03/10/2025	Professional Services	6.75 %	3M L+575	16,174	15,950	15,769
Sales Benchmark Index LLC	01/03/2025	Professional Services	7.75 %	3M L+600	7,906	7,796	7,708
Sales Benchmark Index LLC (Revolver) ^{(7),(9)}	01/03/2025	Professional Services	—	—	1,293	—	(32)
Sargent & Greenleaf Inc.	12/20/2024	Electronic Equipment, Instruments, and Components	7.00 %	1M L+550	3,694	3,656	3,694
Sargent & Greenleaf Inc. (Revolver)	12/20/2024	Electronic Equipment, Instruments, and Components	7.00 %	1M L+550	528	528	528
Sargent & Greenleaf Inc. (Revolver) ^{(7),(9)}	12/20/2024	Electronic Equipment, Instruments, and Components	—	—	528	—	—
Schlesinger Global, Inc.	07/14/2025	Professional Services	8.00 %	1M L+700	13,377	13,275	12,775
Schlesinger Global, Inc. (Revolver)	07/14/2025	Professional Services	8.00 %	1M L+700	1,181	1,181	1,128
Schlesinger Global, Inc. (Revolver) ^{(7),(9)}	07/14/2025	Professional Services	—	—	691	—	(31)
Sigma Defense Systems, LLC	12/18/2025	IT Services	9.75 %	3M L+875	805	787	791
Sigma Defense Systems, LLC (Revolver) ^{(7),(9)}	12/18/2025	IT Services	—	—	837	—	(15)
Signature Systems Holding Company	05/03/2024	Commercial Services & Supplies	8.50 %	1M L+750	11,700	11,598	11,583
Signature Systems Holding Company (Revolver) ⁽⁷⁾	05/03/2024	Commercial Services & Supplies	8.50 %	1M L+750	419	419	415
Signature Systems Holding Company (Revolver) ⁽⁹⁾	05/03/2024	Commercial Services & Supplies	—	—	1,328	—	(13)
Signature Systems Holding Company - Term Loan II	12/31/2021	Commercial Services & Supplies	8.50 %	1M L+750	699	695	692

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(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
Smile Brands Inc.	10/14/2024	Healthcare and Pharmaceuticals	5.27 %	1M L+450	1,962	\$ 1,962	\$ 1,942
Smile Brands Inc. (Revolver) ^{(7), (9)}	10/14/2024	Healthcare and Pharmaceuticals	—	—	1,616	—	(16)
Snak Club, LLC (Revolver) ⁽⁷⁾	07/19/2021	Beverage, Food and Tobacco	7.00 %	3M L+600	67	67	67
Snak Club, LLC (Revolver) ^{(7), (9)}	07/19/2021	Beverage, Food and Tobacco	—	—	428	—	—
Solutionreach, Inc.	01/17/2024	Healthcare Technology	6.75 %	3M L+575	5,989	5,928	5,989
Solutionreach, Inc. (Revolver) ^{(7), (9)}	01/17/2024	Healthcare Technology	—	—	1,665	—	—
Spear Education, LLC	02/26/2025	Professional Services	6.00 %	3M L+500	14,898	14,752	14,898
Spear Education, LLC ^{(7), (9)}	02/26/2022	Professional Services	—	—	6,875	—	—
Spectacle Gary Holdings, LLC	12/23/2025	Hotels, Restaurants and Leisure	11.00 %	1M L+900	4,988	4,871	5,415
STV Group Incorporated	12/11/2026	Construction & Engineering	5.33 %	1M L+525	4,752	4,712	4,728
TAC LifePort Purchaser, LLC	03/01/2026	Aerospace and Defense	7.00 %	3M L+600	531	521	531
TAC LifePort Purchaser, LLC (Revolver) ^{(7), (9)}	03/01/2026	Aerospace and Defense	—	—	1,302	—	(0)
TeleGuam Holdings, LLC	11/20/2025	Wireless Telecommunication Services	5.50 %	1M L+450	3,127	3,103	3,096
Teneo Holdings LLC	07/18/2025	Diversified Financial Services	6.25 %	1M L+525	5,853	5,754	5,821
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	7.00 %	3M L+600	4,968	4,900	4,919
The Bluebird Group LLC	07/27/2026	Professional Services	8.00 %	3M L+700	4,844	4,750	4,814
The Bluebird Group LLC (Revolver) ^{(7), (9)}	07/27/2026	Professional Services	—	—	862	—	(5)
The Infosoft Group, LLC	09/16/2024	Media: Broadcasting and Subscription	6.75 %	3M L+575	15,725	15,633	15,725
The Vertex Companies, LLC ^{(7), (9)}	08/30/2027	Construction & Engineering	—	—	2,734	—	(24)
The Vertex Companies, LLC (Revolver) ^{(7), (9)}	08/30/2027	Construction & Engineering	—	—	911	—	(17)
TPC Canoga Parent, Inc. and TPC US Parent, LLC ^{(5), (10)}	11/24/2025	Food Products	6.25 %	3M L+525	4,913	4,876	4,765
TVC Enterprises, LLC	03/26/2026	Commercial Services & Supplies	6.75 %	1M L+575	24,987	24,663	24,987
TVC Enterprises, LLC (Revolver) ^{(7), (9)}	03/26/2026	Commercial Services & Supplies	—	—	1,304	—	—
TWS Acquisition Corporation	06/16/2025	Diversified Consumer Services	7.25 %	1M L+625	6,636	6,524	6,636
TWS Acquisition Corporation (Revolver) ^{(7), (9)}	06/16/2025	Diversified Consumer Services	—	—	2,628	—	—
Tyto Athene, LLC	04/01/2028	IT Services	6.25 %	1M L+550	12,036	11,861	12,036
Tyto Athene, LLC (Revolver) ^{(7), (9)}	04/01/2026	IT Services	—	—	1,040	—	—
UBEO, LLC	04/03/2024	Capital Equipment	5.50 %	3M L+450	18,112	18,015	18,022
UBEO, LLC (Revolver)	04/03/2024	Capital Equipment	5.50 %	3M L+450	1,467	1,467	1,459
UBEO, LLC (Revolver) ⁽⁹⁾	04/03/2024	Capital Equipment	—	—	1,467	—	(7)
Urology Management Associates, LLC	08/30/2024	Healthcare Providers and Services	5.50 %	3M L+450	4,776	4,721	4,752
Vision Purchaser Corporation	06/10/2025	Media	7.75 %	1M L+675	14,249	14,045	14,035
Walker Edison Furniture Company LLC	03/31/2027	Wholesale	6.75 %	1M L+575	12,438	12,147	11,971
Wildcat Buyerco, Inc.	02/27/2026	Electronic Equipment, Instruments, and Components	6.00 %	3M L+500	3,057	3,039	3,042
Wildcat Buyerco, Inc. ^{(7), (9)}	02/27/2022	Electronic Equipment, Instruments, and Components	—	—	2,491	—	16
Wildcat Buyerco, Inc. (Revolver) ^{(7), (9)}	02/27/2026	Electronic Equipment, Instruments, and Components	—	—	534	—	(7)
Total First Lien Secured Debt						772,799	764,584
Second Lien Secured Debt—0.7%							
Mailsouth Inc. ⁽⁷⁾	04/23/2025	Media: Advertising, Printing and Publishing	15.00 %	—	864	864	864
			(PIK 15.00%)				
PT Network Intermediate Holdings, LLC ⁽⁷⁾	11/30/2024	Healthcare and Pharmaceuticals	11.00 %	3M L+1,000	2,343	2,331	2,343
			(PIK 11.00%)				
QuantiTech LLC	02/04/2027	Aerospace and Defense	11.00 %	3M L+1,000	150	147	147
Total Second Lien Secured Debt						3,343	3,355
Preferred Equity—1.3% ⁽⁶⁾							
Ad.net Holdings, Inc. ^{(7), (8)}	—	Media	—	—	6,720	672	672
CI (PTN) Investment Holdings II, LLC (PT Network, LLC) ^{(7), (8)}	—	Healthcare and Pharmaceuticals	—	—	1,458	22	—
Mars Intermediate Holdings II, Inc. ⁽⁷⁾	—	Media	—	—	835	835	872
MeritDirect Holdings, LP ^{(7), (8)}	—	Media	—	—	960	960	1,232
NXOF Holdings, Inc. (Tyto Athene, LLC) ⁽⁷⁾	—	IT Services	—	—	733	733	926
ORL Holdco, Inc. ⁽⁷⁾	—	Consumer Finance	—	—	1,327	133	133
PT Network Intermediate Holdings, LLC ^{(7), (8)}	—	Healthcare and Pharmaceuticals	11.00 %	3M L+1,000	33	429	536
Signature CR Intermediate Holdco, Inc. ⁽⁷⁾	—	Commercial Services & Supplies	12.00 %	—	1,323	1,323	1,628
TPC Holding Company, LP ^{(5), (7), (10)}	—	Food Products	—	—	409	409	490
TWD Parent Holdings, LLC (The Vertex Companies, LLC) ⁽⁷⁾	—	Construction & Engineering	—	—	37	37	37
UniTek Global Services, Inc. - Super Senior Preferred Equity ⁽⁷⁾	—	Telecommunications	20.00 %	—	343,861	344	—
UniTek Global Services, Inc. - Senior Preferred Equity ⁽⁷⁾	—	Telecommunications	19.00 %	—	448,851	449	—
UniTek Global Services, Inc. ⁽⁷⁾	—	Telecommunications	13.50 %	—	1,047,317	670	—
Total Preferred Equity						7,016	6,525
Common Equity/Warrants—16.8% ⁽⁶⁾							
Ad.net Holdings, Inc. ^{(7), (8)}	—	Media	—	—	7,467	75	137
Affinion Group Holdings, Inc. (Warrants) ⁽⁷⁾	04/10/2024	Consumer Goods: Durable	—	—	8,893	245	—
AG Investco LP ^{(7), (8)}	—	Software	—	—	805,164	805	1,192
AG Investco LP ^{(7), (8), (9)}	—	Software	—	—	194,836	—	—
Altamira Intermediate Company II, Inc. ⁽⁷⁾	—	IT Services	—	—	1,437,500	1,438	378
By Light Investco LP ^{(7), (8)}	—	High Tech Industries	—	—	21,908	2,100	12,799
By Light Investco LP ^{(7), (8), (9)}	—	High Tech Industries	—	—	7,401	—	—
CI (Allied) Investment Holdings, LLC (PRA Events, Inc.) ^{(7), (8)}	—	Business Services	—	—	120,962	1,243	475
CI (PTN) Investment Holdings II, LLC (PT Network, LLC) ^{(7), (8)}	—	Healthcare and Pharmaceuticals	—	—	13,333	200	—
Connatix Parent, LLC ⁽⁷⁾	—	Media	—	—	38,278	421	423
Crane I Acquisition Parent Holdings, L.P. ⁽⁷⁾	—	Commercial Services & Supplies	—	—	130	120	120
Crash Champions Holdings, LLC ^{(7), (8)}	—	Automobiles	—	—	75	678	764

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS—(Continued)
SEPTEMBER 30, 2021
(in thousands, except share data)

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
Delta InvestCo LP (Sigma Defense Systems, LLC) ^{(7),(8)}	—	IT Services	—	—	502,435	\$ 502	\$ 430
Delta InvestCo LP (Sigma Defense Systems, LLC)	—	IT Services	—	—	502,435	—	(73)
ECM Investors, LLC ^{(7),(8)}	—	Electronic Equipment, Instruments, and Components	—	—	295,982	72	997
eCommission Holding Corporation ^{(7),(10)}	—	Banking, Finance, Insurance & Real Estate	—	—	20	251	288
FedHC InvestCo LP ^{(7),(8)}	—	Aerospace and Defense	—	—	4,951	495	504
FedHC InvestCo LP ^{(7),(8),(9)}	—	Aerospace and Defense	—	—	6,051	—	—
Gauge InfoSoftCoInvest, LLC (The InfoSoft Group, LLC) ⁽⁷⁾	—	Media: Broadcasting and Subscription	—	—	500	144	2,217
Gauge Lash Coinvest LLC ⁽⁷⁾	—	Personal Products	—	—	1,485,953	227	5,944
Gauge Schlesinger Coinvest LLC ⁽⁷⁾	—	Professional Services	—	—	437	437	440
Gauge TVC Coinvest, LLC (TVC Enterprises, LLC)	—	Professional Services	—	—	391,144	—	1,285
GCOM InvestCo LP ^{(7),(8)}	—	IT Services	—	—	17,951	2,930	3,404
GCOM InvestCo LP ^{(7),(8),(9)}	—	IT Services	—	—	2,398	—	—
Go Dawgs Capital III, LP (American Insulated Glass, LLC) ^{(7),(8)}	—	Building Products	—	—	324,675	325	406
Hancock Claims Consultants Investors, LLC ^{(7),(8)}	—	Insurance	—	—	450,000	450	613
IIN Group Holdings, LLC (Integrative Nutrition, LLC) ^{(7),(8)}	—	Consumer Services	—	—	1,000	1,000	1,950
Ironclad Holdco, LLC (Applied Technical Services, LLC) ^{(7),(8)}	—	Commercial Services & Supplies	—	—	5,040	496	552
ITC Rumba, LLC (Cano Health, LLC) ^{(7),(8)}	—	Healthcare and Pharmaceuticals	—	—	46,763	110	7,569
JWC/UMA Holdings, L.P. (Urology Management Associates, LLC) ⁽⁹⁾	—	Healthcare and Pharmaceuticals	—	—	1,000	1,000	1,667
JWC-WE Holdings, L.P. (Walker Edison Furniture Company LLC) ^{(7),(8)}	—	Wholesale	—	—	1,381,741	—	4,795
KL Stockton Co-Invest LP (Any Hour Services) ^{(7),(8)}	—	Energy Equipment and Services	—	—	382,353	382	382
Kentucky Racing Holdco, LLC (Warrants) ^{(7),(8)}	—	Hotels, Restaurants and Leisure	—	—	87,345	—	621
Lightspeed Investment Holdco LLC ⁽⁷⁾	—	Healthcare Technology	—	—	585,587	586	674
Mars Intermediate Holdings II, Inc. ⁽⁷⁾	—	Media	—	—	835	—	341
MeritDirect Holdings, LP ^{(7),(8)}	—	Media	—	—	960	—	224
MSpark, LLC (Mailsouth Inc.)	—	Media: Advertising, Printing and Publishing	—	—	3,988	1,288	859
Municipal Emergency Services, Inc. ⁽⁷⁾	—	Distributors	—	—	802,162	802	802
NEPRT Parent Holdings, LLC (Recteq, LLC) ^{(7),(8)}	—	Leisure Products	—	—	1,494	1,452	1,767
NXOF Holdings, Inc. (Tyto Athene, LLC) ⁽⁷⁾	—	IT Services	—	—	14,960	15	855
OceanSound Discovery Equity, LP (Holdco Sands Intermediate, LLC) ^{(7),(8)}	—	Aerospace and Defense	—	—	173,638	1,729	2,870
Oral Surgery (ITC) Holdings, LLC (OIS Management Services, LLC) ^{(7),(8)}	—	Healthcare Equipment and Supplies	—	—	3,872	83	83
ORL Holdco, Inc. ⁽⁷⁾	—	Consumer Finance	—	—	1,474	15	15
PennantPark-TSO Senior Loan Fund, LP ⁽⁷⁾	—	Financial Services	—	—	15,321,693	15,322	15,574
PT Network Intermediate Holdings, LLC ^{(7),(8)}	—	Healthcare and Pharmaceuticals	—	—	25	295	2,485
QuantiTech InvestCo LP ^{(7),(8)}	—	Aerospace and Defense	—	—	700	66	365
QuantiTech InvestCo LP ^{(7),(8),(9)}	—	Aerospace and Defense	—	—	967	—	—
QuantiTech InvestCo II LP ^{(7),(8)}	—	Aerospace and Defense	—	—	40	24	21
RFMG Parent, LP (Rancho Health MSO, Inc.) ⁽⁷⁾	—	Healthcare Equipment and Supplies	—	—	1,050,000	1,050	1,253
SBI Holdings Investments LLC (Sales Benchmark Index LLC) ^{(7),(8)}	—	Professional Services	—	—	64,634	646	492
Signature CR Intermediate Holdco, Inc. ⁽⁷⁾	—	Commercial Services & Supplies	—	—	70	70	—
SSC Dominion Holdings, LLC Class A (US Dominion, Inc.) ⁽⁷⁾	—	Capital Equipment	—	—	500	500	630
SSC Dominion Holdings, LLC Class B (US Dominion, Inc.) ⁽⁷⁾	—	Capital Equipment	—	—	500	—	1,178
StellPen Holdings, LLC (CF512, Inc.) ⁽⁷⁾	—	Media	—	—	161,538	162	162
TAC LifePort Holdings, LLC ^{(7),(8)}	—	Aerospace and Defense	—	—	488,372	488	545
TPC Holding Company, LP ^{(5),(7),(10)}	—	Food Products	—	—	21,527	22	62
TWD Parent Holdings, LLC (The Vertex Companies, LLC) ^{(7),(8)}	—	Construction & Engineering	—	—	749	1	1
UniTek Global Services, Inc. ⁽⁷⁾	—	Telecommunications	—	—	213,739	—	—
UniTek Global Services, Inc. (Warrants) ⁽⁷⁾	—	Telecommunications	—	—	23,889	—	—
UniVista Insurance ^{(7),(8)}	—	Insurance	—	—	400	400	405
Wildcat Parent, LP (Wildcat Buyerco, Inc.) ^{(7),(8)}	—	Electronic Equipment, Instruments, and Components	—	—	2,240	224	398
Total Common Equity/Warrants						41,384	82,342
Total Investments in Non-Controlled, Non-Affiliated Portfolio Companies						824,542	856,806
Investments in Non-Controlled, Affiliated Portfolio Companies—1.5% ^{(3),(4)}							
Second Lien Secured Debt—1.1%							
DBI Holdings, LLC, Term Loan B	02/02/2026	Business Services	11.00 % (PIK 3.00%)	—	3,405	3,405	3,405
DBI Holding, LLC - 1.5 Lien Term Loan ⁽⁷⁾	05/01/2023	Business Services	14.00 % (PIK 14.00%)	—	2,190	2,190	2,190
Total Second Lien Secured Debt						5,594	5,594
Preferred Equity—0.4% ⁽⁶⁾							
DBI Intermediate HoldCo LLC, Series A-1 ⁽⁸⁾	—	Business Services	14.00 %	—	9,488	7,041	—
DBI Intermediate HoldCo LLC, Series AA ⁽⁸⁾	—	Business Services	—	—	9,800	9,414	1,839
Total Preferred Equity						16,455	1,839
Common Equity—0.0% ⁽⁶⁾							
DBI Intermediate HoldCo LLC, Series B ⁽⁸⁾	—	Business Services	—	—	1,489,508	331	—
Total Common Equity						331	—
Total Investments in Non-Controlled, Affiliated Portfolio Companies						22,380	7,433

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
Investments in Controlled, Affiliated Portfolio Companies—44.3% ^{(3), (4)}							
First Lien Secured Debt—34.6%							
Marketplace Events, LLC - Super Priority First Lien Term Loan ⁽⁷⁾	09/30/2025	Media: Diversified and Production	6.25 %	3M L+525	3,417	\$ 3,417	\$ 3,417
			(PIK 6.25%)				
Marketplace Events, LLC - Super Priority First Lien ^{(1), (8)}	09/30/2025	Media: Diversified and Production	—	—	3,261	—	—
Marketplace Events, LLC	09/30/2026	Media: Diversified and Production	0.00 % ⁽⁶⁾	—	25,542	19,047	25,542
PennantPark Senior Secured Loan Fund I LLC ^{(7), (9)}	05/06/2024	Financial Services	8.13 %	3M L+800	140,875	140,875	140,875
Total First Lien Secured Debt						163,339	169,834
Equity Interests—9.7%							
New MPE Holdings, LLC (Marketplace Events, LLC) ^{(7), (8)}	—	Media: Diversified and Production	—	—	349	—	2,690
PennantPark Senior Secured Loan Fund I LLC ^{(7), (9)}	—	Financial Services	—	—	60,375	60,375	44,856
Total Equity Interests						60,375	47,546
Total Investments in Controlled, Affiliated Portfolio Companies						223,714	217,380
Total Investments—220.5%						1,070,636	1,081,619
Cash and Cash Equivalents—10.2%							
BlackRock Federal FD Institutional 30						7,433	7,433
BNY Mellon Cash						42,392	42,392
Total Cash and Cash Equivalents						49,825	49,825
Total Investments and Cash Equivalents—230.6%						\$ 1,120,461	\$ 1,131,444
Liabilities in Excess of Other Assets—(130.6)%							(640,833)
Net Assets—100.0%							\$ 490,611

- (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, 2021, qualifying assets represent 81% of our total assets and non-qualifying assets represent 19% of our total assets.
- (11) Par amount is denominated in Canadian Dollars (CS) as denoted.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 \$366 million at SOFR (or an alternative risk-free floating interest rate index) plus 225 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 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. 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 (together, the "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, par value \$0.001 per share (the "Common Stock"), with an aggregate offering price of up to \$75 million under an at-the-market offering (the "ATM Program"). 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. The Equity Distribution Agreements, as amended, 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.

During the years ended September 30, 2022, and 2021 we issued 2,464,910 and 108,654 shares of our Common Stock, respectively, under the ATM Program at a weighted-average price of \$13.12 and \$12.91 per share, respectively, raising \$32.3 million and \$1.4 million of gross proceeds, respectively. For the same time period, net proceeds were \$31.9 million and \$1.4 million, respectively, after commissions to the Sales Agents on shares sold. We incurred \$0.1 million and \$0.4 million, respectively, of legal and other offering costs associated with establishing the ATM Program. As of September 30, 2022, and 2021, we had \$41.3 million and \$73.6 million available under the ATM Program.

Since inception of the ATM Program through September 30, 2022, we issued 2,573,564 shares of our Common Stock under the ATM Program at a weighted-average price of \$13.11, raising \$33.7 million of gross proceeds. Net proceeds were \$33.2 million after commissions to the Sales Agents on shares sold. We incurred \$0.5 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.

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
- (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, 2022, we had two portfolio companies on non-accrual, representing 0.9% and zero of our overall portfolio on a cost and fair value basis, respectively. As of September 30, 2021, we had two portfolio companies on non-accrual, representing 2.7% and 2.6% 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, 2022, 2021, and 2020, we recorded a provision for taxes on net investment income of \$0.4 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, 2022, the Company recognized a provision for taxes of \$4.6 million on unrealized appreciation on investments by the Taxable Subsidiary. For the year ended September 30, 2021, the Company recognized a provision for taxes of zero 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, 2022 and 2021, \$4.6 million and zero, 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. During the year ended September 30, 2022, the Company paid \$1.2 million 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, 2022 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.

(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 PSSL or PTSF. See further description of our investment in PSSL 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. 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

(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 2022. 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

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, 2022, 2021, and 2020, the Investment Adviser earned a base management fee of \$11.9 million, \$10.7 million, and \$11.4 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, 2022, 2021, and 2020, the Investment Adviser earned \$11.6 million, \$5.3 million, and \$9.3 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, 2022, 2021, and 2020, 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, 2022, 2021, and 2020 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 2022. 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, 2022, 2021, and 2020, we reimbursed the Administrator approximately \$0.6 million, \$1.1 million, and \$1.6 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, 2022, 2021, and 2020, the Company made no purchases from and sold zero, zero, and \$15.0 million in total, respectively, of 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 \$1.0 million, respectively.

For the years ended September 30, 2022, 2021, and 2020, we sold \$275.6 million, \$285.8 million, and \$86.7 million of investments, respectively, in investments to PSSL at fair value and recognized \$0.8 million, \$0.4 million, and \$0.5 million of net realized gains (loss) for the same periods, respectively.

For the years ended September 30, 2022 and 2021, we sold zero and \$81.4 million, respectively, in investments to PTSF at fair value and recognized zero million and \$0.5 million, respectively of net realized gains.

4. INVESTMENTS

Purchases of investments, including PIK interest, for the years ended September 30, 2022, 2021, and 2020 totaled \$609.2 million, \$664.1 million, and \$439.2 million, respectively. Sales and repayments of investments for the same years totaled \$495.2 million, \$702.1 million, and \$396.9 million, respectively.

Investments and cash and cash equivalents consisted of the following (in thousands):

Investment Classification	September 30, 2022		September 30, 2021	
	Cost	Fair Value	Cost	Fair Value
First lien	\$ 838,842	\$ 819,461	\$ 795,263	\$ 793,543
First lien in PSSL	190,181	190,181	140,875	140,875
Second lien	1,113	147	8,937	8,949
Equity	65,715	105,031	65,186	93,396
Equity interests in PSSL	81,506	49,434	60,375	44,856
Total investments	1,177,357	1,164,254	1,070,636	1,081,619
Cash and cash equivalents	47,917	47,880	49,826	49,826
Total investments and cash and cash equivalents	\$ 1,225,274	\$ 1,212,134	\$ 1,120,462	\$ 1,131,445

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, 2022 ⁽¹⁾	September 30, 2021 ⁽¹⁾
Professional Services	9 %	8 %
Media	7	9
Personal Products	7	7
IT Services	6	5
Commercial Services & Supplies	5	5
High Tech Industries	5	4
Media: Diversified and Production	5	5
Aerospace and Defense	4	4
Capital Equipment	4	6
Diversified Consumer Services	4	2
Healthcare Technology	4	4
Business Services	3	4
Construction and Building	3	3
Electronic Equipment, Instruments, and Components	3	3
Healthcare Providers and Services	3	1
Chemicals, Plastics and Rubber	2	2
Consumer Services	2	2
Distributors	2	—
Diversified Financial Services	2	2
Healthcare Equipment and Supplies	2	2
Insurance	2	1
Media: Broadcasting and Subscription	2	2
Air Freight and Logistics	1	0
Automobiles	1	2
Banking, Finance, Insurance & Real Estate	1	1
Building Products	1	1
Energy Equipment and Services	1	1
Financial Services	1	2
Food Products	1	0
Hotels, Restaurants and Leisure	1	2
Leisure Products	1	0
Textiles, Apparel and Luxury Goods	1	—
Wholesale	1	2
Construction & Engineering	0	1
Hotel, Gaming and Leisure	0	1
Media: Advertising, Printing and Publishing	0	2
All Other	3	4
Total	100 %	100 %

⁽¹⁾ 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, 2022 and 2021, PSSL had total assets of \$796.8 million and \$603.6 million, respectively. 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. As of September 30, 2021, at fair value, the largest investment in a single portfolio company in PSSL was \$18.9 million and the five largest investments totaled \$84.3 million. PSSL invests in portfolio companies in the same industries in which we may directly invest.

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
SEPTEMBER 30, 2022

We provide capital to PSSSL in the form of first lien secured debt and equity interests. As of September 30, 2022 and 2021, 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 \$190.2 million (additional \$19.9 million unfunded) and \$140.9 million (additional \$29.4 million unfunded), respectively, and equity interests of \$81.5 million (additional \$8.5 million unfunded) and \$60.4 million (additional \$12.6 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 May 2022 PSSSL entered into a \$325.0 million (increased from \$225.0 million in May 2022) 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 PSSSL Subsidiary II, subject to leverage and borrowing base restrictions.

In January 2021, PSSSL 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 PSSSL, 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 PSSSL's transfer to PennantPark CLO II, Ltd. of the initial closing date loan portfolio, which included loans distributed to PSSSL by certain of its wholly owned subsidiaries and us, PennantPark CLO II, Ltd. transferred to PSSSL 100% of the Preferred Shares of PennantPark CLO II, Ltd. and 100% of the Class E Notes issued by PennantPark CLO II, Ltd.

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

(\$ in thousands)	September 30, 2022	September 30, 2021
Total investments	\$ 754,722	\$ 564,783
Weighted average cost yield on income producing investments	9.6%	7.1%
Number of portfolio companies in PSSSL	95	74
Largest portfolio company investment	\$ 19,250	\$ 18,933
Total of five largest portfolio company investments	\$ 86,872	\$ 84,287

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
SEPTEMBER 30, 2022

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

Issuer Name	Maturity		Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par	Cost	Fair Value ⁽²⁾
First Lien Secured Debt - 1,330.4%							
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
Arefield 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	8,653	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+500	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
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	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

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
SEPTEMBER 30, 2022

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
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	16,533
Total First Lien Secured Debt						767,316	751,627
Second Lien Secured Debt - 5.0%							
Inventus Power, Inc.	9/29/2024	Consumer Goods: Durable	12.17 %	3M L+850	3,000	2,963	2,955
Total Second Lien Secured Debt						2,963	2,955
Equity Securities - 0.4%							
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	—	—	139
Total Equity Securities							139
Total Investments - 1,335.9%						770,280	754,722
Cash and Cash Equivalents - 59.7%							
BlackRock Federal FD Institutional 30						33,725	33,705
Total Cash and Cash Equivalents						33,725	33,705
Total Investments and Cash Equivalents —1,329.0%						\$ 804,005	\$ 788,427
Liabilities in Excess of Other Assets — (1,229.0)%							(731,931)
Members' Equity—100.0%							\$ 56,496

- (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 PSSSL's accounting policy.
- (3) Non-U.S. company or principal place of business outside the United States.
- (4) Non-income producing security.

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES
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SEPTEMBER 30, 2022

Below is a listing of PSSSL's individual investments as of September 30, 2021 (Par and \$ in thousands):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par	Cost	Fair Value ⁽²⁾
First Lien Secured Debt - 1.088.%							
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
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	6.00 %	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 ⁽³⁾⁽⁴⁾	09/30/2025	Media: Diversified and Production	6.25 %	3M L+525	617	617	617
Super Priority First Lien Term Loan			P(IK 6.25%)				
Marketplace Events, LLC - Super Priority First Lien Unfunded Term Loan ⁽³⁾⁽⁴⁾	09/30/2025	Media: Diversified and Production	—	—	589	—	—
Marketplace Events LLC ⁽⁴⁾	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

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
SEPTEMBER 30, 2022

Below is a listing of PSSL's individual investments as of September 30, 2021 (Par and \$ in thousands)(continued):

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
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
Total First Lien Secured Debt						558,880	557,732
Second Lien Secured Debt - 10.5%							
DBI Intermediate Holdco, LLC, Term Loan B ⁽⁴⁾	02/02/2026	Business Services	11.00 % P(IK 9.00%)	—	2,434	2,434	2,434
Inventus Power, Inc.	09/29/2024	Consumer Goods: Durable	9.50 %	3M L+850	3,000	2,947	2,940
Total Second Lien Secured Debt						5,381	5,374
Equity Securities - 3.3%							
DBI Intermediate Holdco, LLC, Series A-1 ⁽⁴⁾	—	Business Services	13.00 %	—	7	5,034	—
DBI Intermediate Holdco, LLC, Series AA ⁽⁴⁾	—	Business Services	—	—	7	6,731	1,315
DBI Intermediate Holdco, LLC, Series B ⁽⁴⁾	—	Business Services	—	—	1,065	237	—
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	0	—	362
Total Equity Securities						12,002	1,677
Total Investments - 1,101.7%						576,263	564,783
Cash and Cash Equivalents - 55.3%							
BlackRock Federal FD Institutional 30						28,191	28,191
US Bank Cash						196	183
Total Cash and Cash Equivalents						28,387	28,374
Total Investments and Cash Equivalents —1,157.1%						\$ 604,650	\$ 593,157
Liabilities in Excess of Other Assets — (1,057.1)%							(541,893)
Members' Equity—100.0%							\$ 51,264

- 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.
- Valued based on PSSL's accounting policy.
- Non-U.S. company or principal place of business outside the United States.
- Non-income producing security.

Below are the consolidated statements of assets and liabilities for PSSL (in thousands):

	September 30, 2022	September 30, 2021
Assets		
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
Total assets	796,811	603,559
Liabilities		
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
Total liabilities	740,315	552,295
Commitments and contingencies (See Note 11)		
Members' equity	56,496	51,264
Total liabilities and members' equity	\$ 796,811	\$ 603,559

⁽¹⁾ As of both September 30, 2022 and 2021, PSSL had \$2.5 million and \$0.6 million unfunded commitments to fund investments, respectively.

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
SEPTEMBER 30, 2022

Below are the consolidated statements of operations for PSSSL (in thousands):

	Year Ended September 30,	
	2022	2021
Investment income:		
Interest	\$ 53,006	\$ 33,364
Other income	1,188	982
Total investment income	54,194	34,346
Expenses:		
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
Total expenses	38,869	24,390
Net investment income	15,325	9,956
Realized and unrealized gain (loss) on investments and credit facility foreign currency translation:		
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)
Net change in unrealized appreciation (depreciation) on investments and credit facility foreign currency translations	(3,695)	2,888
Net realized and unrealized gain (loss) from investments and credit facility foreign currency translations	(18,643)	(1,844)
Net increase (decrease) in members' equity resulting from operations	\$ (3,318)	\$ 8,112

⁽¹⁾ No management or incentive fees are payable by PSSSL. 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.

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 2026 Notes are classified as Level 2 as they are financial instruments with readily observable market inputs. Our 2023 Notes are classified as Level 1, as they were valued using the closing price from the primary exchange. 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.

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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, 2022	Valuation Technique	Unobservable Input	Range of Input (Weighted Average) ⁽¹⁾
First lien	\$ 70,363	Market Comparable	Broker/Dealer bids or quotes	N/A
First lien	930,806	Market Comparable	Market Yield	8.2% - 21% (10.9%)
First lien	8,473	Enterprise Market Value	EBITDA multiple	14.0
Second lien	147	Market Comparable	Market Yield	0.147
Second lien	—	Enterprise Market Value	EBITDA multiple	6.0x
Equity	89,906	Enterprise Market Value	EBITDA multiple	3.3x - 21.4x (12.5x)
Equity	5,232	Enterprise Market Value	DLOM	11.8%
Total Level 3 investments	\$ 1,104,927			
Long-Term Credit Facility	\$ 167,563	Market Comparable	Market Yield	2.5%

Asset Category	Fair value at September 30, 2021	Valuation Technique	Unobservable Input	Range of Input (Weighted Average) ⁽¹⁾
First lien	\$ 177,480	Market Comparable	Broker/Dealer bids or quotes	N/A
First lien	754,004	Market Comparable	Market Yield	5.6% - 13.0% (7.5%)
Second lien	8,085	Market Comparable	Market Yield	11.0% - 14.0% (11.8%)
First lien	2,934	Enterprise Market Value	EBITDA multiple	1.8x
Second lien	864	Enterprise Market Value	EBITDA multiple	5.4x
Equity	70,253	Enterprise Market Value	EBITDA multiple	4.7x - 18.5x (11.5x)
Equity	7,569	Enterprise Market Value	DLOM	9.3%
Total Level 3 investments	\$ 1,021,189			
Long-Term Credit Facility	\$ 218,851	Market Comparable	Market Yield	2.1%

⁽¹⁾ The weighted averages disclosed in the table above were weighted by their relative fair value.

Our investments, cash and cash equivalents, Credit Facility or Prior 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, 2022				Measured at Net Asset Value ⁽¹⁾
	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	47,880	47,880	—	—	—
Total investments and cash and cash equivalents	\$ 1,212,134	\$ 47,880	\$ —	\$ 1,104,927	\$ 59,327
Credit Facility payable	\$ 167,563	\$ —	\$ —	\$ 167,563	\$ —
2023 Notes payable	96,812	96,812	—	—	—
2026 Notes payable ⁽²⁾	182,276	—	182,276	—	—
2031 Asset-Backed Debt ⁽²⁾	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 PSSS and PTSF are measured using the net asset value per share (or its equivalent) as a practical expedient for fair value, 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.

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Description	Fair Value at September 30, 2021				Measured at Net Asset Value ⁽¹⁾
	Fair Value	Level 1	Level 2	Level 3	
First lien	\$ 934,418	\$ —	\$ —	\$ 934,418	\$ —
Second lien	8,949	—	—	8,949	—
Equity	138,252	—	—	77,822	60,430
Total investments	1,081,619	—	—	1,021,189	60,430
Cash and cash equivalents	49,826	49,826	—	—	—
Total investments and cash and cash equivalents	\$ 1,131,445	\$ 49,826	\$ —	\$ 1,021,189	\$ 60,430
Credit Facility payable	\$ 218,851	\$ —	\$ —	\$ 218,851	\$ —
2023 Notes payable	111,114	111,114	—	—	—
2026 Notes payable ⁽²⁾	97,171	—	97,171	—	—
2031 Asset-Backed Debt ⁽²⁾	225,497	—	—	225,497	—
Total debt	\$ 652,633	\$ 111,114	\$ 97,171	\$ 444,348	\$ —

⁽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, 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, 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	\$ 1,009,642	\$ 95,285	\$ 1,104,927
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.	\$ (15,247)	\$ 11,584	\$ (3,663)

Description	Year Ended September 30, 2021		
	First Lien	Second lien, subordinated debt and equity investments	Totals
Beginning Balance	\$ 968,616	\$ 78,402	\$ 1,047,018
Net realized losses	(3,731)	(8,220)	(11,951)
Net change in unrealized appreciation	16,326	26,124	42,450
Purchases, PIK interest, net discount accretion and non-cash exchanges	630,324	15,477	645,801
Sales, repayments and non-cash exchanges	(677,116)	(25,013)	(702,129)
Transfers in and/or out of Level 3	—	—	—
Ending Balance	\$ 934,419	\$ 86,770	\$ 1,021,189
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.	\$ 10,313	\$ 30,025	\$ 40,338

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	Years Ended September 30,	
	2022	2021
Beginning Balance (cost – \$219,400 and \$308,599, respectively)	\$ 218,851	\$ 299,047
Net change in unrealized (depreciation) appreciation included in earnings	(1,542)	9,003
Borrowings	147,254	346,500
Repayments	(197,000)	(435,699)
Transfers in and/or out of Level 3	—	—
Ending Balance (cost – \$168,830 and \$219,400, respectively)	\$ 167,563	\$ 218,851

As of September 30, 2022, we had outstanding non-U.S. dollar borrowings on our Prior Credit Facility. Net change in fair value from foreign currency translation on outstanding borrowings is listed below (\$ in thousands):

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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)

As of September 30, 2021 we did not have any outstanding non-U.S. dollar borrowings on the Credit Facility.

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 \$0.4 million, \$2.9 million and zero relating to amendment costs on the Credit Facility and debt issuance costs on the 2023 Notes during the years ended September 30, 2022, 2021, and 2020, 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, 2022, 2021, and 2020, the Credit Facility or our Prior Credit Facility, as applicable, the 2023 Notes had a net change in unrealized (appreciation) depreciation of \$(4.9) million, \$(11.6) million, and \$14.2 million, respectively. As of September 30, 2022 and 2021, the net unrealized depreciation on the Credit Facility or our Prior Credit Facility, as applicable, the 2023 Notes totaled \$1.5 million and \$7.2 million, respectively. We use a nationally recognized independent valuation service to measure the fair value of the Credit Facility in a manner consistent with the valuation process that the board of directors uses to value our investments. Our 2023 Notes trade on the TASE and we use the closing price on the exchange to determine the fair value.

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, 2022 were as follows (\$ in thousands):

Name of Investment	Fair Value at September 30, 2021	Gross Additions	Sale of/ Distribution from Affiliates	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at September 30, 2022	Interest Income	Dividend/Other Income	Net Realized Gains (Losses)
Non-Controlled Affiliates								
DBI Holding, LLC	\$ 7,433	\$ —	\$ (22,380)	\$ 14,947	\$ —	\$ 112	\$ —	\$ (22,380)
Country Fresh Holding Company Inc.	—	—	—	—	—	—	—	65
Total Non-Controlled Affiliates	\$ 7,433	\$ —	\$ (22,380)	\$ 14,947	\$ —	\$ 112	\$ —	\$ (22,315)
Controlled Affiliates								
Marketplace Events, LLC	\$ 31,649	\$ 636	\$ —	\$ (895)	\$ 31,390	\$ 1,439	\$ —	\$ —
PennantPark Senior Secured Loan Fund I LLC *	185,731	70,438	—	(16,554)	239,615	15,285	13,650	—
Total Controlled Affiliates	\$ 217,380	\$ 71,074	\$ —	\$ (17,450)	\$ 271,005	\$ 16,724	\$ 13,650	\$ —
Total Controlled and Non-Controlled Affiliates	\$ 224,813	\$ 71,074	\$ (22,380)	\$ (2,503)	\$ 271,005	\$ 16,836	\$ 13,650	\$ (22,315)

* 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,		
	2022	2021	2020
Numerator for net increase in net assets resulting from operations	\$ 3,453	\$ 56,516	\$ 18,413
Denominator for basic and diluted weighted average shares	41,060,541	38,776,831	38,772,074
Basic and diluted net increase in net assets per share resulting from operations	\$ 0.08	\$ 1.46	\$ 0.47

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, 2022 and 2021, the cost of investments for federal income tax purposes approximates amortized cost reported in the Consolidated Schedule of Investments.

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The following amounts were reclassified for tax purposes (in thousands):

	Years Ended September 30,		
	2022	2021	2020
Decrease in paid-in capital	\$ (492)	\$ (369)	\$ (481)
Decrease in accumulated net realized loss	1,118	(292)	(263)
Increase in undistributed net investment income	(625)	661	745

The following reconciles net increase in net assets resulting from operations to taxable income:

	Years Ended September 30,		
	2022	2021	2020
Net increase in net assets resulting from operations	\$ 3,453	\$ 56,516	\$ 18,413
Net realized loss on investments	11,106	12,796	12,682
Net change in unrealized depreciation (appreciation) on investments and debt	34,023	(29,686)	12,290
Other book-to-tax differences	(549)	3,153	(2,424)
Other non-deductible expenses	993	846	757
Taxable income before dividends paid deduction	<u>\$ 49,026</u>	<u>\$ 43,625</u>	<u>\$ 41,718</u>

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,		
	2022	2021	2020
Undistributed ordinary income – tax basis	\$ 11,141	\$ 8,415	\$ 8,474
Short-term realized loss carried forward	(24,655)	(6,452)	(8,274)
Long-term realized loss carried forward	(65,977)	(59,136)	(40,147)
Distributions payable and other book to tax differences	3,933	(9,669)	(9,887)
Net unrealized appreciation (depreciation) of investments and debt	(15,423)	18,600	(11,087)
Total accumulated deficit – book basis	<u>\$ (90,981)</u>	<u>\$ (48,242)</u>	<u>\$ (60,920)</u>

The tax characteristics of distributions declared are as follows (in thousands):

	Years Ended September 30,		
	2022	2021	2020
Ordinary income (including short-term gains, if any)	\$ 46,685	\$ 44,207	\$ 44,200
Long-term capital gain	—	—	—
Total distributions	<u>\$ 46,685</u>	<u>\$ 44,207</u>	<u>\$ 44,200</u>
Total distributions per share based on weighted average shares	<u>\$ 1.14</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, 2022 and 2021, cash and cash equivalents consisted of money market funds in the amounts of \$47.9 million and \$49.8 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):

	2022	2021	2020	2019	2018
Per Share Data:					
Net asset value, beginning of year	\$ 12.62	\$ 12.31	\$ 12.97	\$ 13.82	\$ 14.10
Net investment income ⁽¹⁾	1.18	1.02	1.12	1.17	0.81
Net change in realized and unrealized (loss) gain ⁽¹⁾	(1.10)	0.44	(0.65)	(0.88)	0.06
Net increase in net assets resulting from operations ⁽¹⁾	0.08	1.46	0.47	0.29	0.87
Distributions to stockholders ^{(1), (2)}					
Distribution of net investment income	(1.14)	(1.14)	(1.14)	(1.14)	(1.03)
Distribution of realized gains	—	—	—	—	(0.11)
Total distributions to stockholders	(1.14)	(1.14)	(1.14)	(1.14)	(1.14)
(Dilutive) effect of common stock issuance and acquisition of MCG ⁽¹⁾	0.06	—	—	—	(0.01)
Net asset value, end of year	\$ 11.62	\$ 12.62	\$ 12.31	\$ 12.97	\$ 13.82
Per share market value, end of year	\$ 9.60	\$ 12.79	\$ 8.44	\$ 11.60	\$ 13.15
Total return ⁽³⁾	(17.76)%	66.47%	(17.15)%	(3.20)%	(1.29)%
Shares outstanding at end of year	45,345,638	38,880,728	38,772,074	38,772,074	38,772,074
Ratios / Supplemental Data:					
Ratio of operating expenses to average net assets ⁽⁴⁾	5.34%	3.77%	5.19%	3.94%	3.01%
Ratio of debt related expenses to average net assets ⁽⁵⁾	5.85%	5.00%	5.63%	5.21%	4.73%
Ratio of total expenses to average net assets ⁽⁵⁾	11.19%	8.77%	10.82%	9.15%	7.74%
Ratio of net investment income to average net assets ⁽⁵⁾	9.55%	8.07%	9.00%	8.76%	5.81%
Net assets at end of year	\$ 527,092	\$ 490,611	\$ 477,270	\$ 503,057	\$ 535,842
Weighted average debt outstanding	\$ 698,765	\$ 622,739	\$ 737,209	\$ 512,135	\$ 354,322
Weighted average debt per share ⁽¹⁾	\$ 17.06	\$ 16.06	\$ 19.01	\$ 13.21	\$ 9.25
Asset coverage per unit ⁽⁶⁾	\$ 1,784	\$ 1,746	\$ 1,677	\$ 1,786	\$ 2,122
Portfolio turnover ratio	45.03%	62.58%	35.08%	52.64%	47.15%

⁽¹⁾ Based on the weighted average shares outstanding for the respective periods.

⁽²⁾ 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.

⁽³⁾ Based on the change in market price per share during the periods and assumes distributions, if any, are reinvested.

⁽⁴⁾ Excludes debt related costs.

⁽⁵⁾ Includes interest and expenses on debt (annualized) as well as Credit Facility amendment and debt issuance costs, if any (not annualized).

⁽⁶⁾ 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.

11. DEBT

The annualized weighted average cost of debt for the years ended September 30, 2022, 2021, and 2020, 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 4.5%, 3.9% and 3.7%, respectively. As of September 30, 2022, 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, 2022 and 2021, our asset coverage ratio, as computed in accordance with the 1940 Act, was 178% and 175%, respectively.

Credit Facility

Funding I's multi-currency Credit Facility with affiliates of Truist Bank (formerly SunTrust Bank), or the Lenders was \$366.0 million as of September 30, 2022, 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 225 basis points, a maturity date of August 2026 and a revolving period that ends in August 2024. As of September 30, 2022 and 2021, Funding I had \$168.8 million and \$219.4 million of outstanding borrowings under the Credit Facility, respectively. The Credit Facility had a weighted average interest rate of 4.7% and 2.3%, exclusive of the fee on undrawn commitments as of September 30, 2022 and 2021, respectively. As of September 30, 2022 and 2021, we had \$197.2 million and \$80.6 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 225 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, 2022, 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 \$97.0 million and \$117.8 million were outstanding as at September 30, 2022 and 2021, 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.

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 LIBOR 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 LIBOR 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 LIBOR 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 LIBOR 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 LIBOR 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, 2022 and 2021, the Company had \$228.0 million, respectively, 2031 Asset-Backed Debt outstanding with a weighted average interest rate of 4.6% and 2.6%, respectively. As of September 30, 2022 and 2021, the unamortized fees on the 2031 Asset-Backed Debt were \$1.9 million and \$2.5 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, 2022 and 2021, we had \$150.6 million and \$166.9 million, respectively, in commitments to fund investments. Additionally, as described in Note 4, the Company had unfunded commitments of up to \$28.4 million and \$42.0 million to PSSL as of September 30, 2022 and 2021, respectively, that may be contributed primarily for the purpose of funding new investments approved by the PSSL 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, 2022, 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, 2022, 2021, and 2020 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, 2022, 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 weakness in the Company's internal control over financial reporting described in Management's Report on Internal Control Over Financial Reporting, which appears on page 60 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. 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 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.

(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

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 60 of this Form 10-K for a description of a material weakness identified by Management.

Item 9B. Other Information

None.

PART III

We will file a definitive Proxy Statement for our 2023 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 2023 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 2023 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 2023 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 2023 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 2023 Annual Meeting of Stockholders, to be filed with the SEC within 120 days following the end of our fiscal year.

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\).](#)

10.12	<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>
10.13	<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>
10.14	<u>Equity Distribution Agreement - Raymond James & 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>
10.15	<u>Underwriting Agreement, dated August 8, 2022, among PennantPark Floating Rate Capital Ltd., PennantPark Investment Advisers, LLC, PennantPark Investment Administration, LLC, and Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Keefe, Bruyette & 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>
10.16	<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>
14.1*	<u>Joint Code of Ethics of the Registrant.</u>
21.1*	<u>Subsidiaries of the Registrant.</u>
23.1*	<u>Consent of RSM US LLP.</u>
31.1*	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.</u>
32.1*	<u>Certification of Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certification of Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</u>
99.1*	<u>Privacy Policy of the Registrant.</u>
99.2*	<u>Report of RSM US LLP on Senior Securities Table</u>
99.3*	<u>Audited Consolidated Financial Statements of PennantPark Senior Secured Loan Fund I LLC for the Years Ended September 30, 2022 and 2021.</u>
99.4*	<u>Audited Consolidated Financial Statements of PennantPark Senior Secured Loan Fund I LLC for the Years Ended September 30, 2021 and 2020.</u>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
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

**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 1934 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:

1. employ any device, scheme or artifice to defraud the Corporation;
2. 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;
3. engage in any act, practice or course of business that operates or would operate as a fraud or deceit upon the Corporation; or
4. 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 May 3, 2022, is annually reviewed and approved by the Board of Directors of the Corporation, including a majority of the Independent Directors.

Subsidiaries of the Registrant

Name of entity and place of jurisdiction	Voting Securities Owned Percentage
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 % ⁽¹⁾

⁽¹⁾ This is a controlled affiliated investment.

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 report dated November 17, 2022, relating to the consolidated financial statements of the Company, appearing in the Annual Report on Form 10-K of the Company for the year ended September 30, 2022. We also consent to the use in such Registration Statement of our report dated November 17, 2022, 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, 2022. We also consent to the use in such Registration Statement of 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 99.3 in the accompanying Form 10-K of the Company for the year ended September 30, 2022.

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
November 17, 2022

**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(e)) 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: November 17, 2022

/s/ Arthur H. Penn

Name: Arthur H. Penn

Title: Chief Executive Officer

**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(e)) 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: November 17, 2022

/s/ Richard T. Allorto, Jr.

Name: Richard T. Allorto, Jr.

Title: Chief Financial Officer

**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, 2022 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: November 17, 2022

**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, 2022 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: November 17, 2022

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.

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 referred to in our report dated November 17, 2022, (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
November 17, 2022

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
Assets		
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
Total assets	796,811	603,559
Liabilities		
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
Total liabilities	740,315	552,295
Commitments and contingencies (See Note 11)		
Members' equity	56,496	51,264
Total liabilities and members' equity	\$ 796,811	\$ 603,559

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
Investment income:		
Interest	\$ 53,006	\$ 33,364
Other income	1,188	982
Total investment income	54,194	34,346
Expenses:		
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
Total expenses	38,869	24,390
Net investment income	15,325	9,956
Realized and unrealized gain (loss) on investments and credit facility foreign currency translation:		
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)
Net change in unrealized appreciation (depreciation) on investments and credit facility foreign currency translations	(3,695)	2,888
Net realized and unrealized gain (loss) from investments and credit facility foreign currency translations	(18,643)	(1,844)
Net increase (decrease) in members' equity resulting from operations	\$ (3,318)	\$ 8,112

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PennantPark Senior Secured Loan Fund I LLC
Consolidated Statements of Changes in Members' Equity
(\$ In thousands)

	Year Ended September 30,	
	2022	2021
Net change in members' equity resulting from operations:		
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)
Net increase (decrease) in members' equity	5,232	5,652
Members' equity		
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)

	Year Ended September 30,	
	2022	2021
Cash flows from operating activities:		
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	<u>(179,112)</u>	<u>(137,923)</u>
Cash flows from financing activities:		
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	<u>184,443</u>	<u>155,697</u>
Net increase (decrease) in cash and cash equivalents	5,331	17,774
Effect of exchange rate changes on cash	—	(522)
Cash and cash equivalents, beginning of year	28,374	11,121
Cash and cash equivalents, end of year	\$ 33,705	\$ 28,374
Supplemental disclosure of cash flow information:		
Interest paid on credit facility and asset-backed debt	\$ 16,334	\$ 7,616
Interest paid on notes to members	\$ 15,403	\$ 10,013
Non Cash Operating and Financing activity:		
Purchase of investments from non-cash equity contribution	<u>\$ (27,957)</u>	<u>\$ —</u>
Non Cash equity contribution	<u>\$ 8,387</u>	<u>\$ —</u>
Non Cash proceeds from notes issued to Members	<u>\$ 19,570</u>	<u>\$ —</u>

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 ⁽¹⁾	Par	Cost	Fair Value ⁽²⁾
First Lien Secured Debt - 1,330.4%							
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	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	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

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
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	16,533
Total First Lien Secured Debt						767,316	751,627
Second Lien Secured Debt - 5.0%							
Inventus Power, Inc.	9/29/2024	Consumer Goods: Durable	12.17 %	3M L+850	3,000	2,963	2,955
Total Second Lien Secured Debt						2,963	2,955
Equity Securities - 0.4%							
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	—	—	139
Total Equity Securities							139
Total Investments - 1,335.9%						770,280	754,722
Cash and Cash Equivalents - 59.7%							
BlackRock Federal FD Institutional 30						33,725	33,705
Total Cash and Cash Equivalents						33,725	33,705
Total Investments and Cash Equivalents —1,329.0%						\$ 804,005	\$ 788,427
Liabilities in Excess of Other Assets — (1,229.0)%							(731,931)
Members' Equity—100.0%							\$ 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 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.

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 ⁽¹⁾	Par	Cost	Fair Value ⁽²⁾	
First Lien Secured Debt - 1,088.%								
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(K 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(K 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(K 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	4,994	
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	
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	6.00 %	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(K 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 ⁽³⁾⁽⁴⁾	09/30/2025	Media: Diversified and Production	6.25 %	3M L+525	617	617	617	
Super Priority First Lien Term Loan			P(K 6.25%)					
Marketplace Events, LLC - Super Priority First Lien Unfunded Term Loan ⁽³⁾⁽⁴⁾	09/30/2025	Media: Diversified and Production	—	—	589	—	—	
Marketplace Events LLC ⁽⁴⁾	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	

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 ⁽¹⁾	Par / Shares	Cost	Fair Value ⁽²⁾
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
Total First Lien Secured Debt						558,880	557,732
Second Lien Secured Debt - 10.5%							
DBI Intermediate Holdco, LLC, Term Loan B ⁽⁴⁾	02/02/2026	Business Services	11.00 %	—	2,434	2,434	2,434
			P(1K 9.00%)				
Inventus Power, Inc.	09/29/2024	Consumer Goods: Durable	9.50 %	3M L+850	3,000	2,947	2,940
Total Second Lien Secured Debt						5,381	5,374
Equity Securities - 3.3%							
DBI Intermediate Holdco, LLC, Series A-1 ⁽⁴⁾	—	Business Services	13.00 %	—	7	5,034	—
DBI Intermediate Holdco, LLC, Series AA ⁽⁴⁾	—	Business Services	—	—	7	6,731	1,315
DBI Intermediate Holdco, LLC, Series B ⁽⁴⁾	—	Business Services	—	—	1,065	237	—
New MPE Holdings, LLC	—	Media: Diversified and Production	—	—	0	—	362
Total Equity Securities						12,002	1,677
Total Investments - 1,101.7%						576,263	564,783
Cash and Cash Equivalents - 55.3%							
BlackRock Federal FD Institutional 30						28,191	28,191
US Bank Cash						196	183
Total Cash and Cash Equivalents						28,387	28,374
Total Investments and Cash Equivalents — 1,157.1%						\$ 604,650	\$ 593,157
Liabilities in Excess of Other Assets — (1,057.1)%							(541,893)
Members' Equity—100.0%							\$ 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 PSSSL'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.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 and 2021

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

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
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SEPTEMBER 30, 2022 and 2021

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

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
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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.

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

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
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SEPTEMBER 30, 2022 and 2021

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:

Asset Category	Fair value at September 30, 2022	Valuation Technique	Unobservable Input	Range of Input (Weighted Average) ⁽¹⁾
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>			

Asset Category	Fair value at September 30, 2021	Valuation Technique	Unobservable Input	Range of Input (Weighted Average) ⁽¹⁾
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>			

⁽¹⁾ The weighted averages disclosed in the table above were weighted by their relative fair value.

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
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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	\$ 754,583	\$ 139	\$ 754,722
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	\$ 563,106	\$ 1,677	\$ 564,783
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.

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

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
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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, PSSSL I fully repaid and terminated the Capital One Facility.

On January 26, 2021, PSSSL 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 PSSSL 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 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, PSSSL 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 Advisor, 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 PSSSL issued and the Members funded a capital call in the amount of \$15.0 million.

PennantPark Senior Secured Loan Fund I LLC

Consolidated Financial Statements and
Independent Auditor's Report

September 30, 2021

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Independent Auditor's Report

To the Board of Directors

PennantPark Senior Secured Loan Fund I LLC

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of PennantPark Senior Secured Loan Fund I LLC and its subsidiaries, which comprise the consolidated statements of assets, liabilities, and members' equity, including the consolidated schedules of investments, as of September 30, 2021 and 2020, 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).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PennantPark Senior Secured Loan Fund I LLC and its subsidiaries as of September 30, 2021 and 2020, 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.

/s/ RSM US LLP

New York, NY

November 17, 2021

PennantPark Senior Secured Loan Fund I LLC
Consolidated Statements of Assets, Liabilities and Members' Equity

	September 30, 2021	September 30, 2020
Assets		
Investments at fair value		
Investments (cost—\$576,262,980 and \$408,251,402, respectively)	\$ 564,783,128	\$ 392,986,090
Cash and cash equivalents (cost—\$28,386,681 and \$11,115,373, respectively)	28,373,541	11,121,479
Interest receivable	1,413,529	2,235,595
Receivable for investment sold	7,323,360	—
Prepaid expenses and other assets	1,665,633	62,812
Total assets	603,559,191	406,405,976
Liabilities		
Payable for investments purchased	31,963,307	—
Credit facility payable	112,000,000	216,969,469
2032 Asset-backed debt, net (par—246,000,000)	242,756,901	—
Notes payable to members	161,000,000	143,290,000
Interest payable on credit facility and asset-backed debt	1,740,807	490,858
Interest payable on notes to members	2,655,607	32,719
Accrued other expenses	178,438	10,845
Total liabilities	552,295,060	360,793,891
Members' equity	51,264,131	45,612,085
Total liabilities and members' equity	\$ 603,559,191	\$ 406,405,976

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PennantPark Senior Secured Loan Fund I LLC

Consolidated Statements of Operations

	Year Ended September 30, 2021	Year Ended September 30, 2020
Investment income:		
Interest	\$ 33,364,275	\$ 33,260,154
Other Income	982,118	138,795
Total investment income	<u>34,346,393</u>	<u>33,398,949</u>
Expenses:		
Interest expense on credit facility and asset-backed debt	9,648,602	11,865,971
Interest expense on notes to members	12,635,490	13,531,037
Administrative services expenses	1,200,000	1,200,000
Other general and administrative expenses	906,134	485,660
Total expenses	<u>24,390,226</u>	<u>27,082,668</u>
Net investment income	<u>9,956,167</u>	<u>6,316,281</u>
Realized and change in unrealized gain (loss) on investments and credit facility		
foreign currency translation:		
Net realized loss on investments	(4,732,408)	(992,974)
Net change in unrealized appreciation (depreciation) on:		
Investments	3,377,322	(9,368,121)
Credit facility foreign currency translation	(489,034)	(2,210,907)
Net change in unrealized appreciation (depreciation) on investments and credit facility foreign currency translation	<u>2,888,288</u>	<u>(11,579,028)</u>
Net realized and change in unrealized loss from investments and credit facility foreign currency translation	<u>(1,844,120)</u>	<u>(12,572,002)</u>
Net increase (decrease) in members' equity resulting from operations	<u>\$ 8,112,047</u>	<u>\$ (6,255,721)</u>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PennantPark Senior Secured Loan Fund I LLC
Consolidated Statements of Changes in Members' Equity

	Year Ended September 30, 2021	Year Ended September 30, 2020
Net change in members' equity resulting from operations:		
Net investment income	\$ 9,956,167	\$ 6,316,281
Net realized loss on investments	(4,732,408)	(992,974)
Net change in unrealized appreciation (depreciation) on investments	3,377,322	(9,368,121)
Net change in unrealized (depreciation) appreciation on credit facility foreign currency translation	(489,034)	(2,210,907)
Net (decrease) increase in members' equity resulting from operations	8,112,047	(6,255,721)
Capital contributions	7,590,000	1,560,000
Distributions	(10,050,000)	(6,800,000)
Net (decrease) increase in members' equity	5,652,047	(11,495,721)
Members' equity		
Beginning of year	45,612,085	57,107,806
End of year	<u>\$ 51,264,131</u>	<u>\$ 45,612,085</u>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PennantPark Senior Secured Loan Fund I LLC

Consolidated Statements of Cash Flows

	Year Ended September 30, 2021	Year Ended September 30, 2020
Cash flows from operating activities:		
Net increase (decrease) in members' equity resulting from operations	\$ 8,112,047	\$ (6,255,721)
Adjustments to reconcile net (decrease) increase in members' equity resulting from operations to net cash provided by (used in) operating activities:		
Net change in unrealized (appreciation) depreciation on investments and cash equivalents	(3,377,322)	9,368,121
Net change in unrealized (appreciation) depreciation on credit facility foreign currency translations	489,034	2,210,907
Net realized loss on investments	4,732,408	992,974
Net accretion of discount and amortization of premium	(1,934,340)	(703,578)
Purchases of investments	(354,412,115)	(87,059,309)
Payment-in-kind interest	(1,914,215)	(761,512)
Proceeds from disposition of investments	185,725,006	172,587,943
Amortization of deferred financing costs	(3,243,099)	—
Increase in receivable for investments sold	(7,323,360)	—
Decrease (Increase) in interest receivable	822,066	(380,050)
(Increase) Decrease in prepaid expenses and other assets	(1,602,821)	933,521
Increase in payables for investments purchased	31,963,307	—
Increase (Decrease) in interest payable on credit facility and asset-backed debt	1,249,949	(661,686)
Increase (Decrease) in interest payable on notes to members	2,622,888	(6,478)
Increase in accrued expenses	167,593	(11,909)
Net cash provided by (used in) operating activities	<u>(137,922,973)</u>	<u>90,253,223</u>
Cash flows from financing activities:		
Members' capital contributions	7,590,000	1,560,000
Distributions to members	(10,050,000)	(6,800,000)
Notes issued to members	17,710,000	3,640,000
Proceeds from asset backed debt issued	246,000,000	—
Borrowings under credit facility	220,000,000	70,000,000
Repayments under credit facility	(325,553,031)	(163,965,743)
Net cash (used in) provided by financing activities	<u>155,696,969</u>	<u>(95,565,743)</u>
Net (decrease) increase in cash and cash equivalents	<u>17,773,996</u>	<u>(5,312,520)</u>
Effect of exchange rate changes on cash	(521,934)	1,139,118
Cash and cash equivalents, beginning of year	<u>11,121,479</u>	<u>15,294,881</u>
Cash and cash equivalents, end of year	<u>\$ 28,373,541</u>	<u>\$ 11,121,479</u>
Supplemental disclosure of cash flow information:		
Interest paid on credit facility and asset-backed debt	<u>\$ 7,616,250</u>	<u>\$ 12,527,657</u>
Interest paid on notes to members	<u>\$ 10,012,602</u>	<u>\$ 13,537,515</u>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PennantPark Senior Secured Loan Fund I LLC
Consolidated Schedule of Investments
September 30, 2021

	Maturity	Current Coupon⁽¹⁾	Par	Cost	Fair Value	Fair Value as a Percentage of Members' Equity
First Lien Secured Debt - 1088.0%						
Aerospace and Defense						
Cadence Aerospace, LLC	11/14/2023	9.50%	12,281,867	\$ 12,231,080	\$ 11,980,961	23.4 %
Fairbanks More Defense	06/17/2028	5.50%	10,000,000	9,954,660	10,000,000	19.5
Holdco Sands Intermediate, LLC	12/19/2025	7.50%	6,473,725	6,407,142	6,441,356	12.6
IMIA Holdings, Inc.	04/09/2027	6.75%	13,589,144	13,338,397	13,317,361	26.0
TAC LifePort Purchaser, LLC	03/01/2026	7.00%	4,950,000	4,860,463	4,948,403	9.7
The Aegis Technologies Group, LLC	10/31/2025	6.77%	5,713,461	5,633,702	5,656,327	11.0
Air Freight and Logistics						
One Stop Mailing, LLC	05/07/2027	7.25%	14,919,643	14,631,178	14,658,549	28.6
Automobiles						
Crash Champions, LLC	08/05/25	6.00%	8,977,500	8,801,543	8,797,950	17.2
Beverage, Food and Tobacco						
Snak Club, LLC	07/19/2022	7.00%	4,388,056	4,361,678	4,388,056	8.6
Building Products						
American Insulated Glass, LLC	12/21/2023	6.50%	5,720,691	5,653,291	5,663,484	11.0
Business Services						
Altamira Technologies, LLC	07/24/2025	8.00%	5,525,093	5,375,682	5,179,775	10.1
Challenger Performance Optimization, Inc.	08/31/2023	8.00%	9,500,705	9,453,659	9,215,683	18.0
CoolSys, Inc	08/04/2028	5.50%	1,909,091	1,890,159	1,913,864	3.7
Output Services Group, Inc.	03/27/2024	5.50%	7,743,419	7,732,934	7,046,511	13.7
Schlesinger Global, Inc.	07/14/2025	8.00%	11,784,634	11,760,259	11,254,326	22.0
Teneo Holdings LLC	07/18/2025	6.25%	2,309,486	2,306,149	2,296,969	4.5
Capital Equipment						
LAV Gear Holdings, Inc.	10/31/2024	8.50%	10,491,277	10,435,348	9,833,474	19.2
Mission Critical Electronics, Inc.	09/28/2022	6.00%	5,889,949	5,877,013	5,889,949	11.5
UBEO, LLC	04/03/2024	5.50%	17,571,320	17,571,179	17,483,464	34.1
Chemicals, Plastics and Rubber						
Douglas Products and Packaging Company LLC	10/19/2022	6.75%	8,746,050	8,694,764	8,746,050	17.1
Douglas Sewer Intermediate, LLC	10/19/2022	6.75%	7,323,008	7,278,084	7,323,008	14.3
K2 Pure Solutions NoCal, L.P.	12/20/2023	8.00%	19,450,000	19,192,725	18,932,630	36.9
Plant Health Intermediate, Inc.	10/19/2022	6.75%	1,577,806	1,568,099	1,577,806	3.1
Commercial Services & Supplies						
Applied Technical Services, LLC	12/29/2026	6.75%	4,511,364	4,419,019	4,421,136	8.6
Crane 1 Services Inc	08/16/2027	6.75%	2,131,579	2,100,271	2,110,264	4.1
Digital Room Holdings, Inc.	05/22/2026	5.08%	3,228,001	3,111,026	3,186,037	6.2
FlexPrint, LLC	01/02/2024	6.02%	4,769,595	4,732,000	4,745,747	9.3
Construction and Building						
STV Group Incorporated	12/11/2026	5.33%	9,075,412	9,003,666	9,030,035	17.6
Ox Two, LLC	05/18/2026	7.00%	4,975,000	4,901,154	4,875,500	9.5
Construction and Engineering						
CHA Holdings, Inc.	04/10/2025	5.50%	5,614,627	5,518,856	5,530,408	10.8
The Vertex Companies, LLC	08/30/2027	6.50%	5,634,134	5,632,212	5,528,647	10.8
Consumer Goods: Durable						
DRS Holdings III, Inc.	11/03/2025	7.25%	15,675,682	15,584,366	15,565,952	30.4
PlayPower, Inc.	05/8/2026	5.63%	3,805,440	3,719,648	3,735,687	7.3
Consumer Goods: Non-Durable						
New Milani Group LLC	06/06/2024	6.50%	14,550,000	14,481,129	13,895,250	27.1
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/2025	6.25%	8,834,066	8,654,973	8,569,044	16.7
Diversified Consumer Services						
Apex Service Partners, LLC	07/31/2025	6.25%	1,020,636	1,020,636	1,010,430	2.0
Apex Service Partners, LLC Term Loan B	07/31/2025	6.50%	2,222,284	2,222,284	2,200,061	4.3
Apex Service Partners, LLC Term Loan C	07/31/2025	6.25%	4,173,913	4,103,292	4,132,174	8.1
Integrative Nutrition, LLC	09/29/2023	5.50%	11,566,905	11,527,975	11,566,905	22.6
Research Now Group, Inc. and Survey Sampling International LLC	12/20/2024	6.50%	10,679,701	10,591,506	10,543,962	20.6
TVC Enterprises, LLC	03/26/2026	6.75%	8,558,226	8,593,467	8,558,226	16.7
TWS Acquisition Corporation	06/16/2025	7.25%	6,636,062	6,598,947	6,636,062	12.9
Diversified Financial Services						
Global Holdings InterCo LLC	03/16/2026	7.00%	3,967,531	3,947,994	3,947,694	7.7
Electronic Equipment, Instruments, and Components						
ECM Industries, LLC	12/23/2025	5.50%	4,994,355	4,994,355	4,894,468	9.5
Wildcat Buyerco, Inc.	02/27/2026	6.00%	5,705,549	5,655,884	5,678,016	11.1
Healthcare and Pharmaceuticals						
Smile Brands Inc.	10/14/2024	5.32%	12,576,323	12,458,672	12,450,560	24.3
Solutionreach, Inc.	01/17/2024	6.75%	5,892,286	5,854,034	5,892,286	11.5
Urology Management Associates, LLC	08/30/2024	5.50%	11,030,410	10,848,799	10,975,256	21.4
Healthcare, Education & Childcare						
Cano Health	11/23/2027	5.25%	2,653,333	2,646,700	2,654,448	5.2

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PennantPark Senior Secured Loan Fund I LLC
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	Maturity	Current Coupon ⁽¹⁾	Par	Cost	Fair Value	Fair Value as a Percentage of Members' Equity ⁽³⁾
Healthcare Providers and Services						
Lightspeed Buyer Inc.	02/3/2026	6.75%	5,706,549	\$ 5,605,574	\$ 5,706,549	11.1 %
Healthcare, Education & Culture						
NBH Group LLC	08/19/2026	6.50%	10,901,830	10,687,200	10,683,794	20.8
Healthcare Equipment and Supplies						
OIS Management Services LLC	07/09/2026	5.75%	1,995,000	1,965,911	1,965,075	3.8
High Tech Industries						
By Light Professional IT Services, LLC	05/16/2022	7.25%	12,879,690	12,868,714	12,879,690	25.1
Hotels, Restaurants and Leisure						
East Valley Tourist Development Authority	03/07/2022	9.00%	5,719,009	5,624,041	5,633,224	11.0
ECL Entertainment, LLC	03/31/2028	8.25%	2,647,212	2,621,341	2,706,774	5.3
Spectacle Gary Holdings, LLC	12/23/2025	11.00%	4,389,000	4,505,648	4,764,830	9.3
Hotels, Gaming and Leisure						
Lucky Bucks, LLC	07/20/2027	6.25%	4,500,000	4,411,012	4,424,085	8.6
IT Services						
Gantech Acquisition Corp.	05/14/2026	7.25%	14,925,000	14,648,015	14,626,500	28.5
Tyto Athene, LLC	08/27/2024	6.25%	11,442,500	11,334,186	11,442,500	22.3
Insurance						
Hancock Roofing and Construction L.L.C.	12/31/2026	6.00%	2,481,250	2,424,925	2,456,438	4.8
Internet Software and Services						
MBS Holdings, Inc.	04/16/2027	6.75%	7,481,250	7,337,843	7,331,625	14.3
Leisure Products						
Recteq, LLC	01/29/2026	7.00%	4,975,000	4,887,511	4,925,250	9.6
Media						
Ad.net Acquisition, LLC	05/06/2026	7.00%	8,977,500	8,851,554	8,842,838	17.2
Connatix Buyer, Inc	07/13/2027	6.25%	4,000,000	3,921,757	3,920,000	7.6
Mars Acquisition Holdings Corp.	05/14/2026	6.50%	10,000,000	9,812,779	9,900,000	19.3
Media: Advertising, Printing & Publishing						
MeritDirect, LLC	05/23/2024	6.50%	5,531,856	5,411,520	5,476,537	10.7
Media: Broadcasting and Subscription						
The Infosoft Group, LLC	09/16/2024	6.75%	13,383,253	13,375,955	13,383,253	26.1
Media: Diversified and Production						
Marketplace Events LLC ⁽³⁾	09/30/2026	0.00% ⁽⁴⁾	5,821,582	4,058,961	5,232,460	10.2
Personal Products						
Dr. Squatch, LLC	8/27/2026	7.00%	10,000,000	9,803,125	9,800,000	19.1
Professional Services						
Sales Benchmark Index LLC	01/03/2025	7.75%	5,578,331	5,495,801	5,438,872	10.6
The Bluebird Group LLC	07/27/2026	8.00%	1,743,846	1,709,872	1,732,860	3.4
Telecommunications						
TeleGuam Holdings, LLC	11/20/2025	5.50%	10,337,380	10,312,931	10,234,006	20.0
Trading Companies and Distributors						
Graffiti Buyer, Inc	08/10/2027	6.75%	2,392,857	2,345,748	2,356,964	4.6
Wholesale						
PH Beauty Holdings III, Inc.	09/29/2025	5.12%	9,692,670	9,514,071	9,466,540	18.5
Sargent & Greenleaf Inc.	12/20/2024	7.00%	5,549,876	5,492,898	5,549,876	10.8
Walker Edison Furniture Company LLC	03/31/2027	6.75%	12,437,500	12,141,939	11,971,094	23.4
Total First Lien Secured Debt			<u>566,808,280</u>	<u>558,879,885</u>	<u>557,731,845</u>	<u>1,088</u>
Second Lien Secured Debt - 10.5%				<u>5,380,917</u>	<u>5,374,333</u>	<u>10.5</u>
Business Services						
DBI Intermediate Holdco, LLC, Term Loan B	02/02/2026	11.00%	2,434,333	2,434,333	2,434,333	
Inventus Power, Inc.	02/02/2026	9.50%	3,000,000	2,946,584	2,940,000	5.7
Total Second Lien Secured Debt				<u>5,380,917</u>	<u>5,374,333</u>	<u>10.5</u>
Equity Securities -3.3%						
Business Services						
DBI Intermediate Holdco, LLC, Series A-1	02/02/2026	13.00%	6,784	5,034,310	-	
DBI Intermediate Holdco, LLC, Series AA	02/02/2026	0.00%	7,007	6,731,347	1,314,706	2.6
DBI Intermediate Holdco, LLC, Series B	02/02/2026	0.00%	1,065,021	236,521	-	
Media: Diversified and Production						
New MPE Holdings, LLC	02/02/2026	0.00%	47	-	362,244	0.7
Total Equity Services				<u>12,002,178</u>	<u>1,676,950</u>	<u>3.3</u>
Total Investments -1101.7%				<u>\$ 576,262,980</u>	<u>\$ 564,783,128</u>	<u>1,101.7</u>
Cash and Cash Equivalents - 55.3%				<u>28,386,681</u>	<u>28,373,541</u>	<u>55.3</u>
Total Investments and Cash Equivalents —1,157.1%				<u>604,649,661</u>	<u>593,156,669</u>	<u>1,157.1</u>
Liabilities in Excess of Other Assets-1,057.1%				<u>-</u>	<u>(541,892,538)</u>	<u>-1,057.1</u>
Members' Equity—100.0%					<u>51,264,131</u>	<u>100.0 %</u>

(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) 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
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	Maturity	Current Coupon	Par ⁽¹⁾	Cost	Fair Value	Fair Value as a Percentage of Members' Equity ⁽²⁾
First Lien Secured Debt - 838.2%						
Aerospace and Defense						
Cadence Aerospace, LLC	11/14/23	9.50%	11,802,082	\$ 11,730,187	\$ 11,322,915	24.8 %
Centauri Group Holdings, LLC	02/12/24	6.25%	5,330,847	5,330,847	5,304,193	11.6
IMIA Holdings, Inc.	10/26/25	5.50%	12,143,568	12,097,717	12,022,132	26.4
Whitney, Bradley & Brown, Inc.	10/18/22	8.50%	254,095	250,910	251,554	0.6
Banking, Finance, Insurance and Real Estate						
Findex Group Limited ^(3,4)	05/31/24	5.46%	AUD 10,000,000	7,411,600	6,809,125	14.9
Beverage, Food and Tobacco						
Cardenas Markets LLC	11/29/23	6.75%	4,779,776	4,759,527	4,779,776	10.5
Country Fresh Holdings, LLC - First Out	05/01/23	6.00%	182,403	179,976	182,403	0.4
Country Fresh Holdings, LLC - Funded Revolver	05/01/23	6.00%	450,110	450,111	450,110	1.0
Good2Grow LLC	11/18/24	5.25%	9,499,183	9,429,133	9,427,938	20.7
Snak Club, LLC	07/19/21	6.50%	4,561,971	4,561,971	4,493,542	9.9
Business Services						
Altamira Technologies, LLC	07/24/25	7.00%	4,856,155	4,795,251	4,686,189	10.3
Challenger Performance Optimization, Inc.	08/31/23	7.00%	9,663,392	9,595,826	8,986,954	19.7
Output Services Group, Inc.	03/27/24	5.50%	7,803,419	7,825,029	7,101,111	15.6
Schlesinger Global, Inc.	07/14/25	7.00%	11,904,617	11,904,617	11,041,532	24.2
Teneo Holdings LLC	07/18/25	6.25%	4,950,000	4,783,595	4,764,375	10.4
Capital Equipment						
LAV Gear Holdings, Inc.	10/31/24	8.50%	9,975,861	9,902,990	9,188,766	20.1
Mission Critical Electronics, Inc.	09/28/22	6.00%	5,949,731	5,927,114	5,877,737	12.9
UBEO, LLC	04/03/24	5.50%	21,930,702	21,762,065	20,614,860	45.2
Chemicals, Plastics and Rubber						
Douglas Products and Packaging Company LLC	10/19/22	6.75%	8,836,683	8,756,358	8,704,133	19.1
Douglas Sewer Intermediate, LLC	10/19/22	6.75%	7,403,183	7,370,405	7,292,135	16.0
K2 Pure Solutions NoCal, L.P.	12/20/23	8.00%	19,650,000	19,436,214	19,217,700	42.1
Plant Health Intermediate, Inc.	10/19/22	6.75%	1,594,030	1,579,915	1,570,120	3.4
Construction and Building						
STV Group Incorporated	12/11/26	5.40%	7,762,222	7,692,023	7,684,600	16.8
Consumer Goods: Durable						
DRS Holdings III, Inc.	11/03/25	6.75%	8,022,149	7,950,609	7,875,344	17.3
GSM Holdings, Inc.	06/03/24	5.50%	19,470,523	19,354,235	19,275,817	42.3
PlayPower, Inc.	05/08/26	5.72%	4,025,520	3,990,707	3,824,244	8.4
Consumer Goods: Non-Durable						
Manna Pro Products, LLC	12/08/23	7.00%	4,313,910	4,273,019	4,197,866	9.2
New Milani Group LLC	06/06/24	6.50%	14,662,500	14,568,019	13,379,531	29.3
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/25	6.25%	8,924,066	8,837,614	8,656,344	19.0
Diversified Consumer Services						
Integrative Nutrition, LLC	09/29/23	5.75%	8,587,606	8,587,606	8,458,792	18.5
TVC Enterprises, LLC	01/18/24	6.50%	9,747,335	9,747,335	9,674,230	21.2
TWS Acquisition Corporation	06/16/25	7.25%	6,910,465	6,797,117	6,772,256	14.8
Healthcare and Pharmaceuticals						
Smile Brands Inc.	10/14/24	4.93%	11,175,938	11,090,654	10,840,659	23.8
Solutionreach, Inc.	01/17/24	6.75%	6,214,305	6,149,172	6,145,948	13.5
Urology Management Associates, LLC	08/30/24	6.00%	11,463,443	11,311,325	11,119,540	24.4
High Tech Industries						
By Light Professional IT Services, LLC	05/16/22	7.25%	10,901,843	10,774,172	10,792,825	23.7
GCOM Software LLC	11/14/22	7.75%	16,646,228	16,562,972	16,646,228	36.5
Media: Advertising, Printing & Publishing						
MeritDirect, LLC	05/23/24	6.50%	4,812,500	4,771,073	4,583,906	10.0
Media: Broadcasting and Subscription						
The InfoSoft Group, LLC	09/16/24	6.75%	8,602,807	8,584,634	8,602,807	18.9
Media: Diversified and Production						
Marketplace Events LLC ^(3,4)	01/27/23	0.00% ⁽⁵⁾	CAD 5,730,254	4,449,786	3,623,691	7.9
Retail						
LSF9 Atlantis Holdings, LLC	05/01/23	7.00%	6,843,750	6,872,048	6,631,320	14.5
Telecommunications						
TeleGuam Holdings, LLC	11/20/25	5.50%	8,309,797	8,272,104	8,060,503	17.7
Transportation: Consumer						
American Auto Auction Group, LLC	01/02/24	6.00%	7,670,399	7,596,860	7,440,287	16.3
Wholesale						
Impact Group, LLC	06/27/23	8.37%	9,290,185	9,216,206	9,336,636	20.5
PH Beauty Holdings III, Inc.	09/29/25	5.19%	9,792,594	9,717,936	9,156,076	20.1
Sargent & Greenleaf Inc.	12/20/24	7.00%	4,925,000	4,860,858	4,836,350	10.6
Walker Edison Furniture Company LLC	09/26/24	7.25%	10,594,047	10,440,520	10,594,047	23.2
Total First Lien Secured Debt				392,309,961	382,299,150	838.2

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	<u>Maturity</u>	<u>Current Coupon</u>	<u>Par ⁽¹⁾</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Fair Value as a Percentage of Members' Equity ⁽²⁾</u>
Second Lien Secured Debt - 19.5%						
Beverage, Food and Tobacco						
Country Fresh Holdings, LLC (All PIK)	04/29/24	9.5% (PIK 9.50%)	964,045	964,045	889,814	2.0 %
Business Services						
DBI Holding, LLC - Term Loan C (All PIK)	03/26/21	9.0% (PIK 9.0%)	15,946	15,946	15,946	0.0
DBI Holding, LLC - Term Loan B (All PIK)	02/02/26	9.0% (PIK 9.0%)	7,977,513	7,977,513	7,977,513	17.5
Total Second Lien Secured Debt				<u>8,957,504</u>	<u>8,883,272</u>	<u>19.5</u>
Preferred Equity - 4.0%						
Business Services						
DBI Holding, LLC - Series A-1		13.00%	5,034	5,034,310	1,803,668	4.0
Total Preferred Equity				<u>5,034,310</u>	<u>1,803,668</u>	<u>4.0</u>
Common Equity - 0.0%						
Beverage, Food and Tobacco						
Country Fresh Holding Company Inc.			1,317	1,713,106	-	0.0
Business Services						
DBI Holding, LLC - Series B			1,065,021	236,521	-	0.0
Total Common Equity				<u>1,949,627</u>	<u>-</u>	<u>0.0</u>
Total Investments - 861.6%				<u>408,251,402</u>	<u>392,986,090</u>	<u>861.6</u>
Cash and Cash Equivalents—24.4%						
				<u>11,115,373</u>	<u>11,121,479</u>	<u>24.4</u>
Total Investments and Cash Equivalents—886.0%				<u>\$ 419,366,775</u>	<u>\$ 404,107,569</u>	<u>886.0</u>
Liabilities in Excess of Other Assets—(786.0)%						
					<u>(358,495,484)</u>	<u>(786.0)</u>
Members' Equity—100.0%					<u>\$ 45,612,085</u>	<u>100.0 %</u>

(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 PSSL'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.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

1. ORGANIZATION

PennantPark Senior Secured Loan Fund I LLC, or PSSL, is organized as a Delaware limited liability company and commenced operations in May 2017. In this report, except where the context suggests otherwise, the terms “Company,” “we,” “our,” or “us” refer to PSSL and its subsidiary. PSSL is a joint venture between PennantPark Floating Rate Capital Ltd., or PFLT, and a subsidiary of Kemper Corporation (NYSE: KMPR), Trinity Universal Insurance Company, or Kemper.

Our 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, or LIBOR, with or without a floor, plus a fixed spread.

PFLT and Kemper, as members of PSSL, or the Members, provide capital to PSSL in the form of notes and equity interests. As of September 30, 2021 and 2020, 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, or 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 of 2017, PSSL entered into a multi-currency senior secured revolving credit facility, or the Credit Facility, with Capital One, N.A. through its wholly-owned subsidiary PennantPark Senior Secured Loan Facility LLC, or PSSL Subsidiary. 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.

On January 26, 2021, PSSL entered into a new \$125.0 million senior secured revolving Credit Facility (“Credit Facility 2”) with Ally Bank through its wholly-owned subsidiary Pennant Park Senior Secured Loan Facility II, LLC (“PSSL II”). 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.

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, or 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, or 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 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 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 and foreign currency translations on our Credit Facility during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 (Continued)

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, 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. 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 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, 2021 and 2020, 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.

(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 year ended September 30, 2021 and 2020 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.

(e) Consolidation

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 (Continued)

As explained by ASC paragraph 946-810-45, PSSSL 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. We have consolidated the results of our PSSSL subsidiaries in our consolidated financial statements.

3. AGREEMENTS AND RELATED PARTY TRANSACTIONS

During the fiscal years ended September 30, 2021 and 2020, PSSSL purchased \$285.8 million and \$86.7 million, respectively, in investments from PFLT. Additionally, during the same periods, PSSSL incurred \$1.2 million in administrative services to the Administrative Agent. The Administrative Agent provides administration services to PSSSL at an annual rate of 0.25% of average gross assets under management. PSSSL incurred \$12.6 million and \$13.5 million, in interest expense related to the notes outstanding with both PFLT and Kemper for the years ended September 30, 2021 and 2020, 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.

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

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 (Continued)

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:

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 (Continued)

Asset Category	Fair value at September 30, 2021	Valuation Technique	Unobservable Input	Range of Input (Weighted Average) ⁽¹⁾
First lien	\$ 168,834,377	Market Comparable	Broker/Dealer bids or quotes	N/A
First lien	388,897,469	Market Comparable	Market Yield	5.6% – 11.4% (7.8%)
Second Lien	5,374,333	Market Comparable	Market Yield	10.9% - 11.0% (10.9%)
Equity	1,676,949	Enterprise Market Value	EBITDA Multiple	7.6x
Total Level 3 investments	\$ 564,783,128			

Asset Category	Fair value at September 30, 2020	Valuation Technique	Unobservable Input	Range of Input (Weighted Average) ⁽¹⁾
First lien	\$ 72,312,542	Market Comparable	Broker/Dealer bids or quotes	N/A
First lien	309,986,608	Market Comparable	Market Yield	5.5% - 16.9% (8.1%)
Second Lien	8,883,272	Market Comparable	Market Yield	9.5% (9.5%)
Equity	1,803,668	Enterprise Market Value	EBITDA Multiple	9.1x
Total Level 3 investments	\$ 392,986,090			

⁽¹⁾ The weighted averages disclosed in the table above were weighted by their relative fair value.

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 (Continued)

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, 2021			
	Fair Value	Level 1	Level 2	Level 3
First lien	\$ 557,731,846	\$ —	\$ —	\$ 557,731,846
Second Lien	5,374,333	—	—	5,374,333
Equity	1,676,949	—	—	1,676,949
Total investments	564,783,128	—	—	564,783,128
Cash and cash equivalents	28,373,541	28,373,541	—	—
Total investments, cash and cash equivalents	\$ 593,156,669	\$ 28,373,541	\$ —	\$ 564,783,128

Description	Fair Value at September 30, 2020			
	Fair Value	Level 1	Level 2	Level 3
First lien	\$ 382,299,150	\$ —	\$ —	\$ 382,299,150
Second Lien	8,883,272	—	—	8,883,272
Equity	1,803,668	—	—	1,803,668
Total investments	392,986,090	—	—	392,986,090
Cash and cash equivalents	11,121,479	11,121,479	—	—
Total investments, cash and cash equivalents	\$ 404,107,569	\$ 11,121,479	\$ —	\$ 392,986,090

The tables below show a reconciliation of the beginning and ending balances for fair valued investments measured using significant unobservable inputs (Level 3):

Description	For the Year Ended September 30, 2021		
	Debt Investments	Equity Investments	Total
Beginning Balance	\$ 391,182,422	\$ 1,803,668	\$ 392,986,090
Net realized losses	(4,732,408)	—	(4,732,408)
Net unrealized depreciation	9,138,741	(5,144,959)	3,993,782
Purchases, net discount accretion and non-cash exchanges	353,242,429	5,018,241	358,260,670
Sales, repayments and non-cash exchanges	(185,725,006)	—	(185,725,006)
Transfers into and/or out of Level 3	—	—	—
Ending Balance	\$ 563,106,178	\$ 1,676,950	\$ 564,783,128

Description	For the Year Ended September 30, 2020		
	Debt Investments	Equity Investments	Total
Beginning Balance	\$ 482,744,879	\$ 5,804,968	\$ 488,549,847
Net realized losses	(2,098,244)	—	(2,098,244)
Net unrealized depreciation	(5,400,669)	(4,001,300)	(9,401,969)
Purchases, net discount accretion and non-cash exchanges	88,524,399	—	88,524,399
Sales, repayments and non-cash exchanges	(172,587,943)	—	(172,587,943)

Transfers into and/or out of Level 3

Ending Balance	\$	391,182,422	\$	1,803,668	\$	392,986,090
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PENNANTPARK SENIOR SECURED LOAN FUND I LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 (Continued)

As of September 30, 2021, we had no outstanding non-U.S. dollar borrowings on our Credit Facility 2.

As of September 30, 2020, 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:

Foreign Currency	Amount Borrowed	Borrowing Cost	Current Value	Reset Date	Change in Fair Value
Australian Dollar	A \$ 9,700,000	\$ 7,314,285	\$ 6,952,475	November 30, 2020	\$ (361,810)
Canadian Dollar	C \$ 5,900,000	4,544,218	4,416,994	November 30, 2020	(127,224)
		<u>\$ 11,858,503</u>	<u>\$ 11,369,469</u>		<u>\$ (489,034)</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, 2021 and 2020, cash and cash equivalents consisted of money market funds in the amounts of \$28.4 million and \$11.1 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, 2021 and 2020, PFLT and Kemper owned 87.5% and 12.5%, respectively, of equity interests in PSSSL.

As of September 30, 2021 and 2020, PFLT had commitments to fund equity interests to PSSSL of \$73.0 million and \$60.4 million, respectively, of which \$12.6 million and \$6.6 million were unfunded as of the years then ended.

As of September 30, 2021 and 2020, Kemper had commitments to fund equity interests to PSSSL of \$10.4 million and \$8.6 million, respectively, of which \$1.8 million and \$0.9 million were unfunded as of the years then ended.

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 LIBOR plus 8.0% and matures on May 6, 2024. As of September 30, 2021 and 2020, PFLT and Kemper owned 87.5% and 12.5%, respectively, of the Member notes.

As of September 30, 2021 and 2020, PFLT had commitments to fund Member notes to PSSSL of \$170.3 million and \$140.9 million, respectively, of which \$29.4 million and \$15.5 million, respectively, were unfunded.

As of September 30, 2021 and 2020, Kemper had commitments to fund Member notes to PSSSL of \$24.3 million and \$20.1 million, respectively, of which \$4.2 million and \$2.2 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

PENNANTPARK SENIOR SECURED LOAN FUND I LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 (Continued)

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 leveraged. 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, and therefore, there is no requirement to show financial highlights per ASC 946, which have been omitted accordingly.

10. CREDIT FACILITY AND ASSET BACKED DEBT

As of September 30, 2020, PSSL had a \$325.0 million multi-currency Credit Facility with Capital One, N.A. as the lender and administrative agent. As of September 30, 2020, we had \$217.5 million in outstanding borrowings under the Credit Facility. The Credit Facility had a weighted average interest rate of 2.4% excluding the undrawn commitment fees as of September 30, 2020. The Credit Facility is secured by substantially all of the assets held by us. The carrying value of our Credit Facility approximates fair value. The Credit Facility contains customary financial and other covenants. On January 27, 2021, PSSL terminated the facility with Capital One, N.A.

On January 26, 2021, PSSL entered into a new \$125.0 million senior secured revolving Credit Facility ("Credit Facility 2") with Ally Bank through its wholly-owned subsidiary Pennant Park Senior Secured Loan Facility II, LLC ("PSSL II"). Credit Facility 2 has a maturity date of January 26, 2026 with an interest rate at 2.6% over LIBOR. Credit Facility 2 is secured by substantially all of the assets held by PSSL. On June 3, 2021 the facility amount was increased to \$155.0 million from \$125.0 million with no change to the interest rate and maturity date of Credit Facility 2. As of September 30, 2021, we had \$112.0 million in outstanding borrowings under the Credit Facility 2. Credit Facility 2 contains customary financial and other covenants. As of September 30, 2021, we are in compliance with the covenants of Credit Facility 2.

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 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

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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, 2021 the balance of the 2032 Asset-Backed Debt was \$246.0 million.

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 E Notes issued by the Securitization Issuer, and a portion of the net cash proceeds received from the sale of the 2032 Asset-Backed Debt. The Preferred Shares of the Securitization Issuer 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 and Liabilities as debt of the Company and the Class E Notes and the Preferred Shares of the Securitization Issuer were eliminated in consolidation. As of September 30, 2021, the Company had \$246.0 million 2032 Asset-Backed Debt outstanding with a weighted average interest rate of 2.7%. As of September 30, 2021, the unamortized fees on the 2032 Asset-Backed Debt were \$3.2 million.

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.

11. 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, 202

On October 13, 2021, Credit Facility 2 was increased to \$225 million from \$155 million with an interest rate of 2.5% over LIBOR. The spread decreased by 10 basis points to LIBOR plus 2.5%.

On October 27, 2021 PSSL issued a capital call to its Members in the amount of \$20.0 million.

On October 29, 2021, PSSL paid down \$20 million on Credit Facility 2 from the proceeds from the capital call received on October 27, 2021.

