



PennantPark

Floating Rate Capital Ltd.

03/31/2021

NEW YORK • CHICAGO • HOUSTON • LOS ANGELES

Forward-looking Statements and Risk Factors

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

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

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

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

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

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

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

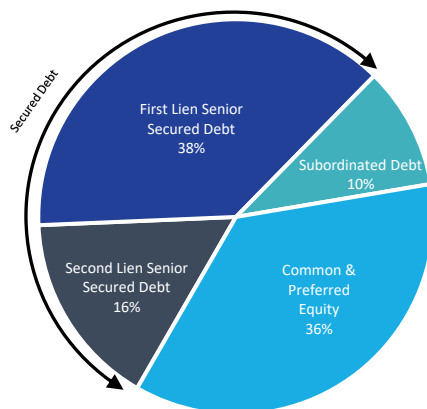
Established Credit Platform



\$4.7 billion total Investable Capital Under Management



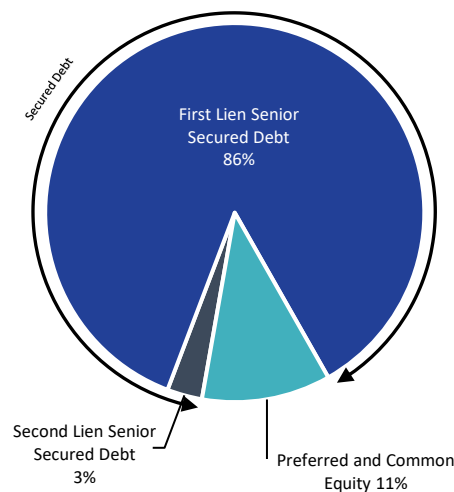
- NASDAQ: “PNNT”
- IPO Date: April 2007
- 54% Secured Debt



\$1,175 million



- NASDAQ: “PFLT”
- IPO Date: April 2011
- 89% Secured Debt



\$1,069 million

Established Investment Platform

- PennantPark Investment Advisers founded 14 years ago before the Global Financial Crisis (“GFC”)
- Leading independent middle market credit platform
- Cohesive, experienced team
- Culture of building long term trust

PFLT

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

PennantPark

Investment Advisers, LLC

Founded in 2007

Funded \$12.2B in 556 companies

Disciplined Investor

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

Relationship & Solution Driven

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

Middle Market Focus

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

Consistent Performance & Track Record

- Low volatility of underlying portfolio EBITDA through the GFC and Covid
- Equity co-investment program has an IRR of 28% and a MOIC of 2.9x since inception

PFLT

- Only 13 non-accruals out of 391 companies since inception
- Annualized loss ratio only 8 basis points

Conservative Portfolio Construction

- 100 companies in 42 different industries
- Weighted average debt / EBITDA through PFLT security is 4.2x
- Weighted average cash interest coverage is 3.0x
- 86% of portfolio is first lien senior secured
- Avoid sectors such as retail, restaurants, apparel, airlines and energy

Second Quarter 2021 Highlights

Net Asset Value

Adjusted NAV (excluding MTM of Liabilities) increased 2.3% to \$12.60 per share from \$12.32 from the prior quarter

PSSL

Long term, low-cost CLO financing to grow vehicle

Equity Co-investments

Several equity positions are benefiting from the economic recovery

Balance Sheet

Regulatory net debt to equity ratio, after subtracting cash, of 1.2x creates growth opportunity

Credit Performance

Out of 100 companies, only two investments on non-accrual status, representing 3.1% at cost and 2.3% at fair market value of the overall portfolio

Outlook

- Strong portfolio performance
- Several significant high growth equity positions
- Growing PFLT and PSSL balance sheet
- Strengthening NII

Why is PFLT Well Positioned?

Experienced Team

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

Expansive Relationship Network

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

Strong Capital Base

- Permanent equity capital of \$493 million
- Monthly dividend of 9.5 cents per share
- Leader in the BDC space as measured by expense and efficiency ratios
- Senior Secured Loan Fund Joint Venture, PSSSL, with Kemper Corporation has up to \$583 million of investment capacity

Attractive and Diversified Financing

- \$400 million of credit facility at L + 200
- \$118 million, long-term, 4.30% bond offering in Israel
- \$100 million, long-term, 4.25% 2026 Notes
- \$228 million of third-party Asset Backed Debt financing 2.7%, with a final maturity of 12 years

Core Middle Market Offers Outstanding Risk Adjusted Returns

- ▶ The US middle market includes nearly 200,000 companies, generates \$10 trillion of revenue annually¹ (one third of the US economy), and is the world's third largest economy on a standalone basis²
- ▶ The core middle market presents attractive investment opportunities
 - Lower leverage
 - Strong covenant packages
 - Higher yields
 - Greater recovery rates

	Core Middle Market	Upper Middle Market
EBITDA	\$10 - \$50 million	\$50 million and greater
First Lien New Issue Pricing	L + 525 – 750 bps	L + 450 – 550 bps
Leverage	4.0x – 5.5x	5.0x – 7.5x
Covenants	Usually stronger; total net leverage, interest coverage, etc.	Covenant lite or one covenant set at wide levels
Equity Contribution	45% or more	25% or more
Due Diligence Process	In-depth and comprehensive; typically takes 6 – 8 weeks	More limited information; typically happens in 2 weeks or less
Reporting	Frequent and usually monthly	Usually quarterly

Statements herein concerning financial market trends or other financial market commentary are based on the current market conditions, which will fluctuate. In addition, such statements constitute the Manager's current opinion, which is subject to change in the future without notice. For additional information, please see "IMPORTANT NOTICES" on the last page of this document.

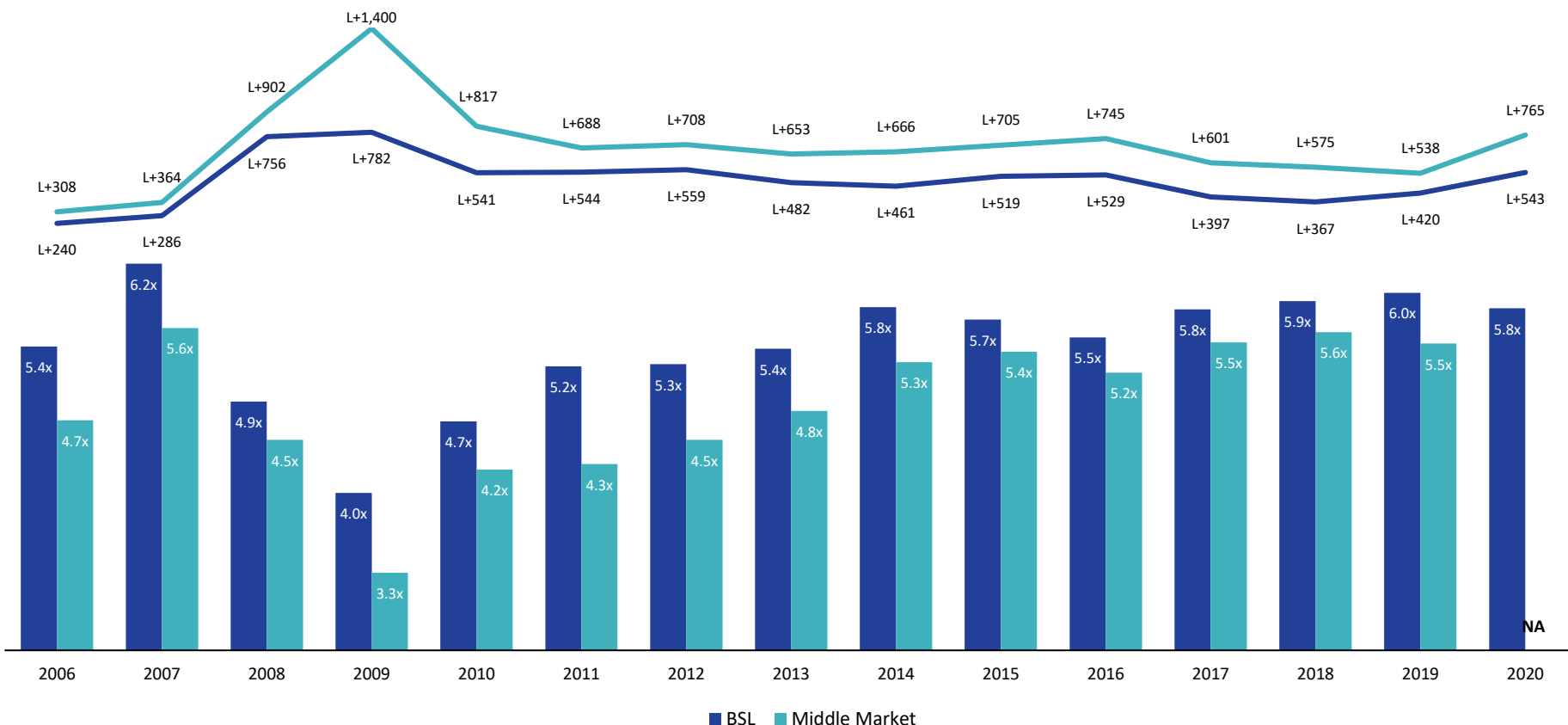
1. National Center For the Middle Market. As of December 2020.

2. National Center For the Middle Market, 4Q 2020 Middle Market Indicator Report.

Middle Market Direct Lending Is A Vintage Business

► 2021 and beyond are likely to be attractive vintages, similar to the excellent vintages produced during the 2009-12 period

Middle Market vs. BSL: Average Debt to EBITDA & Loan Spreads^{1,2}

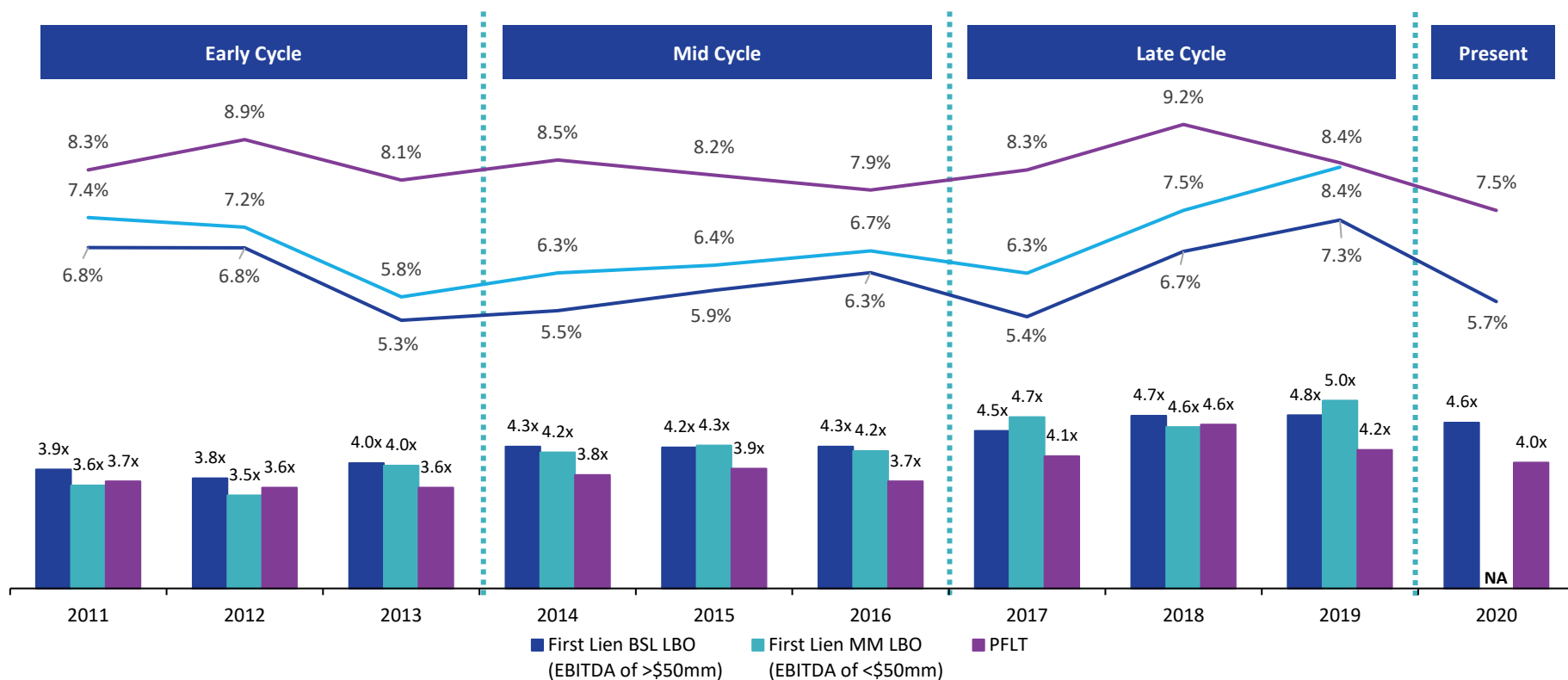


Source: LCD, an offering of S&P Global Market Intelligence. As of December 2020.

1. Middle Market is defined as Issuers with EBITDA less than or equal to \$50M. Broadly Syndicated Loans are defined as Issuers with EBITDA greater than \$50M. Broadly Syndicated Loans are denoted as "BSL". Market data averages only include data available from LCD for the time periods referenced. For 2020, LCD does not have sufficient observations at this time to provide data for MM.
2. Debt to EBITDA statistics reflect New Issue LBO loans only. Spread statistics reflect the S&P / LSTA Leveraged Loan Index ("LLI"), which includes term loans from syndicated credits.

Senior Debt Comparison: Average Debt to EBITDA & YTM

- ▶ PennantPark has consistently delivered excess return to BSLs and middle market with lower risk in our Senior Debt strategy
- ▶ Once average market Debt / EBITDA surpassed 5x in the 2014-15 time frame, PennantPark pivoted to focusing primarily on first lien, less levered investments
 - This intentional focus on lower risk, lower yielding investments positioned the portfolio well going into the pandemic
 - Prior to COVID-19, PFLT's portfolio ended 2019 with average Debt / EBITDA at 4.2x¹ compared to 5.0x for first lien middle market LBO loans



Note: Middle Market is defined as Issuers with EBITDA less than or equal to \$50M. Broadly Syndicated Loans are defined as Issuers with EBITDA greater than \$50M. Broadly Syndicated Loans and Middle Market are denoted as "BSL" and "MM", respectively. Market data averages only include data available from LCD for the time periods referenced. For 2020, LCD does not have sufficient observations at this time to provide data for MM. Source: LCD, an offering of S&P Global Market Intelligence. As of December 2020.

1. As of 12/31/19.

Indicative Middle Market Terms¹

► Current market observations of first lien loan terms for middle market companies with limited, temporary, or no COVID-19 impact:

	Core Middle Market	
	Pre - COVID-19 (January – February 2020)	Post – COVID-19 (Q2 2021)
Leverage	4.5x – 6.0x	4.0x – 5.5x
Spread	L + 450 – 575 bps LIBOR floor: 0% – 1%	L + 525 – 750 bps LIBOR floor: 1% – 1.5%
OID	1 – 2 points	2 – 3 points
EBITDA Adjustments	Borrower friendly non-recurring expenses, acquisition synergies, run-rate cost savings, new facility / revenue run-rating	Standard bona fide non-recurring expenses, acquisition synergies, and run-rate cost savings
Equity Contribution	35% or more	45% or more
LTV	Up to 65%	Up to 55%

Source: PennantPark estimates.

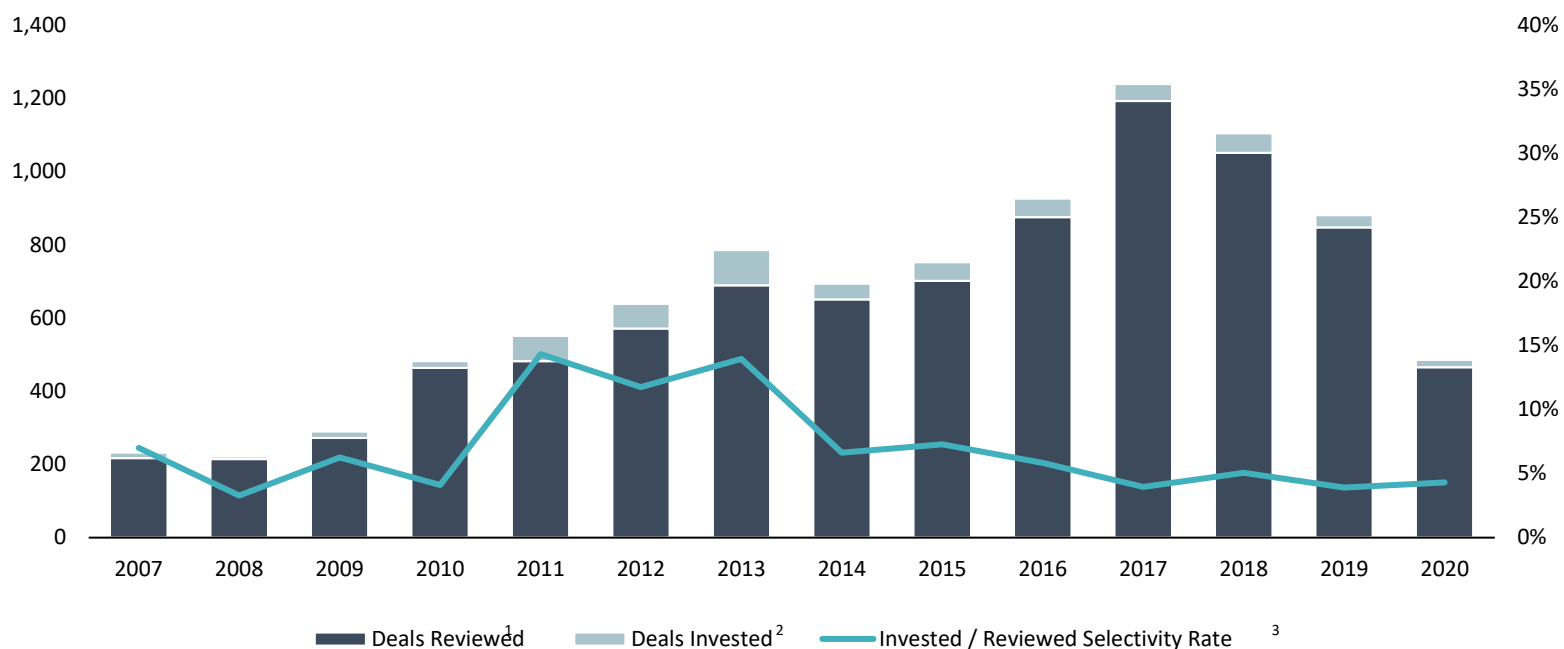
1. Observations reflect companies with EBITDA of \$10 – \$50 million as of April 2021. Statements herein concerning financial market trends or other financial market commentary are based on the current market conditions, which will fluctuate. In addition, such statements constitute the Manager's current opinion, which is subject to change in the future without notice.

Highly Selective Investing

► Depth and breadth of investment team results in strong deal flow and allows for greater selectivity

- Since inception through 3/31/2021, over 8,600 potential opportunities reviewed; only 588 selected for investment
- Last 3 year average selectivity rate: 4.4%
- 2020 selectivity rate: 4.3%

Deals Reviewed / Invested & Selectivity Rate Over Time



1. Deals reviewed = those where some level of due diligence was done and transaction was formally logged into the Pipeline Tracker.

2. Deals invested = unique portfolio investments across the firm.

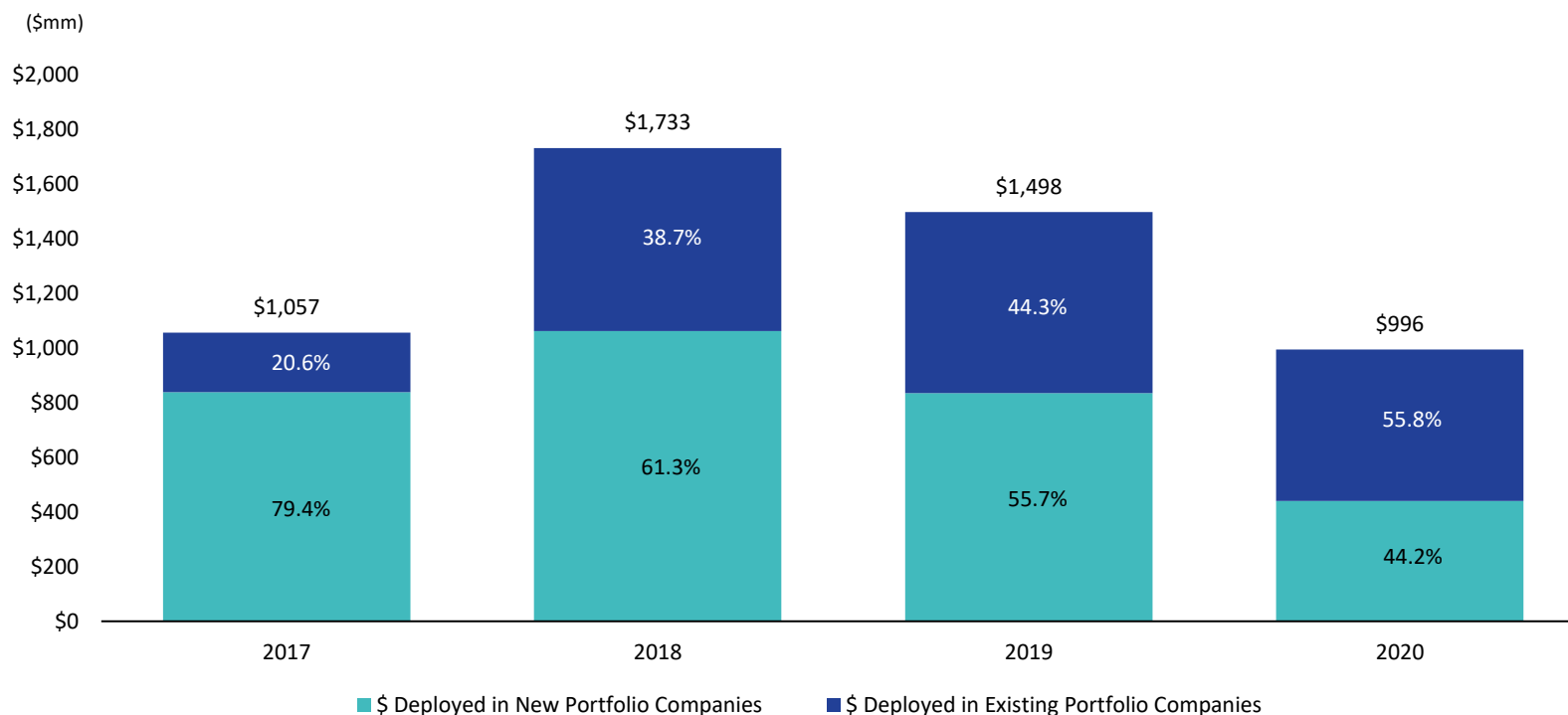
3. Invested / reviewed selectivity rate: deals invested / deals reviewed.

Incumbency Advantage Creates Opportunity

► **PennantPark is an existing lender to over 130+ portfolio companies, which:**

- Results in incumbency positions that create repeat deal flow and efficient deployment of capital
- Due diligence edge in “known” credits
- Often limits competition
- Is a clear differentiator and provides a competitive advantage in terms of sourcing new deals

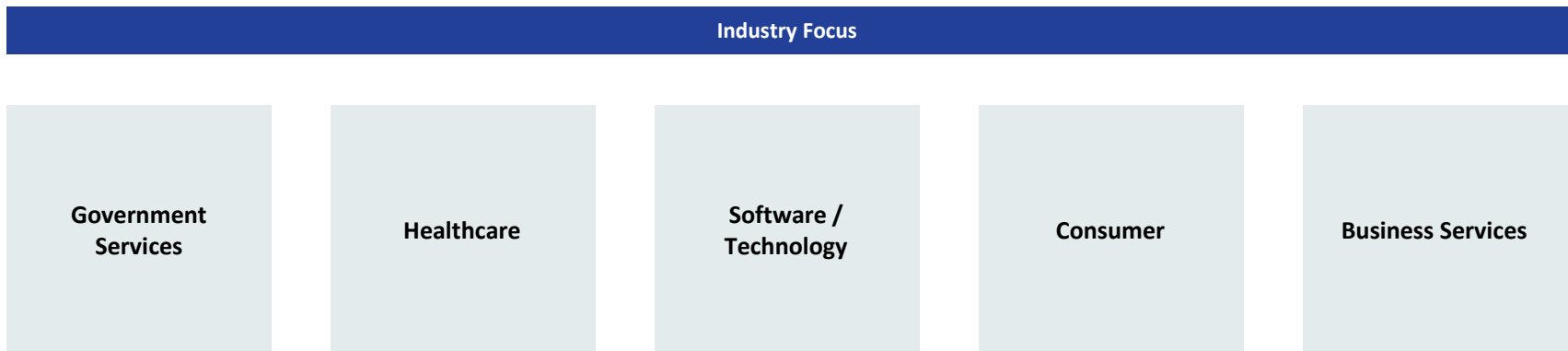
► **In recent years, a significant proportion of our originations have been with existing portfolio companies¹**



1. Chart as of 12/31/20. Compares dollars deployed into new portfolio companies vs. add-on investments to existing loans and investments (both primary originations and secondary purchases) in portfolio companies that we have previously financed.

Extensive Sourcing Network & Deep Industry Expertise

- ▶ **Robust origination platform built on one of the most senior, experienced investment teams¹**
 - Actively cover approximately 400 of over 2,000 middle market private equity sponsors in the U.S.
 - Virtually all of PFLT's loans are backed by private equity sponsors
 - PennantPark has closed deals with 190+ private equity sponsors; majority repeat transactions
 - Incumbency advantage (existing lender to 130+ portfolio companies across 80+ sponsors) / repeat transactions
 - Strong track record financing spin-off private equity sponsors with prior experience financing the team
- ▶ **Deep industry knowledge and expertise in five sectors**
 - Focus on sectors that deliver steady and consistent cash flows



- ▶ **PFLT has avoided retail, restaurants, airlines, oil and gas, heavy cyclical (chemicals, paper & pulp, packaging, auto OEMs, etc.), and apparel / fashion industries**

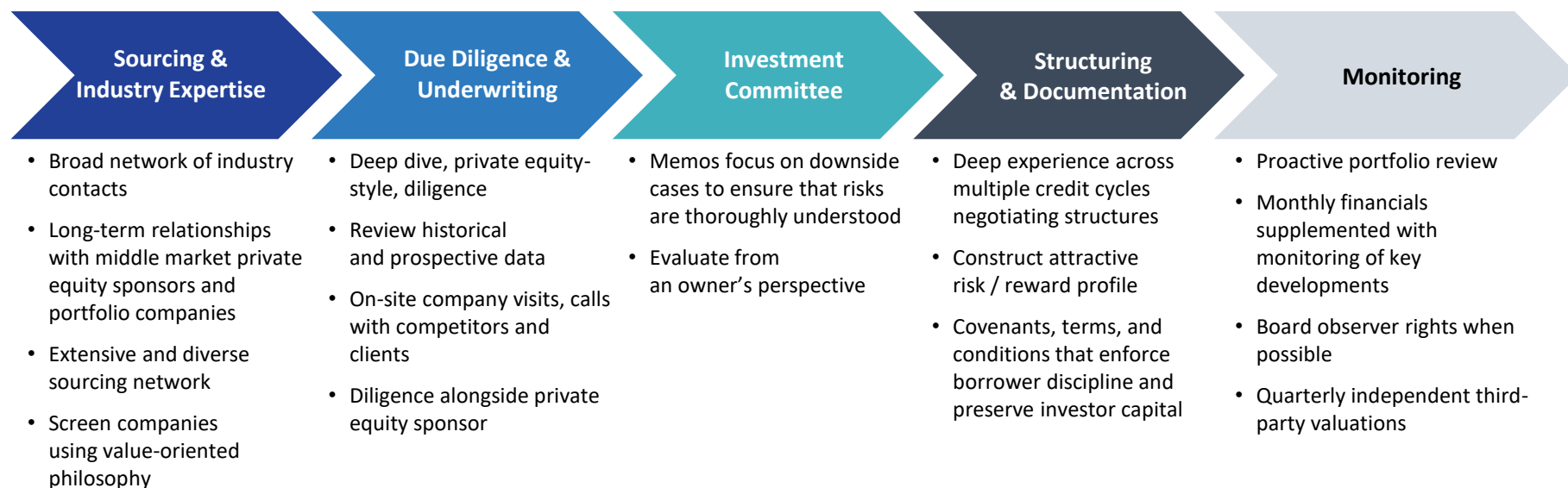
1. As of 12/31/20.

Underwriting Philosophy & Process

Investment Philosophy

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

Underwriting Process



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

PennantPark Senior Secured Loan Fund (“PSSL”)

- ▶ **Invests in primarily middle market, directly originated first lien loans**
- ▶ **\$583 million of total investment capacity**
- ▶ **Total commitments of \$230 million in notes and equity from PFLT and Kemper Corporation**
- ▶ **\$246 million of third-party debt financing PennantPark CLO II, Ltd., with a final maturity of 11 years**
- ▶ **Up to an additional \$125 million of third-party debt financing**
- ▶ **Recent CLO optimizes financing growth of PSSL for higher Return on Equity and Net Investment Income for PFLT**
- ▶ **Expands ability to serve sponsor and borrower clients with larger bite sizes**

Overall Portfolio as of 3/31/21

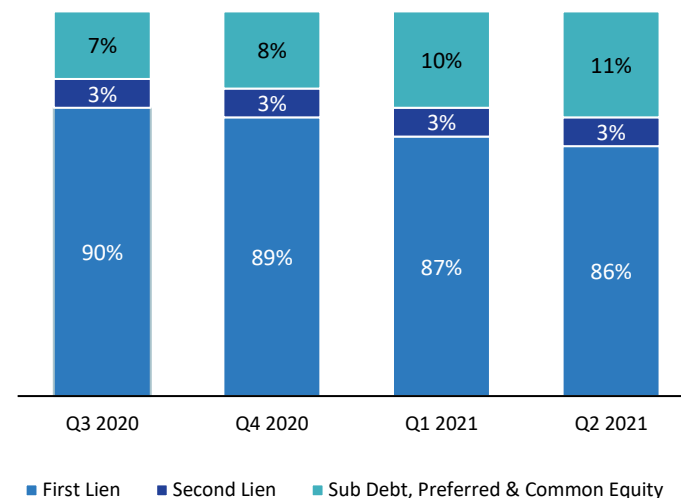
Highly Diversified Industry Mix

Industry ¹	Fair Value (\$ millions)	% of Portfolio
Professional Services	\$61	6.7%
High Tech Industries	60	6.7%
Wholesale	54	6.0%
IT Services	53	6.0%
Commercial Services & Supplies	51	5.7%
Media	49	5.5%
Capital Equipment	45	5.1%
Business Services	45	5.0%
Aerospace and Defense	38	4.2%
Media: Diversified and Production	38	4.2%
Diversified Financial Services	32	3.6%
Healthcare Technology	32	3.6%
Media: Broadcasting and Subscription	27	3.0%
Consumer Services	24	2.6%
Hotels, Restaurants and Leisure	23	2.5%
Beverage, Food and Tobacco	22	2.5%
Healthcare and Pharmaceuticals	21	2.4%
Telecommunications	19	2.1%
Electronic Equipment, Instruments, and Components	17	1.9%
Banking, Finance, Insurance & Real Estate	16	1.8%
Media: Advertising, Printing and Publishing	15	1.7%
Diversified Consumer Services	15	1.7%
Healthcare Providers and Services	14	1.5%
Insurance	13	1.5%
Leisure Products	13	1.5%
Hotel, Gaming and Leisure	13	1.5%
Other	87	9.5%
Total	\$897	100.0%

Portfolio Overview

- ▶ 100 different companies
- ▶ Average investment size: \$10.7 million
- ▶ Yield at Cost on Debt Portfolio: 7.6%
- ▶ 89% Secured Investments
- ▶ Several substantial high growth equity positions

Portfolio Mix



1. Excluding investment in PSSL. Total of 42 industries. "Other" includes Beverages /Building Products/Chemicals, Plastics and Rubber/Construction & Engineering/Construction and Building/Consumer Goods: Durable/Consumer Goods: Non-Durable/Environmental Industries/Financial Services/Food Products/Healthcare Equipment and Supplies/Personal Products/Software/Transportation: Consumer/Wireless Telecommunication Services.

PSSL Portfolio as of 3/31/21

Highly Diversified Industry Mix

Industry	Fair Value (\$ millions)	% of Portfolio
Business Services	\$52	10.6%
Aerospace and Defense	47	9.6%
Capital Equipment	37	7.7%
Chemicals, Plastics and Rubber	37	7.6%
Diversified Consumer Services	33	6.7%
High Tech Industries	30	6.1%
Healthcare and Pharmaceuticals	29	5.9%
Wholesale	24	5.0%
Consumer Goods: Non-Durable	22	4.5%
Beverage, Food and Tobacco	21	4.4%
Hotels, Restaurants and Leisure	19	3.9%
Commercial Services & Supplies	12	2.6%
Consumer Goods: Durable	12	2.5%
IT Services	11	2.4%
Electronic Equipment, Instruments, and Components	11	2.2%
Media: Broadcasting and Subscription	9	1.9%
Telecommunications	8	1.6%
Banking, Finance, Insurance and Real Estate	7	1.5%
Construction and Building	7	1.5%
Other	58	11.8%
Total	\$485	100.0%

Portfolio Overview

- ▶ 64 different companies
- ▶ Average investment size: \$7.6 million
- ▶ Yield at Cost on Debt Portfolio: 7.2%
- ▶ 97% First Lien Investments

1. Total of 30 industries. "Other" includes Building Products / Construction and Engineering / Construction Materials / Food Products / Healthcare Providers and Services / Insurance / Leisure Products / Media: Advertising, Printing & Publishing / Media: Diversified and Production / Professional Services / Transportation: Consumer.

Selected Financial Highlights

(\$mm, except per share data)	June Q3 2020	September Q4 2020	December Q1 2021	March Q2 2021
Investment Portfolio	\$1,104	\$1,087	\$1,067	\$1,069
PFLT Investment in PSSL (cost)	\$176	\$179	\$181	\$181
PSSL Investment Portfolio	\$458	\$393	\$382	\$485
Regulatory Debt	\$718	\$675	\$603	\$593
GAAP Net Assets	\$471	\$477	\$492	\$493
Adjusted Net Assets ¹	\$444	\$458	\$478	\$489
Regulatory Net Debt to Equity ²	1.62x	1.35x	1.20x	1.08x
GAAP Net Debt to Equity ^{2,3}	1.46x	1.25x	1.13x	1.05x
PFLT Originations	\$15	\$15	\$67	\$160
PSSL Originations	—	—	\$15	\$129
Per Share Data:				
GAAP Net Asset Value	\$12.16	\$12.31	\$12.70	\$12.71
Adjusted Net Asset Value ¹	\$11.44	\$11.81	\$12.32	\$12.60
Core Net Investment Income ⁴	\$0.26	\$0.27	\$0.26	\$0.26
Dividends Declared	\$0.285	\$0.285	\$0.285	\$0.285

1. Adjusted number is a non-GAAP financial measure which excludes mark-to-market of liabilities.

2. Adjusted number is a non-GAAP financial measure which excludes cash

3. Adjusted number is a non-GAAP financial measure which includes mark-to-market of liabilities.

4. Core Net Investment Income per Share is a non-GAAP financial measure.

Strategy Targeted to Deliver Returns

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

PFLT Selected Investments

 <p>First Lien Term Loan</p> <p>Arlington Capital Partners</p>	 <p>Revolver First Lien Term Loan</p> <p>Odyssey Investment Partners</p>	 <p>Revolver First Lien Secured Debt Equity</p> <p>Sagewind Capital</p>	 <p>Revolver First Lien Secured Debt</p> <p>Altamont Capital Partners</p>	 <p>First Lien Secured Debt</p> <p>Snow Phipps Group</p>
 <p>Revolver First Lien Term Loan Equity</p> <p>Century Equity Partners</p>	 <p>Revolver First Lien Term Loan Equity</p> <p>Norwest Equity Partners</p>	 <p>Revolver First Lien Term Loan Equity</p> <p>Tower Arch Capital</p>	 <p>Revolver First Lien Secured Debt Equity</p> <p>Mountaingate Capital</p>	 <p>Revolver First Lien Secured Debt</p> <p>Windjammer Capital</p>
 <p>First Lien Term Loan Revolver</p> <p>Clearlake Capital</p>	 <p>Revolver First Lien Term Loan Equity</p> <p>LightBay Capital</p>	 <p>Revolver First Lien Term Loan</p> <p>Arlington Capital Partners</p>	 <p>First Lien Term Loan Equity</p> <p>Gauge Capital</p>	 <p>Revolver First Lien Term Loan Equity</p> <p>Sagewind Capital</p>
 <p>First Lien Term Loan</p> <p>OceanSound Partners</p>	 <p>Revolver First Lien Term Loan</p> <p>Summit Partners LP</p>	 <p>First Lien Secured Debt Equity</p> <p>The Halifax Group</p>	 <p>Revolver First Lien Term Loan Equity</p> <p>Gauge Capital</p>	 <p>Revolver First Lien Term Loan</p> <p>Arlington Capital Partners</p>