

The image features a background of a business meeting with people in white shirts. A large diagonal graphic element, consisting of a dark blue triangle on the left and a black triangle on the right, is overlaid on the image. The Pennant Park logo, a stylized flag with three horizontal stripes, is positioned to the left of the company name.

# Pennant Park

## Investment Corporation

06/30/2020

NEW YORK • CHICAGO • HOUSTON • LOS ANGELES

## Forward-looking Statements and Risk Factors

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

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

# Established Credit Platform

## PennantPark Investment Advisers, LLC

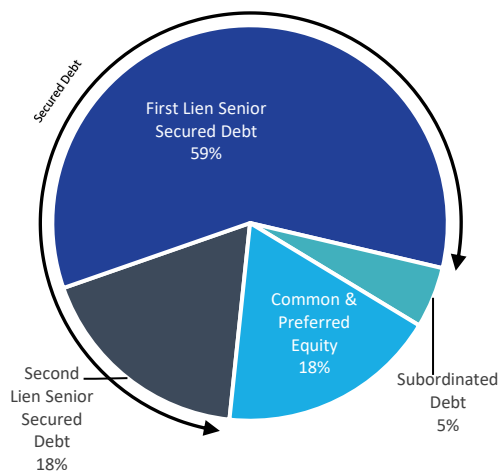
\$3.6 billion total Assets Under Management

### PennantPark Investment Corporation

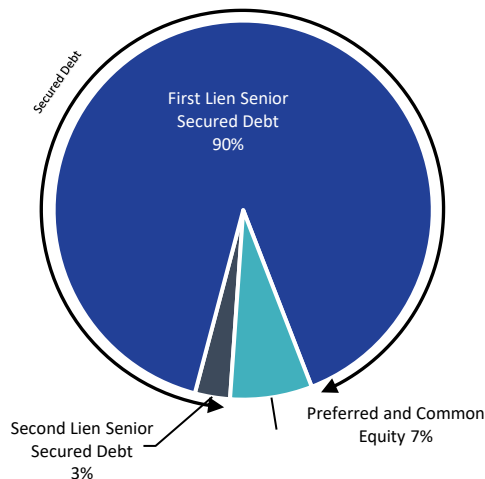
- NASDAQ: "PNNT"
- IPO Date: April 2007
- 77% Secured Debt

### PennantPark Floating Rate Capital Ltd.

- NASDAQ: "PFLT"
- IPO Date: April 2011
- 93% Secured Debt



\$1,333 million



\$1,104 million

### Established Investment Platform

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

### PNNT

- 59% First Lien Senior Secured Debt
- Continuing to move a greater portion of the portfolio into First Lien

## PennantPark Investment Advisers, LLC

**Founded in 2007**  
**Funded \$11B in 544 companies**

### Disciplined Investor

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

### Relationship & Solution Driven

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

### Middle Market Focus

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

### Consistent Performance & Track Record

- Low volatility of underlying portfolio EBITDA through the Great Recession

### PNNT

- Only 14 non-accruals out of 254 companies since inception
- Annualized realized loss ratio approximately 24 basis points compared to 12% yield since inception 13 years ago

### Conservative Portfolio Construction

- 86 companies in 30 different industries
- Weighted average debt / EBITDA through PNNT security is 4.6x
- Weighted average cash interest coverage is 2.9x
- 77% of portfolio is secured

# Third Quarter 2020 Highlights

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## Net Asset Value

Adjusted NAV (excluding MTM of liabilities) increased 7% to \$7.46 from \$6.97 prior quarter

## PSLF

Joint venture with leading private markets investor, Pantheon, reduces debt by \$245 million

## Net Investment Income

Net investment income of \$0.16 per share

## Balance Sheet

Regulatory net debt to equity ratio, after subtracting cash, reduced to 0.9x proforma for PSLF

## Dividend

Announced a second quarter dividend of \$0.12 per share

## Credit Performance

One investment on non-accrual status, representing 2.5% at cost and 2.3% at fair market value of the overall portfolio

# Why is PNNT Well Positioned?

## Experienced Team

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

## Expansive Relationship Network

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

## Strong Capital Base

- Permanent equity capital of \$524 million
- Senior Loan Fund Joint Venture, PSLF, with Pantheon has up to \$381 million of investment capacity

## Attractive and Diversified Financing

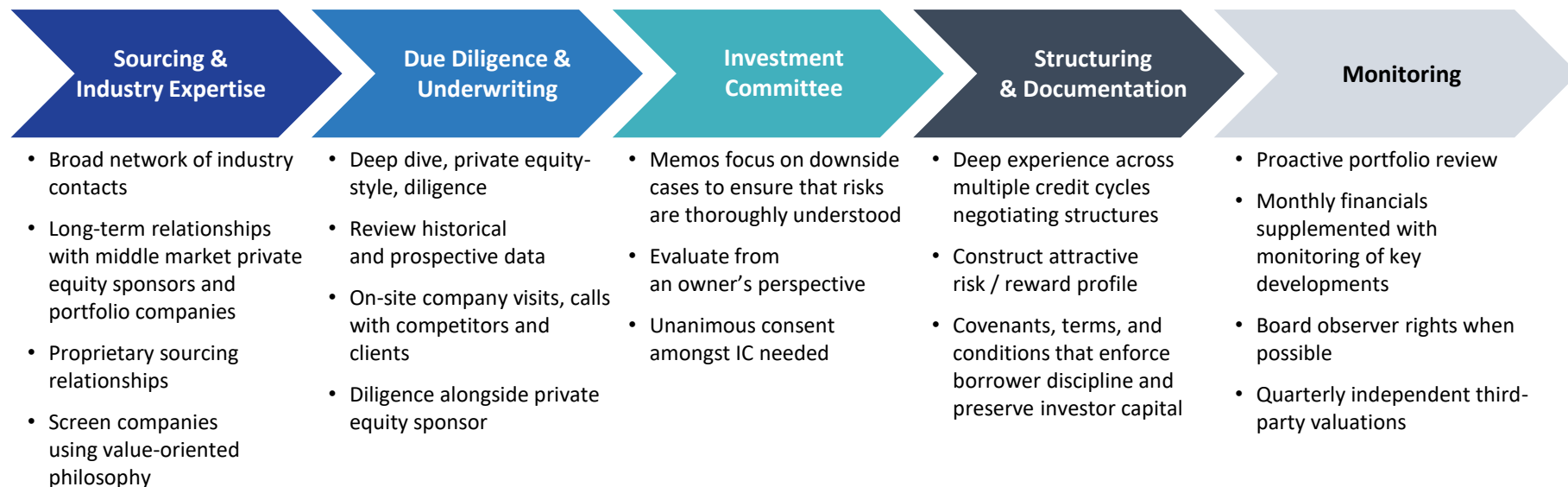
- \$475 million of Truist credit facility at L + 225
- \$134 million in attractive, fixed rate, long-term SBA financing
- \$86 million long term notes due 2024 at 5.5%
- PSLF, joint venture with Pantheon, bolsters liquidity and scales platform
- Received “Green Light” letter for another SBIC license

# Underwriting Philosophy & Process

## Investment Philosophy

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

## Underwriting Process

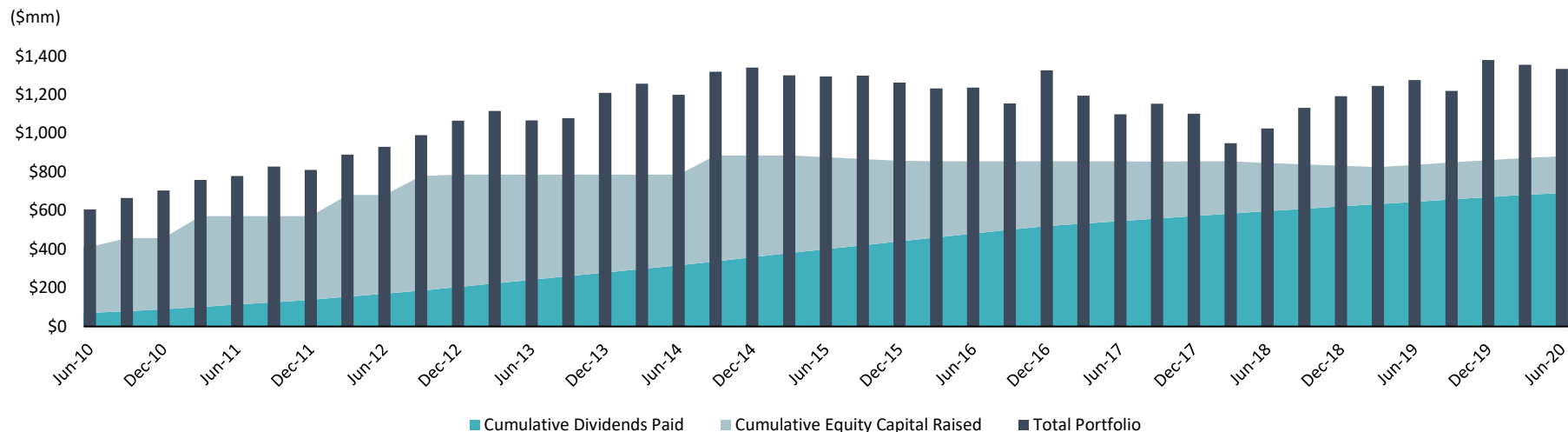


*Note: The execution of the investment process described herein indicates the Manager's current approach to investing, and this investment approach may be modified in the future by the Manager in its sole discretion at any time and without further notice to investors in response to changing market conditions,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

# PNNT Has a Compelling Track Record

- ▶ **Portfolio growth has been measured and consistent with market opportunity**
- ▶ **\$689 million of dividends paid to shareholders since inception**
  - To date, dividends paid to shareholders are approximately 85% of equity capital raised<sup>1</sup>
- ▶ **Low loss experience: approximately 24 bps annual realized loss rate against a 12% average yield on purchases since inception**
  - Low volatility of underlying portfolio EBITDA through the Global Financial Crisis
  - Only 14 non-accruals out of 254 companies since inception, despite recession and credit crisis

**Portfolio Size, Equity Raised & Cumulative Dividends Paid**

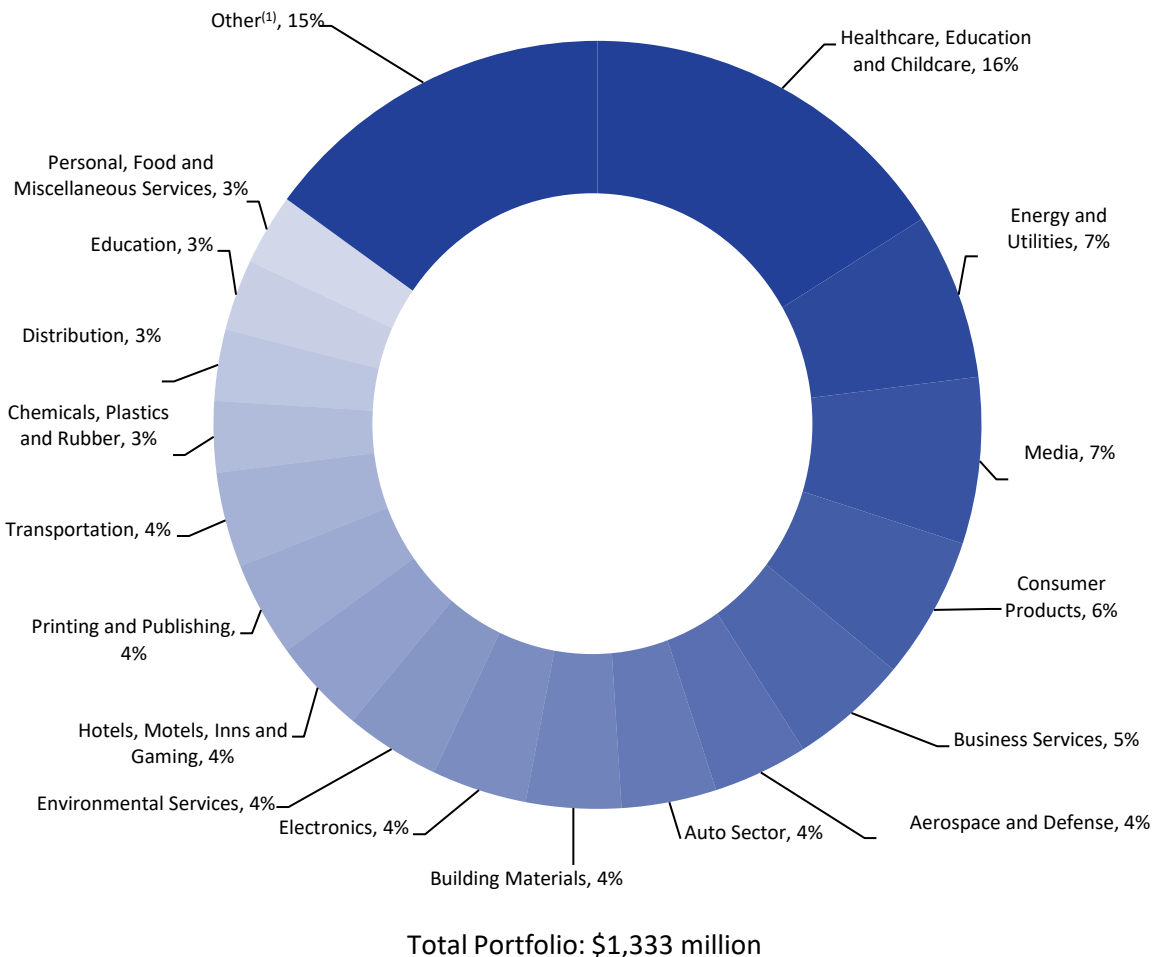


1. Net of repurchases.



# Overall Portfolio as of 6/30/20

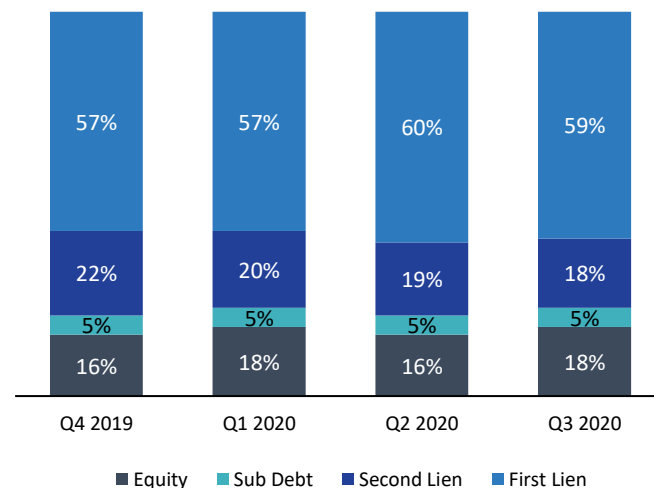
## Highly Diversified Industry Mix



## Portfolio Overview

- ▶ 86 different companies
- ▶ Average investment size: \$15.5 million
- ▶ Yield at Cost on Debt Portfolio: 8.7%
- ▶ 77% Secured Debt

## Portfolio Mix



1. Total of 30 industries. "Other" includes: Beverage, Food and Tobacco/Buildings and Real Estate/Communications/Distribution/Financial Services/Food/Grocery/Home and Office Furnishings/Insurance/Leisure, Amusement, Motion Pictures, Entertainment/Manufacturing / Basic Industries/Oil and Gas/Other Media/Telecommunications.

# Benefits of SBIC Subsidiary

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- ▶ **Long-term funding**
  - 10-year SBA non-recourse debentures
  - Does not use mark-to-market accounting
- ▶ **Up to 2x leverage at SBIC subsidiary**
  - Remaining \$134 million long-term financing
- ▶ **Attractive pricing: all-in ten-year fixed-rate of 3.1% on SBA financed vehicle**
- ▶ **Diversifies funding sources**
- ▶ **Exemptive relief excludes SBIC debt from BDC asset coverage test**
- ▶ **“Green Light” letter received to move forward on a new SBIC license**

## PennantPark Senior Loan Fund, LLC (“PSLF”)

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- ▶ Invests in primarily middle market, directly originated first lien loans
- ▶ \$381 million of total capacity, today
- ▶ Total commitments of \$131 million in notes and equity from PNNT and Pantheon Ventures
- ▶ Up to \$250 million of third party debt financing
- ▶ Expands ability to serve sponsor and borrower clients with larger bite sizes
- ▶ Bolsters PNNT liquidity and scales platform

## Diversified Funding Sources

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06/30/2020	Commitment Amount (\$mm)	Interest Rate	Maturity Date
BNP Revolving Credit Facility	\$250	2.8%	2/22/24
Truist Revolving Credit Facility	475	2.5	9/4/24
SBIC II	134	3.1 <sup>1</sup>	3/1/26 - 3/1/28 <sup>1</sup>
2024 Notes	86	5.5	10/15/24
<b>Total</b>	<b>\$945</b>	<b>4.2%</b>	

1. Across all SBIC II debentures.

## Selected Financial Highlights - PNNT

(\$mm, except per share data)	September Q4 2019	December Q1 2020	March Q2 2020	June Q3 2020
Investment Portfolio (at fair value)	\$1,219	\$1,379	\$1,354	\$1,333
Debt (Regulatory)	\$538	\$620	\$769	\$745
Debt (GAAP)	\$684	\$743	\$847	\$848
GAAP Net Assets	\$582	\$589	\$517	\$524
Adjusted Net Assets <sup>2</sup>	\$579	\$586	\$467	\$500
Debt to Equity (Regulatory)	0.94x	1.06x	1.65x	1.49x
Net Debt to Equity (Regulatory) <sup>(3)</sup>	0.85x	1.00x	1.59x	1.39x
Net Debt to Equity (GAAP) <sup>(3)</sup>	1.07x	1.21x	1.59x	1.52x
Originations	\$39	\$174	\$107	\$12
<b>Per Share Data:</b>				
GAAP Net Asset Value	\$8.68	\$8.79	\$7.71	\$7.82
Adjusted Net Asset Value <sup>2</sup>	\$8.64	\$8.74	\$6.97	\$7.46
Core Net Investment Income	\$0.17 <sup>1</sup>	\$0.15	\$0.15	\$0.16
Dividends to Shareholders	\$0.18	\$0.18	\$0.18	\$0.12




1. Core Net Investment Income per share is a non-GAAP financial measure.
2. A non-GAAP financial measure which excludes mark-to-market of liabilities.
3. A non-GAAP financial measure which excludes cash.

## Strategy Targeted to Deliver Returns

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

# PNNT Selected Investments

 <p>Revolver First Lien Secured Debt Equity</p> <p>InTandem Capital</p>	 <p>Second Lien Secured Debt Equity</p> <p>Francisco Partners</p>	 <p>Revolver First Lien Secured Loan Equity</p> <p>Staple Street Capital</p>	 <p>Revolver First Lien Term Loan</p> <p>Yellow Wood Partners</p>
 <p>Revolver First Lien Secured Debt</p> <p>MidOcean Partners</p>	 <p>Second Lien Secured Debt Equity</p> <p>Court Square Capital Partners</p>	 <p>Revolver First Lien Secured Debt Equity</p> <p>Mountaingate Capital</p>	 <p>Revolver First Lien Secured Debt</p> <p>Wind Point Partners</p>
 <p>Second Lien Secured Debt Delayed-Draw Term Loan</p> <p>Morgan Stanley Capital Partners</p>	 <p>First Lien Secured Debt</p> <p>Arlington Capital Partners</p>	 <p>Revolver First Lien Term Loan</p> <p>OpenGate Capital</p>	 <p>Revolver First Lien Term Loan Equity</p> <p>CIP Capital</p>
 <p>Revolver First Lien Secured Debt</p> <p>The Halifax Group</p>	 <p>First Lien Secured Debt Equity</p> <p>J.W. Childs</p>	 <p>Revolver First Lien Secured Debt Equity</p> <p>H.I.G. Capital</p>	 <p>Second Lien Secured Debt Equity</p> <p>Clearlake Capital</p>