

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2021

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: 814-00736

**PENNANTPARK INVESTMENT CORPORATION**

(Exact name of registrant as specified in its charter)

**MARYLAND**

(State or other jurisdiction of incorporation or organization)

**20-8250744**

(I.R.S. Employer Identification No.)

**1691 Michigan Avenue,  
Miami Beach, Florida**

(Address of principal executive offices)

**33319**

(Zip Code)

(212) 905-1000

(Registrant's Telephone Number, Including Area Code)

**590 Madison Avenue, 15th Floor  
New York, New York 10022**

(Former name, former address and former fiscal year, if changed since last report)

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	PNNT	The Nasdaq Stock Market LLC

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 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the registrant's common stock, \$0.001 par value per share, outstanding as of February 9, 2022 was 67,045,105.

PENNANTPARK INVESTMENT CORPORATION  
FORM 10-Q FOR THE QUARTER ENDED DECEMBER 31, 2021  
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**PART I—CONSOLIDATED FINANCIAL INFORMATION**

We are filing this Quarterly Report on Form 10-Q, or the Report, in compliance with Rule 13a-13 as promulgated by the Securities and Exchange Commission, or the SEC, under the Securities Exchange Act of 1934, as amended, or the Exchange Act. In this Report, except where context suggest otherwise, the terms “Company,” “we,” “our” or “us” refers to PennantPark Investment Corporation and its consolidated subsidiaries; “PennantPark Investment” refers to only PennantPark Investment Corporation; “our SBIC Fund” refers collectively to our consolidated subsidiaries, PennantPark SBIC II LP, or SBIC II, and its general partner, PennantPark SBIC GP II, LLC; “Funding I” refers to PennantPark Investment Funding I, LLC, a wholly-owned subsidiary prior to deconsolidation on July 31, 2020; “Taxable Subsidiary” refers to PNNT Investment Holdings, LLC; “PSLF” refers to PennantPark Senior Loan Fund, LLC, an unconsolidated joint venture; “PennantPark Investment Advisers” or “Investment Adviser” refers to PennantPark Investment Advisers, LLC; “PennantPark Investment Administration” or “Administrator” refers to PennantPark Investment Administration, LLC; “SBA” refers to the Small Business Administration; “SBIC” refers to a small business investment company under the Small Business Investment Act of 1958, as amended, or the “1958 Act”; “BNP Credit Facility” refers to our revolving credit facility with BNP Paribas prior to deconsolidation of Funding I; “Truist Credit Facility” refers to our multi-currency, senior secured revolving credit facility with Truist Bank (formerly SunTrust Bank), as amended and restated; “Credit Facilities” refers to the BNP Credit Facility and the Truist Credit Facility collectively; “2024 Notes” refers to our 5.50% Notes due 2024; “2026 Notes” refers to our 4.50% Notes due May 2026; “2026 Notes-2” refers to our 4.00% Notes due November 2026; “BDC” refers to a business development company under the Investment Company Act of 1940, as amended, or the “1940 Act”; “SBCAA” refers to the Small Business Credit Availability Act; “Code” refers to the Internal Revenue Code of 1986, as amended; and “RIC” refers to a regulated investment company under the Code. References to our portfolio, our investments and our business include investments we make through SBIC II and other consolidated subsidiaries.

Item 1. Consolidated Financial Statements

PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

	December 31, 2021 (unaudited)	September 30, 2021
<b>Assets</b>		
Investments at fair value		
Non-controlled, non-affiliated investments (cost—\$890,776,532 and \$729,811,369, respectively)	\$ 931,825,423	\$ 820,500,111
Non-controlled, affiliated investments (cost—\$47,449,723 and \$78,723,320, respectively)	51,121,783	50,161,391
Controlled, affiliated investments (cost—\$426,263,178 and \$412,586,761, respectively)	462,442,536	384,628,332
Total investments (cost—\$1,364,489,433 and \$1,221,121,450, respectively)	1,445,389,742	1,255,289,834
Cash and cash equivalents (cost—\$39,570,438 and \$20,382,959, respectively)	39,581,423	20,357,016
Interest receivable	5,408,144	4,958,217
Receivable for investments sold	25,614,110	12,792,969
Distribution receivable	1,815,000	1,694,000
<b>Total assets</b>	<b>1,517,808,419</b>	<b>1,295,092,036</b>
<b>Liabilities</b>		
Distributions payable	8,045,413	8,045,413
Payable for investments purchased	595,350	8,407,287
Truist Credit Facility payable, at fair value (cost—\$445,223,900 and \$316,544,900, respectively) (See Notes 5 and 10)	444,487,950	314,813,145
2024 Notes payable, net (par— zero and \$86,250,000, respectively) (See Notes 5 and 10)	—	84,503,061
2026 Notes payable, net (par— \$150,000,000) (See Notes 5 and 10)	146,090,709	145,865,253
2026 Notes-2 payable, net (par— \$165,000,000 and zero, respectively) (See Notes 5 and 10)	160,732,762	—
SBA debentures payable, net (par—\$63,500,000) (See Notes 5 and 10)	62,207,567	62,158,642
Base-management fee payable, net (See Note 3)	5,108,859	4,580,227
Performance based-incentive fee payable (See Note 3)	2,656,598	574,728
Interest payable on debt	4,011,871	4,942,513
Deferred tax liability	5,045,141	—
Accrued other expenses	1,216,808	1,057,660
<b>Total liabilities</b>	<b>840,199,028</b>	<b>634,947,929</b>
Commitments and contingencies (See Note 11)		
<b>Net assets</b>		
Common stock, 67,045,105 shares issued and outstanding		
Par value \$0.001 per share and 100,000,000 shares authorized	67,045	67,045
Paid-in capital in excess of par value	786,992,974	786,992,974
Accumulated deficit	(109,450,628)	(126,915,912)
<b>Total net assets</b>	<b>\$ 677,609,391</b>	<b>\$ 660,144,107</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,517,808,419</b>	<b>\$ 1,295,092,036</b>
<b>Net asset value per share</b>	<b>\$ 10.11</b>	<b>\$ 9.85</b>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	<b>Three Months Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Investment income:</b>		
From non-controlled, non-affiliated investments:		
Interest	\$ 15,540,240	\$ 11,432,511
Payment-in-kind	2,410,294	1,458,798
Other income	4,190,708	481,125
From non-controlled, affiliated investments:		
Payment-in-kind	—	—
From controlled, affiliated investments:		
Interest	2,266,807	2,276,776
Payment-in-kind	2,126,309	1,562,250
Dividend income	1,815,000	1,521,000
<b>Total investment income</b>	<b>28,349,358</b>	<b>18,732,460</b>
<b>Expenses:</b>		
Base management fee (See Note 3)	5,108,859	4,114,428
Performance-based incentive fee (See Note 3)	2,656,598	—
Interest and expenses on debt (See Note 10)	6,886,467	5,004,131
Administrative services expenses (See Note 3)	250,000	505,020
Other general and administrative expenses	723,100	643,483
<b>Expenses before provision for taxes</b>	<b>15,625,024</b>	<b>10,267,062</b>
Provision for taxes	200,000	150,000
<b>Net expenses</b>	<b>15,825,024</b>	<b>10,417,062</b>
<b>Net investment income</b>	<b>12,524,334</b>	<b>8,315,398</b>
<b>Realized and unrealized gain (loss) on investments and debt:</b>		
Net realized gain (loss) on investments and debt:		
Non-controlled, non-affiliated investments	5,201,459	2,130,958
Non-controlled and controlled, affiliated investments	(31,273,597)	(19,708,359)
Debt extinguishment	(1,669,298)	—
<b>Net realized loss on investments and debt</b>	<b>(27,741,436)</b>	<b>(17,577,401)</b>
Net change in unrealized appreciation (depreciation) on:		
Non-controlled, non-affiliated investments	(49,603,030)	76,405,417
Non-controlled and controlled, affiliated investments	96,371,775	17,099,609
Provision for taxes on unrealized appreciation on investments	(5,045,141)	—
Debt (appreciation) depreciation (See Notes 5 and 10)	(995,805)	(13,109,272)
<b>Net change in unrealized appreciation (depreciation) on investments and debt</b>	<b>40,727,799</b>	<b>80,395,754</b>
<b>Net realized and unrealized gain (loss) from investments and debt</b>	<b>12,986,363</b>	<b>62,818,353</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>25,510,697</b>	<b>71,133,751</b>
Net increase (decrease) in net assets resulting from operations per common share (See Note 7)	\$ 0.38	\$ 1.06
Net investment income per common share	\$ 0.19	\$ 0.12

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
(Unaudited)

	<b>Three Months Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Net increase (decrease) in net assets resulting from operations:</b>		
Net investment income	\$ 12,524,334	\$ 8,315,398
Net realized loss on investments and debt	(27,741,436)	(17,577,401)
Net change in unrealized appreciation on investments	46,768,745	93,505,026
Net change in provision for taxes on unrealized appreciation on investments	(5,045,141)	—
Net change in unrealized appreciation depreciation on debt	(995,805)	(13,109,272)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>25,510,697</b>	<b>71,133,751</b>
<b>Distributions to stockholders</b>	<b>(8,045,413)</b>	<b>(8,045,413)</b>
<b>Net increase in net assets</b>	<b>17,465,284</b>	<b>63,088,338</b>
<b>Net assets:</b>		
Beginning of period	660,144,107	525,708,852
End of period	\$ 677,609,391	\$ 588,797,190

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>Three months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Net increase in net assets resulting from operations	\$ 25,510,697	\$ 71,133,751
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash (used in) provided by operating activities:		
Net change in net unrealized (appreciation) depreciation on investments	(46,768,745)	(93,505,026)
Net change in unrealized appreciation (depreciation) on debt	995,805	13,109,272
Net realized (gain) loss on investments	26,072,138	17,577,401
Net accretion of discount and amortization of premium	(2,064,869)	(391,947)
Purchases of investments	(295,135,725)	(68,209,636)
Payment-in-kind income	(4,451,323)	(3,446,716)
Proceeds from dispositions of investments	132,246,002	102,590,824
Amortization of deferred financing costs	565,385	256,315
Increase in interest receivable	(449,927)	(115,717)
Increase in receivables from investments sold	(12,821,141)	—
Increase in distribution receivable	(121,000)	304,716
(Increase) in prepaid expenses and other assets	—	(543)
Decrease in payable for investments purchased	(7,811,937)	(5,322,288)
(Decrease) increase in interest payable on debt	(930,642)	948,839
(Decrease) increase in base management fee payable, net	528,632	(255,209)
Increase in performance-based incentive fee payable, net	2,081,870	—
Increase in deferred tax liability	5,045,141	—
Increase in accrued other expenses	159,148	364,321
Net cash (used in) provided by operating activities	<u>(177,350,491)</u>	<u>35,038,357</u>
<b>Cash flows from financing activities:</b>		
Distributions paid to stockholders	(8,045,413)	(8,045,413)
Net repayments of the 2024 Notes issuance	(84,580,702)	—
Proceeds from 2026 Notes-2 issuance	160,519,400	—
Borrowings under Truist Credit Facility	416,897,391	16,292,900
Repayments under Truist Credit Facility	(288,218,391)	(49,000,000)
Net cash provided by (used in) financing activities	<u>196,572,285</u>	<u>(40,752,513)</u>
<b>Net increase (decrease) in cash equivalents</b>	<u>19,221,795</u>	<u>(5,714,156)</u>
Effect of exchange rate changes on cash	2,612	65,453
<b>Cash and cash equivalents, beginning of period</b>	<u>20,357,016</u>	<u>25,806,002</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 39,581,423</u>	<u>\$ 20,157,299</u>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid	<u>\$ 7,251,724</u>	<u>\$ 3,798,977</u>
Taxes paid	<u>\$ 695,283</u>	<u>\$ 3,528</u>
Non-cash exchanges and conversions	<u>\$ (31,273,596)</u>	<u>\$ 16,515,842</u>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2021**  
**(Unaudited)**

Issuer Name	Maturity / Expiration	Industry	Current Coupon	Basis Point Spread Above Index <sup>(b)</sup>	Par / Shares	Cost	Fair Value <sup>(c)</sup>
<b>Investments in Non-Controlled, Non-Affiliated Portfolio Companies—137.5%<sup>(1)(2)</sup></b>							
<b>First Lien Secured Debt—92.7%</b>							
Ad.net Acquisition, LLC (Revolver) <sup>(7)</sup>	05/06/2026	Media	—	—	444,444	\$ —	\$ —
Altamira Technologies, LLC (Revolver)	07/24/2025	Aerospace and Defense	9.00 %	3M L+800	50,000	50,000	46,875
Altamira Technologies, LLC (Revolver) <sup>(7)</sup>	07/24/2025	Aerospace and Defense	—	—	137,500	—	(8,594)
American Insulated Glass, LLC	12/21/2023	Building Materials	6.50 %	3M L+550	13,605,003	13,484,451	13,605,003
Any Hour Services	07/21/2027	Personal, Food and Miscellaneous Services	6.75 %	3M L+575	3,510,000	3,475,030	3,510,000
Any Hour Services <sup>(7)</sup>	07/21/2027	Personal, Food and Miscellaneous Services	—	—	313,529	—	3,135
Any Hour Services (Revolver) <sup>(7)</sup>	07/21/2027	Personal, Food and Miscellaneous Services	—	—	1,147,059	—	—
Apex Service Partners, LLC	07/31/2025	Personal, Food and Miscellaneous Services	6.25 %	1M L+525	3,936,073	3,936,073	3,886,872
Apex Service Partners, LLC Term Loan C	07/31/2025	Personal, Food and Miscellaneous Services	6.25 %	1M L+525	9,644,656	9,534,394	9,524,098
Apex Service Partners, LLC (Revolver)	07/29/2024	Personal, Food and Miscellaneous Services	6.25 %	3M L+525	372,826	372,826	364,438
Apex Service Partners, LLC (Revolver) <sup>(7)</sup>	07/29/2024	Personal, Food and Miscellaneous Services	—	—	559,239	—	(12,583)
Applied Technical Services, LLC	12/29/2026	Environmental Services	6.75 %	3M L+575	2,682,396	2,652,731	2,648,866
Applied Technical Services, LLC <sup>(7)</sup>	06/29/2022	Environmental Services	—	—	3,548,655	—	(4,436)
Applied Technical Services, LLC (Revolver)	12/29/2026	Environmental Services	8.00 %	3M P +475	250,000	250,000	246,875
Applied Technical Services, LLC (Revolver) <sup>(7)</sup>	12/29/2026	Environmental Services	—	—	750,000	—	(9,375)
Bottom Line Systems, LLC	02/13/2023	Healthcare, Education and Childcare	6.25 %	1M L+550	6,153,097	6,132,781	6,153,097
Broder Bros., Co.	12/02/2022	Consumer Products	8.00 %	3M L+700	25,189,083	25,189,743	25,189,083
CF512, Inc.	08/20/2026	Media	7.00 %	3M L+600	9,520,455	9,362,895	9,425,250
CF512, Inc.(Revolver) <sup>(7)</sup>	08/20/2026	Media	—	—	909,091	—	(9,091)
Compex Legal Services, Inc.	02/09/2026	Business Services	6.75 %	3M L+575	3,560,594	3,508,240	3,560,594
Compex Legal Services, Inc. (Revolver)	02/07/2025	Business Services	6.75 %	3M L+575	393,396	393,396	393,396
Compex Legal Services, Inc. (Revolver) <sup>(7)</sup>	02/07/2025	Business Services	—	—	262,264	—	—
Connatix Buyer, Inc.	07/13/2027	Media	6.25 %	3M L+550	11,970,000	11,746,118	12,029,848
Connatix Buyer, Inc. <sup>(7)</sup>	01/13/2023	Media	—	—	3,157,895	—	47,368
Connatix Buyer, Inc. (Revolver) <sup>(7)</sup>	07/13/2027	Media	—	—	1,859,375	—	—
Crane 1 Services, Inc.	08/16/2027	Personal, Food and Miscellaneous Services	6.75 %	3M L+575	1,842,750	1,816,473	1,824,323
Crane 1 Services, Inc. <sup>(7)</sup>	08/16/2023	Personal, Food and Miscellaneous Services	—	—	777,512	—	(1,943)
Crane 1 Services, Inc. (Revolver) <sup>(7)</sup>	08/16/2027	Personal, Food and Miscellaneous Services	—	—	291,567	—	(2,916)
Crash Champions, LLC	08/05/2025	Auto Sector	6.28 %	3M L+500	21,283,479	21,004,099	20,857,809
Crash Champions, LLC <sup>(7)</sup>	08/05/2025	Auto Sector	—	—	2,707,895	—	(40,618)
DermaRite Industries LLC	03/03/2022	Manufacturing / Basic Industries	8.00 %	1M L+700	8,054,975	8,049,823	6,492,310
Dr. Squatch, LLC	08/27/2026	Personal and Non-Durable Consumer Products	7.00 %	3M L+600	6,997,177	6,863,534	6,997,177
Dr. Squatch, LLC (Revolver)	08/27/2026	Personal and Non-Durable Consumer Products	7.00 %	3M L+600	1,705,610	1,705,610	1,705,610
Dr. Squatch, LLC (Revolver) <sup>(7)</sup>	08/27/2026	Personal and Non-Durable Consumer Products	—	—	620,222	—	—
DRS Holdings III, Inc.	11/03/2025	Consumer Products	6.75 %	3M L+575	4,950,000	4,906,027	4,920,300
DRS Holdings III, Inc. (Revolver) <sup>(7)</sup>	11/03/2025	Consumer Products	—	—	1,782,555	—	(10,695)
Duraco Specialty Tapes LLC	06/30/2024	Manufacturing / Basic Industries	6.50 %	3M L+550	8,210,612	8,072,157	8,079,242
ECL Entertainment, LLC	03/31/2028	Hotels, Motels, Inns and Gaming	8.25 %	1M L+750	8,725,385	8,644,604	8,856,265
ECM Industries, LLC (Revolver)	12/23/2025	Electronics	5.75 %	3M L+475	161,748	161,748	157,704
ECM Industries, LLC (Revolver) <sup>(7)</sup>	12/23/2025	Electronics	—	—	355,846	—	(8,896)
Fairbanks Morse Defense	06/17/2028	Aerospace and Defense	5.50 %	3M L+475	3,500,000	3,487,690	3,491,250
Gantech Acquisition Corp.	05/14/2026	Business Services	7.25 %	1M L+625	19,817,379	19,460,512	19,619,205
Gantech Acquisition Corp. (Revolver) <sup>(7)</sup>	05/14/2026	Business Services	—	—	1,991,084	—	(19,911)
Graffiti Buyer, Inc. <sup>(7)</sup>	08/10/2027	Distribution	—	—	892,857	—	179
Graffiti Buyer, Inc. (Revolver)	08/10/2023	Distribution	6.75 %	3M L+575	140,916	140,916	138,168
Graffiti Buyer, Inc. (Revolver) <sup>(7)</sup>	08/10/2027	Distribution	—	—	627,717	—	(12,240)
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	6.00 %	3M L+500	1,100,000	1,100,000	1,100,000
Hancock Roofing and Construction L.L.C. <sup>(7)</sup>	12/31/2022	Insurance	—	—	400,000	—	—
Hancock Roofing and Construction L.L.C. (Revolver) <sup>(7)</sup>	12/31/2026	Insurance	—	—	750,000	—	—
Holdco Sands Intermediate, LLC	11/23/2028	Aerospace and Defense	7.00 %	1M L+600	22,000,000	21,564,365	21,560,000
Holdco Sands Intermediate, LLC (Revolver) <sup>(7)</sup>	11/23/2027	Aerospace and Defense	—	—	3,940,750	—	(78,815)
HW Holdco, LLC	12/10/2024	Media	6.75 %	3M L+575	8,100,726	7,976,344	7,938,711
HW Holdco, LLC <sup>(7)</sup>	12/10/2024	Media	—	—	5,220,084	—	(52,201)
HW Holdco, LLC (Revolver) <sup>(7)</sup>	12/10/2024	Media	—	—	3,387,097	—	(67,742)
IDC Infusion Services, Inc.	12/30/2026	Healthcare, Education and Childcare	7.00 %	3M L+600	5,000,000	4,900,119	4,900,000
IDC Infusion Services, Inc. <sup>(7)</sup>	06/30/2023	Healthcare, Education and Childcare	—	—	12,500,000	—	—
IDC Infusion Services, Inc. (Revolver) <sup>(7)</sup>	12/30/2026	Healthcare, Education and Childcare	—	—	4,166,667	—	—
IG Investments Holdings, LLC	09/22/2028	Business Services	6.75 %	3M L+600	4,507,009	4,419,720	4,416,869
IG Investments Holdings, LLC (Revolver)	09/22/2027	Business Services	6.75 %	3M L+600	238,439	238,439	233,671
IG Investments Holdings, LLC (Revolver) <sup>(7)</sup>	09/22/2027	Business Services	—	—	238,439	—	(4,769)
Imagine Acquisitionco, LLC	11/15/2027	Business Services	6.50 %	3M L+550	5,664,607	5,552,872	5,551,315
Imagine Acquisitionco, LLC <sup>(7)</sup>	11/15/2027	Business Services	—	—	2,340,961	—	(23,410)
Imagine Acquisitionco, LLC (Revolver) <sup>(7)</sup>	11/15/2027	Business Services	—	—	1,685,492	—	(33,710)
Inception Fertility Ventures, LLC	12/07/2023	Healthcare, Education and Childcare	6.50 %	3M L+550	4,920,995	4,804,226	4,797,970
Inception Fertility Ventures, LLC <sup>(7)</sup>	12/07/2023	Healthcare, Education and Childcare	—	—	12,979,794	—	(162,247)
Infolinks Media Buyco, LLC	11/01/2026	Media	7.00 %	1M L+600	6,477,047	6,351,081	6,347,506
Infolinks Media Buyco, LLC <sup>(7)</sup>	11/01/2023	Media	—	—	2,372,407	—	(23,724)
Integrity Marketing Acquisition, LLC	08/27/2025	Insurance	6.60 %	3M L+550	24,064,031	23,888,817	23,908,799
Integrity Marketing Acquisition, LLC <sup>(7)</sup>	07/09/2023	Insurance	—	—	873,077	—	2,183
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	8.00 %	1M L+700	11,769,333	11,691,220	11,533,947
K2 Pure Solutions NoCal, L.P. (Revolver)	12/20/2023	Chemicals, Plastics and Rubber	8.00 %	1M L+700	872,143	872,143	854,700
K2 Pure Solutions NoCal, L.P. (Revolver) <sup>(7)</sup>	12/20/2023	Chemicals, Plastics and Rubber	—	—	1,065,952	—	(21,319)
Kinetic Purchaser, LLC	11/10/2027	Consumer Products	7.00 %	3M L+600	22,249,838	21,811,117	21,804,841
Kinetic Purchaser, LLC (Revolver)	11/10/2026	Consumer Products	7.00 %	3M L+600	2,329,725	2,329,725	2,283,130
Kinetic Purchaser, LLC (Revolver) <sup>(7)</sup>	11/10/2026	Consumer Products	—	—	2,523,868	—	(50,477)
Lash OpCo, LLC	02/18/2027	Consumer Products	8.00 %	1M L+700	14,925,000	14,604,755	14,775,750
Lash OpCo, LLC (Revolver) <sup>(7)</sup>	8/16/2026	Consumer Products	—	—	1,819,635	—	(18,196)
LAV Gear Holdings, Inc.	10/31/2024	Leisure, Amusement, Motion Pictures, Entertainment	8.50 % (PIK 5.00%)	1M L+750	792,486	788,056	755,239

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Ledge Lounger, Inc.	11/09/2026	Consumer Products	7.25 %	3M L+625	9,246,715	\$ 9,065,843	\$ 9,061,780
Ledge Lounger, Inc. (Revolver)	11/09/2026	Consumer Products	7.25 %	3M L+625	1,288,430	1,288,430	1,262,662
Ledge Lounger, Inc. (Revolver) <sup>(7)</sup>	11/09/2026	Consumer Products	—	—	644,215	—	(12,884)
Lightspeed Buyer Inc.	02/03/2026	Healthcare, Education and Childcare	6.75 %	1M L+575	4,981,335	4,913,176	4,844,348
Lightspeed Buyer Inc. (Revolver)	02/03/2026	Healthcare, Education and Childcare	6.75 %	1M L+575	310,875	310,875	302,326
Lightspeed Buyer Inc. (Revolver) <sup>(7)</sup>	02/03/2026	Healthcare, Education and Childcare	—	—	854,906	—	(23,510)
Lombart Brothers, Inc.	04/13/2023	Healthcare, Education and Childcare	7.25 %	1M L+625	2,050,864	2,038,223	2,050,864
Lombart Brothers, Inc. (Revolver)	04/13/2023	Healthcare, Education and Childcare	7.25 %	1M L+625	737,293	737,293	737,293
Management Consulting & Research, LLC	08/16/2027	Aerospace and Defense	7.00 %	3M L+600	14,000,000	13,725,387	13,720,000
Management Consulting & Research, LLC (Revolver) <sup>(7)</sup>	08/16/2027	Aerospace and Defense	—	—	2,925,220	—	(58,504)
Mars Acquisition Holdings Corp. (Revolver) <sup>(7)</sup>	5/14/2026	Media	—	—	806,142	—	(4,031)
MBS Holdings, Inc. (Revolver) <sup>(7)</sup>	04/16/2027	Telecommunications	—	—	694,444	—	(6,944)
Meadowlark Acquirer, LLC	12/10/2027	Business Services	6.50 %	3M L+550	3,087,907	3,048,970	3,048,859
Meadowlark Acquirer, LLC Term Loan I <sup>(7)</sup>	12/10/2027	Business Services	—	—	2,919,864	—	—
Meadowlark Acquirer, LLC Term Loan II <sup>(7)</sup>	12/10/2027	Business Services	—	—	8,921,807	—	—
Meadowlark Acquirer, LLC (Revolver) <sup>(7)</sup>	12/10/2027	Business Services	—	—	1,684,843	—	—
MeritDirect, LLC	05/23/2024	Media	6.50 %	3M L+550	5,226,281	5,155,762	5,174,018
MeritDirect, LLC (Revolver) <sup>(7)</sup>	05/23/2024	Media	—	—	1,612,278	—	(16,123)
Municipal Emergency Services, Inc.	09/28/2027	Distribution	6.00 %	3M L+500	6,935,448	6,801,568	6,824,481
Municipal Emergency Services, Inc. <sup>(7)</sup>	09/28/2027	Distribution	—	—	1,880,414	—	(11,282)
Municipal Emergency Services, Inc. (Revolver) <sup>(7)</sup>	09/28/2027	Distribution	—	—	1,880,414	—	(30,087)
NBH Group LLC (Revolver) <sup>(7)</sup>	08/19/2026	Healthcare, Education and Childcare	—	—	1,162,916	—	(11,629)
Neptune Flood Incorporated	10/14/2026	Financial Services	7.00 %	3M L+600	4,833,333	4,798,195	4,797,083
OIS Management Services, LLC	07/09/2026	Healthcare, Education and Childcare	5.50 %	3M L+450	1,433,333	1,422,592	1,419,000
OIS Management Services, LLC (Revolver)	07/09/2026	Healthcare, Education and Childcare	5.50 %	3M L+450	333,333	333,333	330,000
One Stop Mailing, LLC	05/07/2027	Cargo Transport	7.25 %	3M L+625	9,882,143	9,696,313	9,709,205
ORL Acquisition, Inc.	09/03/2027	Business Services	6.25 %	3M L+525	5,028,299	4,932,144	4,978,016
ORL Acquisition, Inc. (Revolver) <sup>(7)</sup>	09/03/2027	Business Services	—	—	596,963	—	(5,970)
Ox Two, LLC	05/18/2026	Building Materials	7.00 %	1M L+600	15,631,875	15,410,472	15,319,238
Ox Two, LLC (Revolver)	05/18/2026	Building Materials	7.00 %	1M L+600	1,774,194	1,774,194	1,738,710
Ox Two, LLC (Revolver) <sup>(7)</sup>	05/18/2026	Building Materials	—	—	645,161	—	(12,903)
PL Acquisitionco, LLC	11/09/2027	Retail	7.50 %	3M L+650	8,699,717	8,548,960	8,547,472
PL Acquisitionco, LLC - (Revolver)	11/09/2027	Retail	7.50 %	3M L+650	862,861	862,861	847,761
PL Acquisitionco, LLC (Revolver) <sup>(7)</sup>	11/09/2027	Retail	—	—	2,372,868	—	(41,525)
PRA Events, Inc.	08/07/2025	Business Services	11.50 %	3M L+1,050	24,362,879	21,109,397	23,510,178
PRA Events, Inc. (Revolver)	08/07/2025	Business Services	11.50 %	3M L+1,050	2,532,744	2,194,515	2,444,098
Quantic Electronics, LLC	11/19/2026	Aerospace and Defense	7.25 %	1M L+625	2,743,108	2,716,593	2,688,246
Quantic Electronics, LLC <sup>(7)</sup>	11/19/2026	Aerospace and Defense	—	—	2,093,825	—	(20,938)
Quantic Electronics, LLC (Revolver) <sup>(7)</sup>	11/19/2026	Aerospace and Defense	—	—	528,486	—	(10,570)
Questex, LLC	09/09/2024	Media	6.00 %	3M L+500	21,768,750	21,546,402	20,244,938
Questex, LLC (Revolver)	09/09/2024	Media	6.00 %	3M L+500	2,154,255	2,154,255	2,003,457
Questex, LLC (Revolver) <sup>(7)</sup>	09/09/2024	Media	—	—	1,436,170	—	(100,532)
Radius Aerospace, Inc. (Revolver) <sup>(7)</sup>	03/31/2025	Aerospace and Defense	—	—	2,227,142	—	(22,271)
Rancho Health MSO, Inc. <sup>(7)</sup>	12/18/2025	Healthcare, Education and Childcare	—	—	1,050,000	—	—
Rancho Health MSO, Inc. (Revolver) <sup>(7)</sup>	12/18/2025	Healthcare, Education and Childcare	—	—	525,000	—	—
Recteq, LLC (Revolver) <sup>(7)</sup>	01/29/2026	Consumer Products	—	—	1,126,761	—	(16,901)
Research Horizons, LLC	06/28/2022	Media	7.25 %	1M L+625	23,005,912	22,932,586	22,775,853
Research Now Group, Inc. and Dynata, LLC	12/20/2024	Business Services	6.50 %	3M L+550	2,876,279	2,876,279	2,834,947
Riverpoint Medical, LLC (Revolver) <sup>(7)</sup>	06/20/2025	Healthcare, Education and Childcare	—	—	363,636	—	(2,545)
Riverside Assessments, LLC	03/10/2025	Education	6.75 %	3M L+575	15,474,375	15,276,346	15,319,631
Sales Benchmark Index LLC (Revolver) <sup>(7)</sup>	01/03/2025	Business Services	—	—	731,707	—	(10,976)
Sargent & Greenleaf Inc. (Revolver)	12/20/2024	Electronics	7.00 %	3M L+550	493,303	493,303	493,303
Sargent & Greenleaf Inc. (Revolver) <sup>(7)</sup>	12/20/2024	Electronics	—	—	104,640	—	—
Schlesinger Global, Inc.	07/14/2025	Business Services	8.00 %	3M L+700	4,513,480	4,450,701	4,366,792
Schlesinger Global, Inc. (Revolver)	07/14/2025	Business Services	7.00 %	3M L+600	30,275	30,275	29,291
Schlesinger Global, Inc. (Revolver) <sup>(7)</sup>	07/14/2025	Business Services	—	—	8,112	—	(264)
Sigma Defense Systems, LLC	12/18/2025	Telecommunications	9.50 %	3M L+850	25,171,796	24,576,942	24,542,502
Sigma Defense Systems, LLC (Revolver) <sup>(7)</sup>	12/18/2025	Telecommunications	—	—	2,975,869	—	(74,397)
Signature Systems Holding Company (Revolver) <sup>(7)</sup>	05/03/2024	Chemicals, Plastics and Rubber	—	—	2,016,129	—	(20,161)
Solutionreach, Inc. (Revolver) <sup>(7)</sup>	01/17/2024	Communications	—	—	1,665,000	—	—
Spear Education, LLC	02/26/2025	Education	6.00 %	3M L+500	14,860,313	14,749,439	14,860,313
Spear Education, LLC <sup>(7)</sup>	02/26/2025	Education	—	—	6,875,000	—	—
TAC LifePort Purchaser, LLC (Revolver) <sup>(7)</sup>	03/01/2026	Aerospace and Defense	—	—	620,155	—	—
The Aegis Technologies Group, LLC	10/31/2025	Aerospace and Defense	7.00 %	3M L+600	11,293,244	11,183,002	11,180,311

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The Bluebird Group LLC	07/27/2026	Business Services	8.00 %	3M L+700	2,577,412	\$ 2,529,405	\$ 2,628,960
The Bluebird Group LLC (Revolver) <sup>(7)</sup>	07/27/2026	Business Services	—	—	733,737	—	14,675
The Vertex Companies, LLC <sup>(7)</sup>	08/30/2027	Business Services	—	—	2,220,985	—	(2,221)
The Vertex Companies, LLC (Revolver) <sup>(7)</sup>	08/30/2027	Business Services	—	—	740,328	—	(8,144)
TPC Canada Parent, Inc. and TPC US Parent, LLC <sup>(8),(11)</sup>	11/24/2025	Food	6.25 %	3M L+525	1,766,566	1,766,566	1,713,569
TVC Enterprises, LLC	03/26/2026	Transportation	6.75 %	1M L+575	15,467,122	15,324,328	15,467,122
TVC Enterprises, LLC (Revolver) <sup>(7)</sup>	03/26/2026	Transportation	—	—	2,702,152	—	—
TWS Acquisition Corporation	06/16/2025	Education	7.25 %	1M L+625	4,136,641	4,136,641	4,136,641
TWS Acquisition Corporation (Revolver) <sup>(7)</sup>	06/16/2025	Education	—	—	1,643,571	—	—
Tyto Athene, LLC	04/01/2026	Aerospace and Defense	6.25 %	3M L+550	4,987,500	4,938,287	4,950,094
Tyto Athene, LLC (Revolver) <sup>(7)</sup>	04/01/2026	Aerospace and Defense	—	—	363,610	—	(2,727)
Walker Edison Furniture Company LLC	03/31/2027	Home and Office Furnishings	9.75 %	3M L+875	24,984,790	24,421,425	24,610,019
Wildcat Buyerco, Inc.	02/27/2026	Electronics	6.75 %	3M L+575	4,198,081	4,154,313	4,177,091
Wildcat Buyerco, Inc. Term Loan B <sup>(7)</sup>	02/15/2022	Electronics	—	—	1,496,874	—	26,195
Wildcat Buyerco, Inc. Term Loan C <sup>(7)</sup>	05/11/2023	Electronics	—	—	2,022,802	—	12,643
Wildcat Buyerco, Inc. (Revolver) <sup>(7)</sup>	02/27/2026	Electronics	—	—	551,471	—	(7,279)
Zips Car Wash, LLC	03/01/2024	Auto Sector	7.81 %	3M L+675	23,442,912	23,192,079	22,974,053
Zips Car Wash, LLC (Revolver) <sup>(7)</sup>	03/01/2024	Auto Sector	—	—	1,949,337	—	(19,493)
<b>Total First Lien Secured Debt</b>						<b>628,912,539</b>	<b>628,024,290</b>
<b>Second Lien Secured Debt—19.7%</b>							
Atlas Purchaser, Inc.	05/07/2029	Telecommunications	9.75 %	3M L+900	17,000,000	16,516,287	16,702,500
Best Practice Associates LLC	06/29/2027	Aerospace and Defense	10.00 %	3M L+900	27,176,471	26,633,555	26,632,941
Data Axle, Inc.	04/03/2024	Other Media	10.25 %	3M L+925	20,400,000	20,236,691	20,400,000
ENC Parent Corporation	08/19/2029	Business Services	8.25 %	3M L+750	7,500,000	7,426,742	7,425,000
Halo Buyer, Inc.	07/06/2026	Consumer Products	9.25 %	1M L+825	32,500,000	32,121,120	31,118,750
Inventus Power, Inc.	09/29/2024	Electronics	9.50 %	3M L+850	16,593,290	16,318,273	16,178,457
QuantifTech LLC	02/04/2027	Aerospace and Defense	11.00 %	3M L+1,000	150,000	147,326	150,000
VT Topco, Inc.	08/17/2026	Business Services	7.06 %	3M L+675	15,000,000	14,923,875	14,962,500
<b>Total Second Lien Secured Debt</b>						<b>134,323,869</b>	<b>133,570,148</b>
<b>Subordinated Debt/Corporate Notes—8.1%</b>							
Blackhawk Industrial Distribution, Inc.	03/17/2025	Distribution	12.00 % (PIK 2.00%)	—	14,406,473	14,246,765	14,406,473
Cascade Environmental LLC	12/30/2023	Environmental Services	13.00 % (PIK 13.00%)	—	43,844,080	43,561,436	40,146,452
<b>Total Subordinated Debt/Corporate Notes</b>						<b>57,808,201</b>	<b>54,552,925</b>
<b>Preferred Equity/Partnership Interests—0.8% <sup>(6)</sup></b>							
Ad.net Holdings, Inc. <sup>(9)</sup>	—	Media	—	—	2,400	240,000	240,000
Affinion Group Holdings, Inc. (Warrants)	04/10/2024	Consumer Products	—	—	77,190	2,126,399	—
AH Newco Equityholdings, LLC	—	Healthcare, Education and Childcare	6.00 %	—	211	500,000	958,951
Cascade Environmental LLC <sup>(9)</sup>	—	Environmental Services	16.00 %	—	178,304	17,607,478	—
Imagine Topco, LP	—	Business Services	8.00 %	—	743,826	743,826	743,826
Mars Intermediate Holdings II, Inc. <sup>(9)</sup>	—	Media	—	—	414	414,000	444,667
MeritDirect Holdings, LP <sup>(9)</sup>	—	Media	—	—	1,135	1,135,350	1,320,969
NXOF Holdings, Inc. (Tyto Athene, LLC)	—	Aerospace and Defense	—	—	160	159,808	160,327
ORL Holdco, Inc.	—	Business Services	—	—	575	57,461	58,866
Signature CR Intermediate Holdco, Inc.	—	Chemicals, Plastics and Rubber	11.00 %	—	1,527	1,527,026	1,427,879
TPC Holding Company, LP <sup>(8),(11)</sup>	—	Food	—	—	219	219,012	268,980
TWD Parent Holdings, LLC (The Vertex Companies, LLC)	—	Business Services	—	—	30	29,804	30,797
<b>Total Preferred Equity/Partnership Interests</b>						<b>24,760,164</b>	<b>5,655,262</b>
<b>Common Equity/Partnership Interests/Warrants—16.2% <sup>(6)</sup></b>							
Ad.net Holdings, Inc. <sup>(9)</sup>	—	Media	—	—	2,667	26,667	68,271
AG Investco LP <sup>(9)</sup>	—	Business Services	—	—	805,164	805,164	1,161,409
AG Investco LP <sup>(7),(9)</sup>	—	Business Services	—	—	194,836	—	—
Altamira Intermediate Company II, Inc.	—	Aerospace and Defense	—	—	125,000	125,000	30,522
Atlas Investment Aggregator, LLC <sup>(9)</sup>	—	Telecommunications	—	—	1,700,000	1,700,000	1,853,000
Cascade Environmental Holdings, LLC <sup>(9)</sup>	—	Environmental Services	—	—	33,901	2,852,080	—
CI (Allied) Investment Holdings, LLC (PRA Events, Inc.) <sup>(9)</sup>	—	Business Services	—	—	120,962	1,243,217	612,281
Connatix Parent, LLC	—	Media	—	—	57,416	631,576	837,227
Cowboy Parent LLC (Blackhawk Industrial Distribution, Inc.)	—	Distribution	—	—	22,500	2,250,000	2,263,401
Crane 1 Acquisition Parent Holdings, L.P.	—	Personal, Food and Miscellaneous Services	—	—	113	104,000	114,651
Crash Champion Holdings, LLC <sup>(9)</sup>	—	Auto Sector	—	—	36	327,778	714,550
Delta InvestCo LP (Sigma Defense Systems, LLC) <sup>(9)</sup>	—	Telecommunications	—	—	698,889	698,889	1,135,361
Delta InvestCo LP (Sigma Defense Systems, LLC) <sup>(7),(9)</sup>	—	Telecommunications	—	—	442,155	—	—
ECM Investors, LLC <sup>(9)</sup>	—	Electronics	—	—	167,537	40,735	453,589
eCommission Holding Corporation <sup>(11)</sup>	—	Financial Services	—	—	80	1,004,625	1,268,600
FedHC InvestCo LP <sup>(9)</sup>	—	Aerospace and Defense	—	—	5,835	583,506	1,595,954
FedHC InvestCo LP <sup>(7),(9)</sup>	—	Aerospace and Defense	—	—	1,568	—	—
FedHC InvestCo II LP <sup>(9)</sup>	—	Aerospace and Defense	—	—	47,024	5,290,196	5,290,196
Gauge Lash Coinvest LLC	—	Consumer Products	—	—	889,376	135,598	4,586,956
Gauge Schlesinger Coinvest, LLC	—	Business Services	—	—	9	8,896	14,914
Gauge TVC Coinvest, LLC (TVC Enterprises, LLC)	—	Transportation	—	—	810,645	—	3,284,630
GCOM InvestCo LP <sup>(9)</sup>	—	Business Services	—	—	2,434	1,002,556	577,304
Go Dawgs Capital III, LP (American Insulated Glass, LLC) <sup>(9)</sup>	—	Building Materials	—	—	675,325	675,325	898,182
Green Veracity Holdings, LP - Class A (VT Topco, Inc.)	—	Business Services	—	—	15,000	1,500,000	5,737,122
Hancock Claims Consultants Investors, LLC <sup>(9)</sup>	—	Insurance	—	—	450,000	450,000	614,151

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Icon Partners V C, L.P.	—	Business Services	—	—	1,111,111	\$ 1,111,111	\$ 1,111,111
Icon Partners V C, L.P. <sup>(7),(9)</sup>	—	Business Services	—	—	388,889	—	—
Imagine Topco, LP	—	Business Services	—	—	743,826	—	—
Infogroup Parent Holdings, Inc. (Data Axle, Inc.)	—	Other Media	—	—	181,495	2,040,000	3,493,091
Ironclad Holdco, LLC (Applied Technical Services, LLC) <sup>(9)</sup>	—	Environmental Services	—	—	4,566	450,279	551,808
ITC Rumba, LLC (Cano Health, LLC) <sup>(9)</sup>	—	Healthcare, Education and Childcare	—	—	375,675	—	43,340,544
JWC-WE Holdings, L.P. (Walker Edison Furniture Company LLC) <sup>(9)</sup>	—	Home and Office Furnishings	—	—	2,343	436,593	3,654,746
Kentucky Racing Holdco, LLC (Warrants) <sup>(9)</sup>	—	Hotels, Motels, Inns and Gaming	—	—	161,252	—	1,243,247
Kinetic Purchaser, LLC	—	Consumer Products	—	—	1,308,814	1,308,814	1,308,814
KL Stockton Co-Invest LP (Any Hour Services) <sup>(9)</sup>	—	Personal, Food and Miscellaneous Services	—	—	382,353	382,353	478,094
Lariat ecoserv Co-Invest Holdings, LLC <sup>(9)</sup>	—	Environmental Services	—	—	363,656	363,656	1,116,425
Lightspeed Investment Holdco LLC	—	Healthcare, Education and Childcare	—	—	273,143	273,143	266,396
Mars Intermediate Holdings II, Inc. <sup>(9)</sup>	—	Media	—	—	414	—	216,505
Meadowlark Title, LLC <sup>(9)</sup>	—	Business Services	—	—	815,385	815,385	815,385
MeritDirect Holdings, LP <sup>(9)</sup>	—	Media	—	—	1,135	—	167,186
Municipal Emergency Services, Inc.	—	Distribution	—	—	3,920,145	3,983,784	3,920,145
NEPRT Parent Holdings, LLC (Recteq, LLC) <sup>(9)</sup>	—	Consumer Products	—	—	1,299	1,262,435	1,289,592
NXOF Holdings, Inc. (Tyto Athene, LLC)	—	Aerospace and Defense	—	—	3,261	3,261	329,589
OceanSound Discovery Equity, LP (Holdco Sands Intermediate, LLC) <sup>(9)</sup>	—	Aerospace and Defense	—	—	98,286	978,695	1,511,458
OHCP V BC COI, L.P.	—	Distribution	—	—	446,250	446,250	446,250
OHCP V BC COI, L.P. <sup>(7),(9)</sup>	—	Distribution	—	—	303,750	—	—
Oral Surgery (ITC) Holdings, LLC <sup>(9)</sup>	—	Healthcare, Education and Childcare	—	—	2,904	62,500	71,107
ORL Holdco, Inc.	—	Business Services	—	—	638	6,385	49,683
Pink Lily Holdco, LLC <sup>(9)</sup>	—	Retail	—	—	1,044	1,043,966	979,483
QuantifTech InvestCo LP <sup>(9)</sup>	—	Aerospace and Defense	—	—	700	65,957	338,275
QuantifTech InvestCo LP <sup>(7),(9)</sup>	—	Aerospace and Defense	—	—	967	—	—
QuantifTech InvestCo II LP <sup>(9)</sup>	—	Aerospace and Defense	—	—	40	24,000	40,378
RFMG Parent, LP (Rancho Health MSO, Inc.)	—	Healthcare, Education and Childcare	—	—	1,050,000	1,050,000	1,154,150
SBI Holdings Investments LLC (Sales Benchmark Index LLC)	—	Business Services	—	—	36,585	365,854	313,271
Signature CR Intermediate Holdco, Inc.	—	Chemicals, Plastics and Rubber	—	—	80	80,370	—
SP L2 Holdings, LLC	—	Consumer Products	—	—	881,966	881,966	881,966
SSC Dominion Holdings, LLC Class A (US Dominion, Inc.)	—	Electronics	—	—	1,500	1,500,000	1,889,568
SSC Dominion Holdings, LLC Class B (US Dominion, Inc.)	—	Electronics	—	—	1,500	—	3,729,814
StellPen Holdings, LLC (CF512, Inc.)	—	Media	—	—	153,846	153,846	180,000
TAC LifePort Holdings, LLC <sup>(9)</sup>	—	Aerospace and Defense	—	—	232,558	232,555	239,530
Tower Arch Infolinks Media, LP <sup>(9)</sup>	—	Media	—	—	527,378	527,378	527,378
Tower Arch Infolinks Media, LP <sup>(7),(9)</sup>	—	Media	—	—	368,066	—	—
TPC Holding Company, LP <sup>(8),(11)</sup>	—	Food	—	—	11,527	11,527	3,228
TWD Parent Holdings, LLC (The Vertex Companies, LLC)	—	Business Services	—	—	608	608	523
U.S. Well Services, Inc. - Class A <sup>(5),(11)</sup>	—	Oil and Gas	—	—	360,343	3,021,880	414,394
UniVista Insurance <sup>(9)</sup>	—	Business Services	—	—	400	400,000	412,768
Wildcat Parent, LP (Wildcat Buyerco, Inc.)	—	Electronics	—	—	2,314	231,400	424,625
<b>Total Common Equity/Partnership Interests/Warrants</b>						<b>44,971,759</b>	<b>110,022,798</b>
<b>Total Investments in Non-Controlled, Non-Affiliated Portfolio Companies</b>						<b>890,776,532</b>	<b>931,825,423</b>
<b>Investments in Non-Controlled, Affiliated Portfolio Companies—7.5%<sup>(1),(2)</sup></b>							
<b>Preferred Equity/Partnership Interests—6.2%<sup>(6)</sup></b>							
ETX Energy, LLC <sup>(9)</sup>	—	Oil and Gas	—	—	61,732	6,173,200	—
ETX Energy, LLC - Series X <sup>(9)</sup>	—	Oil and Gas	—	—	10,944	1,094,400	—
MidOcean JF Holdings Corp.	—	Distribution	—	—	153,922	15,392,189	41,694,897
<b>Total Preferred Equity/Partnership Interests</b>						<b>22,659,789</b>	<b>41,694,897</b>
<b>Common Equity/Partnership Interests/Warrants—1.4%<sup>(6)</sup></b>							
MidOcean JF Holdings Corp.	—	Distribution	—	—	65,933	24,789,935	9,426,886
<b>Total Common Equity/Partnership Interests/Warrants</b>						<b>24,789,935</b>	<b>9,426,886</b>
<b>Total Investments in Non-Controlled, Affiliated Portfolio Companies</b>						<b>47,449,724</b>	<b>51,121,783</b>
<b>Investments in Controlled, Affiliated Portfolio Companies—68.2%<sup>(1),(2)</sup></b>							
<b>First Lien Secured Debt—6.6%</b>							
AKW Holdings Limited <sup>(8),(10),(11)</sup>	03/13/2024	Healthcare, Education and Childcare	7.50 %	3M L+700	£ 33,000,000	45,729,500	44,696,850
<b>Total First Lien Secured Debt</b>						<b>45,729,500</b>	<b>44,696,850</b>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS—(Continued)**  
**DECEMBER 31, 2021**  
**(Unaudited)**

Issuer Name	Maturity / Expiration	Industry	Current Coupon	Basis Point Spread Above Index <sup>(4)</sup>	Par / Shares	Cost	Fair Value <sup>(9)</sup>
<b>Second Lien Secured Debt—11.9%</b>							
Mailsouth Inc.	04/23/2025	Printing and Publishing	15.00 % (PIK 15.00%)	—	11,086,944	\$ 11,506,121	\$ 11,506,121
PT Network Intermediate Holdings, LLC	11/30/2024	Healthcare, Education and Childcare	11.00 % (PIK 11.00%)	3M L+1,000	68,807,211	68,185,838	68,807,211
<b>Total Second Lien Secured Debt</b>						<u>79,691,959</u>	<u>80,313,332</u>
<b>Subordinated Debt—9.5%</b>							
PennantPark Senior Loan Fund, LLC <sup>(11)</sup>	07/31/2027	Financial Services	9.00 %	3M L+800	64,154,570	64,154,570	64,154,570
<b>Total Subordinated Debt</b>						<u>64,154,570</u>	<u>64,154,570</u>
<b>Preferred Equity—2.0% <sup>(6)</sup></b>							
CI (PTN) Investment Holdings II, LLC (PT Network, LLC) <sup>(9)</sup>	—	Healthcare, Education and Childcare	—	—	36,450	546,750	—
PT Network Intermediate Holdings, LLC <sup>(9)</sup>	—	Healthcare, Education and Childcare	11.00 %	3M L+1,000	833	10,725,000	13,710,238
<b>Total Preferred Equity</b>						<u>11,271,750</u>	<u>13,710,238</u>
<b>Common Equity—38.3% <sup>(6)</sup></b>							
AKW Holdings Limited <sup>(8), (10), (11)</sup>	—	Healthcare, Education and Childcare	—	—	£ 950	132,497	—
CI (PTN) Investment Holdings II, LLC (PT Network, LLC) <sup>(9)</sup>	—	Healthcare, Education and Childcare	—	—	333,333	5,000,000	—
MSpark, LLC	—	Printing and Publishing	—	—	51,151	16,515,841	—
PennantPark Senior Loan Fund, LLC <sup>(11)</sup>	—	Financial Services	—	—	33,830,005	33,892,823	41,598,942
PT Network Intermediate Holdings, LLC <sup>(9)</sup>	—	Healthcare, Education and Childcare	—	—	621	7,166,165	141,507,785
RAM Energy Holdings LLC <sup>(9)</sup>	—	Energy and Utilities	—	—	180,805	162,708,073	76,460,819
<b>Total Common Equity</b>						<u>225,415,399</u>	<u>259,567,546</u>
<b>Total Investments in Controlled, Affiliated Portfolio Companies</b>						<u>426,263,178</u>	<u>462,442,536</u>
<b>Total Investments—213.3%</b>						<u>1,364,489,434</u>	<u>1,445,389,742</u>
<b>Cash and Cash Equivalents—5.8%</b>							
BlackRock Federal FD Institutional 30						38,177,665	38,177,665
BNY Mellon Cash Reserve and Cash						1,392,773	1,403,758
<b>Total Cash and Cash Equivalents</b>						<u>39,570,438</u>	<u>39,581,423</u>
<b>Total Investments and Cash Equivalents—219.1%</b>						<u>\$ 1,404,059,872</u>	<u>\$ 1,484,971,165</u>
<b>Liabilities in Excess of Other Assets—(119.1%)</b>							<u>(807,361,774)</u>
<b>Net Assets—100.0%</b>							<u>\$ 677,609,391</u>

- (1) 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 (See Note 6).
- (2) 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 (See Note 6).
- (3) Valued based on our accounting policy (See Note 2).
- (4) 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 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), 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 payment-in-kind, or PIK, interest and other fee rates, if any.
- (5) The security was not valued using significant unobservable inputs. The value of all other securities was determined using significant unobservable inputs (See Note 5).
- (6) Non-income producing securities.
- (7) 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.
- (8) Non-U.S. company or principal place of business outside the United States.
- (9) Investment is held through our Taxable Subsidiary (See Note 1).
- (10) Par / Shares amount is denominated in British Pounds (£) as denoted.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**SEPTEMBER 30, 2021**

Issuer Name	Maturity / Expiration	Industry	Current Coupon	Basis Point Spread Above Index <sup>(4)</sup>	Par / Shares	Cost	Fair Value <sup>(3)</sup>
<b>Investments in Non-Controlled, Non-Affiliated Portfolio Companies—124.3% <sup>(1)(2)</sup></b>							
<b>First Lien Secured Debt—77.5%</b>							
18 Fremont Street Acquisition, LLC	08/11/2025	Hotels, Motels, Inns and Gaming	9.50 %	1M L+800	7,432,867	\$ 6,815,049	\$ 7,562,943
Ad.net Acquisition, LLC (Revolver)	05/06/2026	Media	7.00 %	3M L+600	75,556	75,556	74,422
Ad.net Acquisition, LLC (Revolver) <sup>(7)</sup>	05/06/2026	Media	—	—	368,889	—	(5,533)
Altamira Technologies, LLC (Revolver)	07/24/2025	Aerospace and Defense	8.00 %	3M L+700	50,000	50,000	46,875
Altamira Technologies, LLC (Revolver) <sup>(7)</sup>	07/24/2025	Aerospace and Defense	—	—	137,500	—	(8,594)
American Insulated Glass, LLC	12/21/2023	Building Materials	6.50 %	3M L+550	15,795,264	15,638,927	15,637,311
Any Hour Services <sup>(7)</sup>	07/21/2027	Personal, Food and Miscellaneous Services	—	—	3,823,529	—	(38,235)
Any Hour Services (Revolver) <sup>(7)</sup>	07/21/2027	Personal, Food and Miscellaneous Services	—	—	1,147,059	—	(22,941)
Apex Service Partners, LLC	07/31/2025	Personal, Food and Miscellaneous Services	6.25 %	1M L+525	1,330,729	1,330,729	1,317,421
Apex Service Partners, LLC Term Loan C	07/31/2025	Personal, Food and Miscellaneous Services	6.25 %	1M L+525	5,592,391	5,508,960	5,536,467
Apex Service Partners, LLC Term Loan C <sup>(7)</sup>	01/31/2022	Personal, Food and Miscellaneous Services	—	—	6,657,609	—	(8,322)
Apex Service Partners, LLC (Revolver)	07/29/2024	Personal, Food and Miscellaneous Services	6.25 %	3M L+525	238,991	238,991	234,809
Apex Service Partners, LLC (Revolver) <sup>(7)</sup>	07/29/2024	Personal, Food and Miscellaneous Services	—	—	693,074	—	(12,129)
Applied Technical Services, LLC <sup>(7)</sup>	06/29/2022	Environmental Services	—	—	6,235,427	—	(54,560)
Applied Technical Services, LLC (Revolver) <sup>(7)</sup>	12/29/2026	Environmental Services	—	—	1,000,000	—	(20,000)
Bottom Line Systems, LLC	02/13/2023	Healthcare, Education and Childcare	6.25 %	1M L+550	6,153,097	6,128,168	6,153,097
Broder Bros., Co.	12/02/2022	Consumer Products	9.75 %	3M L+850	25,332,751	25,333,384	25,332,751
CF512, Inc.	08/20/2026	Media	7.00 %	3M L+600	10,000,000	9,802,447	9,800,000
CF512, Inc. <sup>(7)</sup>	08/20/2026	Media	—	—	2,727,273	—	(27,273)
CF512, Inc. (Revolver) <sup>(7)</sup>	08/20/2026	Media	—	—	909,091	—	(18,182)
Complex Legal Services, Inc.	02/09/2026	Business Services	6.75 %	3M L+575	3,569,654	3,514,434	3,528,959
Complex Legal Services, Inc. (Revolver)	02/07/2025	Business Services	6.75 %	3M L+575	458,962	458,962	453,730
Complex Legal Services, Inc. (Revolver) <sup>(7)</sup>	02/07/2025	Business Services	—	—	196,698	—	(2,242)
Connatix Buyer, Inc.	07/13/2027	Media	6.25 %	3M L+550	12,000,000	11,765,652	11,760,000
Connatix Buyer, Inc. <sup>(7)</sup>	01/13/2023	Media	—	—	3,157,895	—	(31,579)
Connatix Buyer, Inc. (Revolver)	07/13/2027	Media	6.25 %	3M L+550	185,938	185,938	182,219
Connatix Buyer, Inc. (Revolver) <sup>(7)</sup>	07/13/2027	Media	—	—	1,673,438	—	(33,469)
Crane 1 Services, Inc.	08/16/2027	Personal, Food and Miscellaneous Services	6.75 %	3M L+575	1,847,368	1,820,153	1,828,895
Crane 1 Services, Inc. <sup>(7)</sup>	08/16/2027	Personal, Food and Miscellaneous Services	—	—	777,512	—	(1,944)
Crane 1 Services, Inc. (Revolver) <sup>(7)</sup>	08/16/2027	Personal, Food and Miscellaneous Services	—	—	291,567	—	(2,916)
Crash Champions, LLC	08/05/2025	Auto Sector	6.00 %	3M L+500	4,750,756	4,703,891	4,655,741
Crash Champions, LLC <sup>(7)</sup>	05/14/2022	Auto Sector	—	—	6,749,244	—	(67,492)
DermaRite Industries LLC	03/03/2022	Manufacturing / Basic Industries	8.00 %	1M L+700	8,054,975	8,041,482	7,719,888
Dr. Squatch, LLC	08/27/2026	Personal and Non-Durable Consumer Products	7.00 %	3M L+600	13,514,714	13,247,087	13,244,419
Dr. Squatch, LLC (Revolver)	08/27/2026	Personal and Non-Durable Consumer Products	7.00 %	3M L+600	1,705,610	1,705,610	1,671,498
Dr. Squatch, LLC (Revolver) <sup>(7)</sup>	08/27/2026	Personal and Non-Durable Consumer Products	—	—	620,222	—	(12,404)
DRS Holdings III, Inc.	11/03/2025	Consumer Products	7.25 %	3M L+625	9,975,000	9,881,551	9,905,175
DRS Holdings III, Inc. (Revolver) <sup>(7)</sup>	11/03/2025	Consumer Products	—	—	1,782,555	—	(12,478)
ECL Entertainment, LLC	03/31/2023	Hotels, Motels, Inns and Gaming	8.25 %	1M L+750	8,747,308	8,663,806	8,944,122
ECM Industries, LLC (Revolver) <sup>(7)</sup>	12/23/2025	Electronics	—	—	517,594	—	(2,588)
Fairbanks Morse Defense	06/17/2028	Aerospace and Defense	5.50 %	3M L+475	3,500,000	3,487,100	3,500,000
Gantech Acquisition Corp.	05/14/2026	Business Services	7.25 %	1M L+625	19,900,000	19,522,193	19,502,000
Gantech Acquisition Corp. (Revolver)	05/14/2026	Business Services	7.25 %	1M L+625	497,771	497,771	487,816
Gantech Acquisition Corp. (Revolver) <sup>(7)</sup>	05/14/2026	Business Services	—	—	1,493,313	—	(29,866)
Graffiti Buyer, Inc.	08/10/2027	Distribution	6.75 %	3M L+575	1,994,048	1,954,772	1,964,137
Graffiti Buyer, Inc. <sup>(7)</sup>	08/10/2023	Distribution	—	—	892,857	—	(4,464)
Graffiti Buyer, Inc. (Revolver) <sup>(7)</sup>	08/10/2027	Distribution	—	—	768,634	—	(17,832)
Hancock Roofing and Construction L.L.C. <sup>(7)</sup>	12/31/2022	Insurance	—	—	1,500,000	—	(15,000)
Hancock Roofing and Construction L.L.C. (Revolver) <sup>(7)</sup>	12/31/2026	Insurance	—	—	750,000	—	(7,500)
HW Holdco, LLC	12/10/2024	Media	5.50 %	3M L+450	2,541,048	2,525,585	2,515,638
HW Holdco, LLC (Revolver)	12/10/2024	Media	5.50 %	3M L+450	1,219,355	1,219,355	1,207,161
HW Holdco, LLC (Revolver) <sup>(7)</sup>	12/10/2024	Media	—	—	2,167,742	—	(21,677)
IG Investments Holdings, LLC	09/22/2028	Business Services	6.75 %	3M L+600	4,518,304	4,428,218	4,427,938
IG Investments Holdings, LLC (Revolver) <sup>(7)</sup>	09/22/2027	Business Services	—	—	476,879	—	—
IMIA Holdings, Inc.	04/09/2027	Aerospace and Defense	6.75 %	3M L+575	13,589,144	13,340,706	13,317,361
IMIA Holdings, Inc. (Revolver) <sup>(7)</sup>	04/09/2027	Aerospace and Defense	—	—	1,673,705	—	(33,474)
Integrity Marketing Acquisition, LLC	08/27/2025	Insurance	6.49 %	3M L+550	17,220,295	17,116,076	17,134,194
Integrity Marketing Acquisition, LLC <sup>(7)</sup>	07/09/2023	Insurance	—	—	4,277,692	—	10,694
Juniper Landscaping of Florida, LLC	12/22/2021	Personal, Food and Miscellaneous Services	6.50 %	1M L+550	2,614,750	2,610,844	2,614,750
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	8.00 %	1M L+700	11,799,667	11,712,192	11,485,796
K2 Pure Solutions NoCal, L.P. (Revolver)	12/20/2023	Chemicals, Plastics and Rubber	8.00 %	1M L+700	872,143	872,143	848,944
K2 Pure Solutions NoCal, L.P. (Revolver) <sup>(7)</sup>	12/20/2023	Chemicals, Plastics and Rubber	—	—	1,065,952	—	(28,354)
Lash OpCo, LLC	02/18/2027	Consumer Products	8.00 %	1M L+700	30,000,000	29,334,858	29,400,001
Lash OpCo, LLC (Revolver)	08/16/2026	Consumer Products	8.00 %	1M L+700	291,142	291,142	285,319
Lash OpCo, LLC (Revolver) <sup>(7)</sup>	08/19/2026	Consumer Products	—	—	1,528,494	—	(30,570)
LAV Gear Holdings, Inc.	10/31/2024	Leisure, Amusement, Motion Pictures, Entertainment	8.50 %	1M L+750	790,306	785,493	740,754
			(PIK 5.00%)				
Lightspeed Buyer Inc.	02/03/2026	Healthcare, Education and Childcare	6.75 %	1M L+575	4,993,874	4,922,030	4,993,874
Lightspeed Buyer Inc. (Revolver) <sup>(7)</sup>	02/03/2026	Healthcare, Education and Childcare	—	—	1,165,780	—	—
Lombart Brothers, Inc.	04/13/2023	Healthcare, Education and Childcare	7.25 %	1M L+625	1,035,618	1,035,618	1,035,618
Lombart Brothers, Inc. (Revolver)	04/13/2023	Healthcare, Education and Childcare	7.25 %	1M L+625	737,293	737,293	737,293

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS – (Continued)**  
**SEPTEMBER 30, 2021**

Issuer Name	Maturity / Expiration	Industry	Current Coupon	Basis Point Spread Above Index <sup>(4)</sup>	Par / Shares	Cost	Fair Value <sup>(3)</sup>
Mars Acquisition Holdings Corp. (Revolver) <sup>(7)</sup>	5/14/2026	Media	—	—	806,142	\$ —	\$ (8,061)
MBS Holdings, Inc. (Revolver) <sup>(7)</sup>	04/16/2027	Telecommunications	—	—	694,444	—	(13,889)
MeritDirect, LLC	05/23/2024	Media	6.50 %	3M L+550	2,759,490	2,735,940	2,731,895
MeritDirect, LLC (Revolver) <sup>(7)</sup>	05/23/2024	Media	—	—	2,518,345	—	(25,183)
Municipal Emergency Services, Inc.	09/28/2027	Distribution	6.00 %	3M L+500	6,952,830	6,813,773	6,813,773
Municipal Emergency Services, Inc. <sup>(7)</sup>	09/28/2027	Distribution	—	—	1,880,414	—	—
Municipal Emergency Services, Inc. (Revolver) <sup>(7)</sup>	09/28/2027	Distribution	—	—	1,880,414	—	—
NBH Group LLC	08/19/2026	Healthcare, Education and Childcare	6.50 %	1M L+550	7,561,352	7,412,724	7,410,125
NBH Group LLC (Revolver) <sup>(7)</sup>	08/19/2026	Healthcare, Education and Childcare	—	—	1,162,916	—	(23,258)
OIS Management Services, LLC	07/09/2026	Healthcare, Education and Childcare	5.75 %	3M L+475	3,892,500	3,842,568	3,834,113
OIS Management Services, LLC <sup>(7)</sup>	07/09/2023	Healthcare, Education and Childcare	—	—	1,433,333	—	(10,750)
OIS Management Services, LLC (Revolver) <sup>(7)</sup>	07/09/2026	Healthcare, Education and Childcare	—	—	333,333	—	(5,000)
One Stop Mailing, LLC	05/07/2027	Cargo Transport	7.25 %	3M L+625	14,919,643	14,630,941	14,658,549
ORL Acquisition, Inc.	09/03/2027	Business Services	6.25 %	3M L+525	5,040,902	4,940,826	4,940,084
ORL Acquisition, Inc. (Revolver) <sup>(7)</sup>	09/03/2027	Business Services	—	—	596,963	—	—
Ox Two, LLC	05/18/2026	Building Materials	7.00 %	1M L+600	15,671,250	15,435,477	15,357,825
Ox Two, LLC (Revolver)	05/18/2026	Building Materials	7.00 %	1M L+600	645,161	645,161	632,258
Ox Two, LLC (Revolver) <sup>(7)</sup>	05/18/2026	Building Materials	—	—	1,774,194	—	(35,484)
PRA Events, Inc.	08/07/2025	Business Services	11.50 %	3M L+1,050	23,674,669	20,421,188	22,372,562
PRA Events, Inc. (Revolver)	08/07/2025	Business Services	11.50 %	3M L+1,050	2,461,198	2,122,969	2,325,832
Quantic Electronics, LLC	11/19/2026	Aerospace and Defense	7.25 %	1M L+625	6,187,790	6,094,679	6,064,035
Quantic Electronics, LLC <sup>(7)</sup>	11/19/2026	Aerospace and Defense	—	—	2,093,825	—	(20,938)
Quantic Electronics, LLC (Revolver) <sup>(7)</sup>	11/19/2026	Aerospace and Defense	—	—	528,486	—	(10,570)
Questex, LLC	09/09/2024	Media	6.00 %	3M L+500	21,825,000	21,583,560	20,515,500
Questex, LLC (Revolver)	09/09/2024	Media	6.00 %	3M L+500	2,154,255	2,154,255	2,025,000
Questex, LLC (Revolver) <sup>(7)</sup>	09/09/2024	Media	—	—	1,436,170	—	(86,170)
Radius Aerospace, Inc. (Revolver) <sup>(7)</sup>	03/31/2025	Aerospace and Defense	—	—	2,227,142	—	(62,805)
Rancho Health MSO, Inc. <sup>(7)</sup>	12/18/2025	Healthcare, Education and Childcare	—	—	1,050,000	—	—
Rancho Health MSO, Inc. (Revolver) <sup>(7)</sup>	12/18/2025	Healthcare, Education and Childcare	—	—	525,000	—	—
Recteq, LLC (Revolver) <sup>(7)</sup>	01/29/2026	Consumer Products	—	—	1,126,761	—	(11,268)
Research Horizons, LLC	06/28/2022	Media	7.25 %	1M L+625	28,796,453	28,682,356	28,508,488
Research Now Group, Inc. and Dynata, LLC	12/20/2024	Business Services	6.50 %	3M L+550	2,883,769	2,883,769	2,847,117
Riverpoint Medical, LLC (Revolver) <sup>(7)</sup>	06/20/2025	Healthcare, Education and Childcare	—	—	363,636	—	(4,473)
Riverside Assessments, LLC	03/10/2025	Education	6.75 %	3M L+575	16,173,514	15,951,570	15,769,176
Sales Benchmark Index LLC (Revolver) <sup>(7)</sup>	01/03/2025	Business Services	—	—	731,707	—	(18,293)
Sargent & Greenleaf Inc. (Revolver)	12/20/2024	Electronics	7.00 %	3M L+550	298,972	298,972	298,972
Sargent & Greenleaf Inc. (Revolver) <sup>(7)</sup>	12/20/2024	Electronics	—	—	298,972	—	—
Schlesinger Global, Inc.	07/14/2025	Business Services	8.00 %	3M L+700	512,170	507,440	489,123
Schlesinger Global, Inc. (Revolver)	07/14/2025	Business Services	8.00 %	3M L+700	24,235	24,235	23,144
Schlesinger Global, Inc. (Revolver) <sup>(7)</sup>	07/14/2025	Business Services	—	—	14,089	—	(634)
Sigma Defense Systems, LLC	12/18/2025	Telecommunications	9.75 %	3M L+875	6,519,875	6,378,184	6,405,777
Sigma Defense Systems, LLC (Revolver) <sup>(7)</sup>	12/18/2025	Telecommunications	—	—	950,869	—	(16,640)
Signature Systems Holding Company - Term Loan II	12/31/2021	Chemicals, Plastics and Rubber	8.50 %	3M L+750	806,452	802,420	798,387
Signature Systems Holding Company (Revolver)	05/03/2024	Chemicals, Plastics and Rubber	8.50 %	3M L+750	483,871	483,871	479,032
Signature Systems Holding Company (Revolver) <sup>(7)</sup>	05/03/2024	Chemicals, Plastics and Rubber	—	—	1,532,258	—	(15,323)
Solutionreach, Inc. (Revolver) <sup>(7)</sup>	01/17/2024	Communications	—	—	1,665,000	—	—
Spear Education, LLC	02/26/2025	Education	6.00 %	3M L+500	14,898,125	14,780,767	14,898,125
Spear Education, LLC <sup>(7)</sup>	02/26/2022	Education	—	—	6,875,000	—	—
Spectacle Gary Holdings, LLC	12/23/2025	Hotels, Motels, Inns and Gaming	11.00 %	1M L+900	21,546,000	20,971,842	23,390,984
TAC LifePort Purchaser, LLC (Revolver) <sup>(7)</sup>	03/01/2026	Aerospace and Defense	—	—	620,155	—	(200)
The Bluebird Group LLC	07/27/2026	Business Services	8.00 %	3M L+700	5,605,539	5,495,767	5,570,223
The Bluebird Group LLC (Revolver) <sup>(7)</sup>	07/27/2026	Business Services	—	—	733,737	—	(4,623)
The Vertex Companies, LLC	08/30/2027	Business Services	6.50 %	1M L+550	4,577,116	4,486,280	4,491,420
The Vertex Companies, LLC <sup>(7)</sup>	08/30/2027	Business Services	—	—	2,220,985	—	(19,373)
The Vertex Companies, LLC (Revolver) <sup>(7)</sup>	08/30/2027	Business Services	—	—	740,328	—	(13,861)
TPC Canada Parent, Inc. and TPC US Parent, LLC <sup>(8),(11)</sup>	11/24/2025	Food	6.25 %	3M L+525	1,771,084	1,771,084	1,717,952
TVC Enterprises, LLC	03/26/2026	Transportation	6.75 %	1M L+575	15,506,132	15,347,022	15,506,132
TVC Enterprises, LLC (Revolver) <sup>(7)</sup>	03/26/2026	Transportation	—	—	2,702,152	—	—
TWS Acquisition Corporation	06/16/2025	Education	7.25 %	1M L+625	4,136,641	4,136,641	4,136,641
TWS Acquisition Corporation (Revolver) <sup>(7)</sup>	06/16/2025	Education	—	—	1,643,571	—	—
Tyto Athene, LLC (Revolver) <sup>(7)</sup>	04/01/2026	Aerospace and Defense	—	—	363,610	—	—
Walker Edison Furniture Company LLC	03/31/2027	Home and Office Furnishings	6.75 %	3M L+575	24,875,000	24,293,307	23,942,188
Wildcat Buyerco, Inc.	02/27/2026	Electronics	6.00 %	3M L+500	1,628,686	1,612,485	1,620,542
Wildcat Buyerco, Inc. <sup>(7)</sup>	02/27/2022	Electronics	—	—	2,573,529	—	16,085
Wildcat Buyerco, Inc. (Revolver) <sup>(7)</sup>	02/27/2026	Electronics	—	—	551,471	—	(7,279)
<b>Total First Lien Secured Debt</b>						<b>509,046,239</b>	<b>511,405,396</b>
<b>Second Lien Secured Debt—16.2%</b>							
Atlas Purchaser, Inc.	05/07/2029	Telecommunications	9.75 %	3M L+900	17,000,000	16,506,150	16,872,500
Data Axle, Inc.	04/03/2024	Other Media	10.25 %	3M L+925	20,400,000	20,220,262	20,400,000
ENC Parent Corporation	08/19/2029	Business Services	8.25 %	3M L+750	7,500,000	7,425,504	7,425,000
Halo Buyer, Inc.	07/06/2026	Consumer Products	9.25 %	1M L+825	32,500,000	32,105,964	31,118,750
Inventus Power, Inc.	09/29/2024	Electronics	9.50 %	3M L+850	16,593,290	16,292,435	16,261,424
Quantitech LLC	02/04/2027	Aerospace and Defense	11.00 %	3M L+1,000	150,000	147,229	147,375
VT Topco, Inc.	08/17/2026	Business Services	7.06 %	3M L+675	15,000,000	14,921,967	15,000,000
<b>Total Second Lien Secured Debt</b>						<b>\$ 107,619,511</b>	<b>\$ 107,225,049</b>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS – (Continued)**  
**SEPTEMBER 30, 2021**

Issuer Name	Maturity / Expiration	Industry	Current Coupon	Basis Point Spread Above Index <sup>(4)</sup>	Par / Shares	Cost	Fair Value <sup>(3)</sup>
<b>Subordinated Debt/Corporate Notes—8.6%</b>							
Blackhawk Industrial Distribution, Inc.	03/17/2025	Distribution	12.00 % (PIK 2.00%)	—	14,334,994	\$ 14,165,120	\$ 14,334,994
Cascade Environmental LLC	12/30/2023	Environmental Services	13.00 % (PIK 13.00%)	—	42,467,662	42,150,188	42,680,001
<b>Total Subordinated Debt/Corporate Notes</b>						<b>56,315,308</b>	<b>57,014,995</b>
<b>Preferred Equity/Partnership Interests—3.9% <sup>(6)</sup></b>							
Ad.net Holdings, Inc. <sup>(9)</sup>	—	Media	—	—	2,400	240,000	240,000
AH Newco Equityholdings, LLC	—	Healthcare, Education and Childcare	6.00 %	—	211	500,000	944,468
Cascade Environmental LLC	—	Environmental Services	16.00 %	—	178,304	17,607,478	21,133,488
Mars Intermediate Holdings II, Inc	—	Media	—	—	414	414,000	432,109
MeritDirect Holdings, LP <sup>(9)</sup>	—	Media	—	—	540	540,000	692,857
NXOF Holdings, Inc. (Tyto Athene, LLC)	—	Aerospace and Defense	—	—	160	159,808	202,082
ORL Holdco, Inc.	—	Business Services	—	—	575	57,461	57,461
Signature CR Intermediate Holdco, Inc.	—	Chemicals, Plastics and Rubber	12.00 %	—	1,527	1,527,026	1,878,601
TPC Holding Company, LP <sup>(8),(11)</sup>	—	Food	—	—	219	219,012	262,278
TWD Parent Holdings, LLC (The Vertex Companies, LLC)	—	Business Services	—	—	30	29,804	29,804
<b>Total Preferred Equity/Partnership Interests</b>						<b>21,294,589</b>	<b>25,873,148</b>
<b>Common Equity/Partnership Interests/Warrants—18.0% <sup>(6)</sup></b>							
Ad.net Holdings, Inc. <sup>(9)</sup>	—	Media	—	—	2,667	26,667	49,105
Affinion Group Holdings, Inc. (Warrants)	04/10/2024	Consumer Products	—	—	77,190	2,126,399	—
AG Investco LP <sup>(9)</sup>	—	Business Services	—	—	805,164	805,164	1,192,367
AG Investco LP <sup>(7),(9)</sup>	—	Business Services	—	—	194,836	—	—
Altamira Intermediate Company II, Inc.	—	Aerospace and Defense	—	—	125,000	125,000	32,859
Atlas Investment Aggregator, LLC <sup>(9)</sup>	—	Telecommunications	—	—	1,700,000	1,700,000	1,710,022
Cascade Environmental Holdings, LLC <sup>(9)</sup>	—	Environmental Services	—	—	33,901	2,852,080	478,175
CI (Allied) Investment Holdings, LLC (PRA Events, Inc.) <sup>(9)</sup>	—	Business Services	—	—	120,962	1,243,217	475,439
Connatix Parent, LLC	—	Media	—	—	57,416	631,576	635,147
Cowboy Parent LLC (Blackhawk Industrial Distribution, Inc.)	—	Distribution	—	—	22,500	2,250,000	1,902,358
Crane I Acquisition Parent Holdings, L.P.	—	Personal, Food and Miscellaneous Services	—	—	113	104,000	104,001
Crash Champion Holdings, LLC <sup>(9)</sup>	—	Auto Sector	—	—	36	327,778	369,273
Delta InvestCo LP (Sigma Defense Systems, LLC) <sup>(9)</sup>	—	Telecommunications	—	—	570,522	570,522	488,103
Delta InvestCo LP (Sigma Defense Systems, LLC) <sup>(7),(9)</sup>	—	Telecommunications	—	—	570,522	—	(82,419)
ECM Investors, LLC <sup>(9)</sup>	—	Electronics	—	—	167,537	40,735	564,506
eCommission Holding Corporation <sup>(11)</sup>	—	Financial Services	—	—	80	1,004,625	1,152,560
FedHC InvestCo LP <sup>(9)</sup>	—	Aerospace and Defense	—	—	3,331	333,128	338,986
FedHC InvestCo LP <sup>(7),(9)</sup>	—	Aerospace and Defense	—	—	4,072	—	—
Gauge Lash Coinvest LLC	—	Consumer Products	—	—	889,376	135,598	3,557,503
Gauge Schlesinger Coinvest, LLC	—	Business Services	—	—	9	8,896	8,944
Gauge TVC Coinvest, LLC (TVC Enterprises, LLC)	—	Transportation	—	—	810,645	—	2,662,736
GCOM InvestCo LP <sup>(9)</sup>	—	Business Services	—	—	1,855	809,488	351,789
GCOM InvestCo LP <sup>(7),(9)</sup>	—	Business Services	—	—	965	—	—
Go Dawgs Capital III, LP (American Insulated Glass, LLC) <sup>(9)</sup>	—	Building Materials	—	—	675,325	675,325	844,156
Green Veracity Holdings, LP - Class A (VT Topco, Inc.)	—	Business Services	—	—	15,000	1,500,000	5,319,880
Hancock Claims Consultants Investors, LLC <sup>(9)</sup>	—	Insurance	—	—	450,000	450,000	613,335
Infogroup Parent Holdings, Inc. (Data Axle, Inc.)	—	Other Media	—	—	181,495	2,040,000	3,220,546
Ironclad Holdco, LLC (Applied Technical Services, LLC) <sup>(9)</sup>	—	Environmental Services	—	—	3,960	389,697	433,917
ITC Rumba, LLC (Cano Health, LLC) <sup>(9)</sup>	—	Healthcare, Education and Childcare	—	—	375,675	—	60,807,873
JWC-WE Holdings, L.P. (Walker Edison Furniture Company LLC) <sup>(9)</sup>	—	Home and Office Furnishings	—	—	1,906,433	—	6,616,373
Kadmon Holdings, Inc. <sup>(9)</sup>	—	Healthcare, Education and Childcare	—	—	252,014	2,265,639	2,195,042
Kentucky Racing Holdco, LLC (Warrants) <sup>(9)</sup>	—	Hotels, Motels, Inns and Gaming	—	—	161,252	—	1,147,039
KL Stockton Co-Invest LP (Any Hour Services) <sup>(9)</sup>	—	Personal, Food and Miscellaneous Services	—	—	382,353	382,353	382,353
Lariat ecoserv Co-Invest Holdings, LLC <sup>(9)</sup>	—	Environmental Services	—	—	363,656	363,656	1,043,693
Lightspeed Investment Holdco LLC	—	Healthcare, Education and Childcare	—	—	273,143	273,143	314,579
Mars Intermediate Holdings II, Inc.	—	Media	—	—	414	—	169,217
MeritDirect Holdings, LP <sup>(9)</sup>	—	Media	—	—	540	—	126,202
Municipal Emergency Services, Inc.	—	Distribution	—	—	1,593,514	1,593,514	1,593,514
NEPRT Parent Holdings, LLC (Recteq, LLC) <sup>(9)</sup>	—	Consumer Products	—	—	1,299	1,262,435	1,536,711
NXOF Holdings, Inc. (Tyto Athene, LLC)	—	Aerospace and Defense	—	—	3,261	3,261	186,421
OceanSound Discovery Equity, LP (Holdco Sands Intermediate, LLC) <sup>(9)</sup>	—	Aerospace and Defense	—	—	98,286	978,695	1,624,567
Oral Surgery (ITC) Holdings, LLC <sup>(9)</sup>	—	Healthcare, Education and Childcare	—	—	2,904	62,500	62,501
ORL Holdco, Inc.	—	Business Services	—	—	638	6,385	6,385
QuantiTech InvestCo LP <sup>(9)</sup>	—	Aerospace and Defense	—	—	700	65,957	365,036
QuantiTech InvestCo LP <sup>(7),(9)</sup>	—	Aerospace and Defense	—	—	967	—	—
QuantiTech InvestCo II LP <sup>(9)</sup>	—	Aerospace and Defense	—	—	40	24,000	20,625

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**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS – (Continued)**  
**SEPTEMBER 30, 2021**

Issuer Name	Maturity / Expiration	Industry	Current Coupon	Basis Point Spread Above Index <sup>(4)</sup>	Par / Shares	Cost	Fair Value <sup>(3)</sup>
RFMG Parent, LP (Rancho Health MSO, Inc.)	—	Healthcare, Education and Childcare	—	—	1,050,000	\$ 1,050,000	\$ 1,253,055
SBI Holdings Investments LLC (Sales Benchmark Index LLC)	—	Business Services	—	—	36,585	365,854	278,256
Signature CR Intermediate Holdco, Inc.	—	Chemicals, Plastics and Rubber	—	—	80	80,370	—
SSC Dominion Holdings, LLC Class A (US Dominion, Inc.)	—	Electronics	—	—	1,500	1,500,000	1,889,568
SSC Dominion Holdings, LLC Class B (US Dominion, Inc.)	—	Electronics	—	—	1,500	—	3,534,020
StellPen Holdings, LLC (CF512, Inc.)	—	Media	—	—	153,846	153,846	153,846
TAC LifePort Holdings, LLC <sup>(9)</sup>	—	Aerospace and Defense	—	—	232,558	232,554	259,757
TPC Holding Company, LP <sup>(8), (11)</sup>	—	Food	—	—	11,527	11,527	32,967
TWD Parent Holdings, LLC (The Vertex Companies, LLC)	—	Business Services	—	—	608	608	608
U.S. Well Services, Inc. - Class A <sup>(5), (11)</sup>	—	Oil and Gas	—	—	1,261,201	3,021,880	914,497
UniVista Insurance	—	Business Services	—	—	400	400,000	405,264
Wildcat Parent, LP (Wildcat Buyerco, Inc.)	—	Electronics	—	—	2,314	231,400	411,287
ZS Juniper L.P. (Juniper Landscaping of Florida, LLC) <sup>(9)</sup>	—	Personal, Food and Miscellaneous Services	—	—	1,056	1,056,250	5,226,979
<b>Total Common Equity/Partnership Interests/Warrants</b>						35,535,722	118,981,523
<b>Total Investments in Non-Controlled, Non-Affiliated Portfolio Companies</b>						729,811,369	820,500,111
<b>Investments in Non-Controlled, Affiliated Portfolio Companies—7.6% <sup>(1), (2)</sup></b>							
<b>Preferred Equity/Partnership Interests—6.2% <sup>(6)</sup></b>							
ETX Energy, LLC <sup>(9)</sup>	—	Oil and Gas	—	—	61,732	6,173,200	—
ETX Energy, LLC - Series X <sup>(9)</sup>	—	Oil and Gas	—	—	10,944	1,094,400	—
MidOcean JF Holdings Corp.	—	Distribution	—	—	153,922	15,392,189	41,022,520
<b>Total Preferred Equity/Partnership Interests</b>						22,659,789	41,022,520
<b>Common Equity/Partnership Interests/Warrants—1.4% <sup>(6)</sup></b>							
ETX Energy, LLC <sup>(9)</sup>	—	Oil and Gas	—	—	1,658,389	29,711,576	—
ETX Energy Management Company, LLC	—	Oil and Gas	—	—	1,754,104	1,562,020	—
MidOcean JF Holdings Corp.	—	Distribution	—	—	65,933	24,789,935	9,138,871
<b>Total Common Equity/Partnership Interests/Warrants</b>						56,063,531	9,138,871
<b>Total Investments in Non-Controlled, Affiliated Portfolio Companies</b>						78,723,320	50,161,391
<b>Investments in Controlled, Affiliated Portfolio Companies—58.3% <sup>(1), (2)</sup></b>							
<b>First Lien Secured Debt—6.2%</b>							
AKW Holdings Limited <sup>(8), (10), (11)</sup>	03/13/2024	Healthcare, Education and Childcare	7.50 %	3M L+700	£ 30,500,000	42,389,025	41,124,675
<b>Total First Lien Secured Debt</b>						42,389,025	41,124,675
<b>Second Lien Secured Debt—10.6%</b>							
Mailsouth Inc.	04/23/2025	Printing and Publishing	15.00 % (PIK 15.00%)	—	11,086,944	11,086,944	11,086,944
PT Network Intermediate Holdings, LLC	11/30/2024	Healthcare, Education and Childcare	11.00 % (PIK 11.00%)	3M L+1,000	58,581,522	58,276,260	58,581,522
<b>Total Second Lien Secured Debt</b>						69,363,204	69,668,466
<b>Subordinated Debt—9.7%</b>							
PennantPark Senior Loan Fund, LLC <sup>(11)</sup>	07/31/2027	Financial Services	9.00 %	3M L+800	64,154,570	64,154,570	64,154,570
<b>Total Subordinated Debt</b>						64,154,570	64,154,570
<b>Preferred Equity—2.0% <sup>(6)</sup></b>							
CI (PTN) Investment Holdings II, LLC	—	Healthcare, Education and Childcare	—	—	36,450	546,750	—
(PT Network, LLC) <sup>(9)</sup>							
PT Network Intermediate Holdings, LLC <sup>(9)</sup>	—	Healthcare, Education and Childcare	11.00 %	3M L+1,000	833	10,725,000	13,412,023
<b>Total Preferred Equity</b>						11,271,750	13,412,023
<b>Common Equity—29.7% <sup>(6)</sup></b>							
AKW Holdings Limited <sup>(8), (10), (11)</sup>	—	Healthcare, Education and Childcare	—	—	£ 950	132,497	254,276
CI (PTN) Investment Holdings II, LLC	—	Healthcare, Education and Childcare	—	—	333,333	5,000,000	—
(PT Network, LLC) <sup>(9)</sup>							
MSpark, LLC	—	Printing and Publishing	—	—	51,151	16,515,842	11,013,353
PennantPark Senior Loan Fund, LLC <sup>(11)</sup>	—	Financial Services	—	—	33,830,005	33,892,823	41,159,625
PT Network Intermediate Holdings, LLC <sup>(9)</sup>	—	Healthcare, Education and Childcare	—	—	621	7,158,977	62,131,082
RAM Energy Holdings LLC	—	Energy and Utilities	—	—	180,805	162,708,073	81,710,262
<b>Total Common Equity</b>						225,408,212	196,268,598
<b>Total Investments in Controlled, Affiliated Portfolio Companies</b>						412,586,761	384,628,332
<b>Total Investments—190.2%</b>						1,221,121,450	1,255,289,834
<b>Cash and Cash Equivalents—3.1%</b>							
BlackRock Federal FD Institutional 30						18,219,519	18,219,519
BNY Mellon Cash Reserve and Cash						2,163,440	2,137,497
<b>Total Cash and Cash Equivalents</b>						20,382,959	20,357,016
<b>Total Investments and Cash Equivalents—193.2%</b>						\$ 1,241,504,409	\$ 1,275,646,850
<b>Liabilities in Excess of Other Assets—(93.2%)</b>							(615,502,744)
<b>Net Assets—100.0%</b>							\$ 660,144,106

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



- (1) 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.
- (2) 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 (See Note 6).
- (3) Valued based on our accounting policy (See Note 2).
- (4) 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 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), 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.
- (5) The security was not valued using significant unobservable inputs. The value of all other securities was determined using significant unobservable inputs (See Note 5).
- (6) Non-income producing securities.
- (7) 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.
- (8) Non-U.S. company or principal place of business outside the United States.
- (9) Investment is held through our Taxable Subsidiary (See Note 1).
- (10) Par / Shares amount is denominated in British Pounds (£) as denoted.
- (11) 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 87% of the Company’s total assets and non-qualifying assets represent 13% of the Company’s total assets.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
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**1. ORGANIZATION**

PennantPark Investment Corporation was organized as a Maryland corporation in January 2007. We are a closed-end, externally managed, non-diversified investment company that has elected to be treated as a BDC under the 1940 Act. Our investment objective is to generate both current income and capital appreciation while seeking to preserve capital through debt and equity investments. We invest primarily in U.S. middle-market companies in the form of first lien secured debt, second lien secured debt, subordinated debt and, to a lesser extent, equity investments. On April 24, 2007, we closed our initial public offering and our common stock trades on the Nasdaq Global Select Market under the symbol "PNNT."

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. PennantPark Investment, through the Investment Adviser, manages the day-to-day operations of, and provides investment advisory services to, SBIC II under a separate investment management agreement. 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. PennantPark Investment, through the Administrator, also provides similar services to SBIC II under a separate administration agreement. See Note 3.

SBIC II, our wholly-owned subsidiary, was organized as a Delaware limited partnership in 2012. SBIC II received a license from the SBA to operate as a SBIC under Section 301(c) of the 1958 Act. SBIC II's objectives are to generate both current income and capital appreciation through debt and equity investments generally by investing with us in SBA-eligible businesses that meet the investment selection criteria used by PennantPark Investment.

On July 31, 2020, we and certain entities and managed accounts of the private credit investment manager of Pantheon Ventures (UK) LLP, or Pantheon, entered into a limited liability company agreement to co-manage PSLF, a newly-formed unconsolidated joint venture. In connection with this transaction, we contributed in-kind our formerly wholly-owned subsidiary, Funding I. As a result of this transaction, Funding I became a wholly-owned subsidiary of PSLF and has been deconsolidated from our financial statements. PSLF invests primarily in middle-market and other corporate debt securities consistent with our strategy. PSLF was formed as a Delaware limited liability company. See Note 4.

In April 2021, we issued \$150.0 million in aggregate principal amount of our 2026 Notes at a public offering price per note of 99.4%. Interest on the 2026 Notes is paid semi-annually on May 1 and November 1 of each year, at a rate of 4.50% per year, commencing November 1, 2021. The 2026 Notes mature on May 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 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 October 2021, we issued \$165.0 million in aggregate principal amount of our 2026 Notes-2 at a public offering price per note of 99.436%. Interest on the 2026 Notes is paid semi-annually on May 1 and November 1 of each year, at a rate of 4.00% per year, commencing May 1, 2022. The 2026 Notes-2 mature on November 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-2 are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The 2026 Notes-2 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-2 on any securities exchange or automated dealer quotation system.

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 federal income tax purposes while facilitating our ability to qualify as a RIC under the Code.

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 and the Investment Adviser intends to continue to affirm the exclusion on an annual basis, 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, the global outbreak of the novel coronavirus ("COVID-19") and any other parameters used in determining these estimates and assumptions could cause actual results to differ from 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 in consolidation. 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 our 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

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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 the 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 the 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 our 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, as applicable, the change in the fair values of our portfolio investments and the Credit Facilities during the reporting period, including the 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.

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 December 31, 2021, and September 30, 2021, we had no portfolio companies on non-accrual.

**(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 purpose, we typically do not incur material federal income taxes. However, we may choose to retain a portion of our calendar year income, which may result in the imposition of an excise tax. Additionally, certain of the Company's consolidated subsidiaries are subject to federal and state and local income taxes. For the three months ended December 31, 2021 and 2020, we recorded a provision for taxes of \$0.2 million and \$0.2 million respectively, all of which pertains to U.S. 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 on-going 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.

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PNNT 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 three months ended December 31, 2021, the Company recognized a provision for taxes of \$(5.0) million on unrealized appreciation on investments related to the Taxable Subsidiary. The provision for taxes on unrealized appreciation of investments is the result of netting (i) an expected tax liability on the gain from the sale of an investment which is likely to be realized during fiscal year ending September 30, 2022 and (ii) the expected tax benefit resulting from the use of loss carryforwards. For the three months ended December 31, 2020, the Company recognized a provision for taxes of zero on unrealized appreciation on investments related to the Taxable Subsidiary. As of December 31, 2021 and September 30, 2021, \$5.0 million and zero, respectively, was included in deferred taxes liability on the Consolidated Statements of Assets and Liabilities relating to unrealized gains on investments.

Because federal income tax regulations differ from GAAP, distributions characterized 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 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 our board of directors each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, are 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, in connection with our dividend reinvestment plan or 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 values 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 Investment 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. Accordingly, we have consolidated the results of our SBIC Funds and our Taxable Subsidiary in our Consolidated Financial Statements. We do not consolidate our non-controlling interest in PSLF. See further description of our investment in PSLF 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.

**(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 is evaluating the potential impact that the adoption of this guidance will have on the Company's financial statements.

**3. AGREEMENTS AND RELATED PARTY TRANSACTIONS**

**(a) Investment Management Agreement**

**Base Management Fee**

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 servicer to Funding I and has irrevocably directed that the management fee owed to it with respect to such services be paid to the Company so long as the Investment Adviser

remains the servicer. SBIC II's investment management agreement does not affect the management or incentive fees that we pay to the Investment Adviser on a consolidated basis. 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.

The base management fee is calculated at an annual rate of 1.50% of our "average adjusted gross assets," which equals our gross assets (exclusive 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. In addition, on November 13, 2018, in connection with our board of directors' approval of the application of the modified asset coverage requirements under the 1940 Act to the Company, our board of directors also approved an amendment to the Investment Management Agreement reducing the Investment Adviser's annual base management fee from 1.50% to 1.00% on gross assets that exceed 200% of the Company's total net assets as of the immediately preceding quarter-end. This amendment became effective on February 5, 2019 with the amendment and restatement of the Investment Management Agreement on April 12, 2019. 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 three months ended December 31, 2021 and 2020, the Investment Adviser earned a base management fee of \$5.1 million and \$4.1 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) 100% 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 2.1212% in any calendar quarter (8.4848% annualized), and (3) 17.5% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.1212% in any calendar quarter. These calculations are pro-rated for any share issuances or repurchases during the relevant quarter, if applicable.

Beginning April 1, 2020 and through June 30, 2021, the Investment Adviser has voluntarily agreed, in consultation with our board of directors, to irrevocably waive the performance-based incentive fees. For the three months ended December 31, 2021 and 2020, the Investment Adviser earned an incentive fee of \$2.7 million and zero million, respectively, 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, effective January 1, 2018, equals 17.5% of our realized capital gains; (20.0% for periods prior to January 1, 2018), 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 each of the three months ended December 31, 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 17.5% 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. For each of the three months ended December 31, 2021 and 2020, the Investment Adviser did not accrue an incentive fee on capital gains as calculated under GAAP.

#### ***(b) Administration Agreement***

The Administration Agreement with the Administrator was reapproved by our board of directors, including a majority of our 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. The Administrator provides similar services to SBIC II under its administration agreement with PennantPark Investment. 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 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 three months ended December 31, 2021 and 2020, we reimbursed the Investment Adviser approximately \$0.2 million and \$0.2 million, respectively, including expenses the Investment Adviser incurred on behalf of the Administrator, for the services described above.

#### ***(c) Other Related Party Transactions***

There were no transactions subject to Rule 17a-7 under the 1940 Act during each of the three months ended December 31, 2021 and 2020.

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For the three months ended December 31, 2021 and 2020, we sold \$48.1 million and \$22.3 million in investments to PSLF at fair value, respectively, and recognized \$0.1 million and \$0.1 million of net realized gains, respectively.

**4. INVESTMENTS**

Purchases of investments, including PIK interest, for the three months ended December 31, 2021 and 2020 totaled \$295.1 million and \$71.7 million, respectively. Sales and repayments of investments for the three months ended December 31, 2021 and 2020 totaled \$132.2 million and \$102.6 million, respectively.

Investments and cash and cash equivalents consisted of the following:

Investment Classification	December 31, 2021		September 30, 2021	
	Cost	Fair Value	Cost	Fair Value
First lien	\$ 674,642,039	\$ 672,721,135	\$ 551,435,262	\$ 552,530,069
Second lien	214,015,829	213,883,480	176,982,716	176,893,514
Subordinated debt / corporate notes	57,808,201	54,552,925	56,315,308	57,014,996
Subordinated notes in PSLF	64,154,570	64,154,570	64,154,570	64,154,570
Equity	319,975,971	398,478,690	338,340,770	363,537,060
Equity in PSLF	33,892,823	41,598,942	33,892,823	41,159,625
Total investments	1,364,489,433	1,445,389,742	1,221,121,450	1,255,289,834
Cash and cash equivalents	39,570,438	39,581,423	20,382,959	20,357,016
Total investments and cash and cash equivalents	\$ 1,404,059,871	\$ 1,484,971,165	\$ 1,241,504,409	\$ 1,275,646,851

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 as of:

Industry Classification	December 31, 2021 <sup>(1)</sup>	September 30, 2021 <sup>(1)</sup>
Healthcare, Education and Childcare	25 %	23 %
Consumer Products	9	9
Business Services	8	9
Aerospace and Defense	7	2
Media	7	7
Distribution	6	7
Energy and Utilities	6	7
Auto Sector	3	—
Education	3	3
Environmental Services	3	6
Telecommunications	3	2
Building Materials	2	3
Electronics	2	2
Home and Office Furnishings	2	3
Insurance	2	2
Other Media	2	2
Cargo Transport	1	1
Chemicals, Plastics and Rubber	1	1
Hotels, Motels, Inns and Gaming	1	4
Manufacturing / Basic Industries	1	1
Personal and Non-Durable Consumer Products	1	1
Personal, Food and Miscellaneous Services	1	1
Printing and Publishing	1	2
Transportation	1	2
Other	2	—
Total	100 %	100 %

<sup>(1)</sup> Excludes investments in PSLF.

**PennantPark Senior Loan Fund, LLC**

In July 2020, we and Pantheon formed PSLF, an unconsolidated joint venture. PSLF invests primarily in middle-market and other corporate debt securities consistent with our strategy. PSLF was formed as a Delaware limited liability company. As of December 31, 2021 and September 30, 2021, PSLF had total assets of \$444.8 million and \$417.4 million, respectively. PSLF's portfolio consisted of debt investments in 54 and 47 portfolio companies as of December 31, 2021 and September 30, 2021, respectively. As of December 31, 2021, at fair value, the largest investment in a single portfolio company in PSLF was \$16.8 million and the five largest investments totaled \$73.8 million. As of September 30, 2021, at fair value, the largest investment in a single portfolio company in PSLF was \$16.8 million and the five largest investments totaled \$74.4 million. PSLF invests in portfolio companies in the same industries in which we may directly invest.

We provide capital to PSLF in the form of subordinated notes and equity interests. As of December 31, 2021 and September 30, 2021, we and Pantheon owned 60.5% and 39.5%, respectively, of each of the outstanding subordinated notes and equity interests of PSLF. As of December 31, 2021 and September 30, 2021 our investment in PSLF consisted of subordinated notes of \$64.2 million and equity interests of \$41.6 million and subordinated notes of \$64.2 million and equity interests of \$41.2.

We and Pantheon each appointed two members to PSLF's four-person Member Designees' Committee, or the Member Designees' Committee. All material decisions with respect to PSLF, including those involving its investment portfolio, require unanimous approval of a quorum of Member Designees' Committee. Quorum is defined as (i) the presence of two members of the Member Designees' Committee; provided that at least one individual is present that was elected, designated or appointed by each of

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us and Pantheon; (ii) the presence of three members of the Member Designees' Committee, provided that the individual that was elected, designated or appointed by each of us or Pantheon, as the case may be, with only one individual present shall be entitled to cast two votes on each matter; and (iii) the presence of four members of the Member Designees' Committee shall constitute a quorum, provided that two individuals are present that were elected, designated or appointed by each of us and Pantheon.

Additionally, PSLF, through its wholly-owned subsidiary, or PSLF Subsidiary, has entered into a \$275.0 million (increased from \$250.0 million on November 6, 2020) senior secured revolving credit facility which bears interest at LIBOR (or an alternative risk-free interest rate index) plus 260 basis points, or the PSLF Credit Facility, with BNP Paribas, subject to leverage and borrowing base restrictions.

Below is a summary of PSLF's portfolio at fair value:

	December 31, 2021	September 30, 2021
Total investments	\$ 421,535,944	\$ 405,232,480
Weighted average yield on debt investments	7.2 %	7.1 %
Number of portfolio companies in PSLF	54	47
Largest portfolio company investment	\$ 16,771,958	\$ 16,816,670
Total of five largest portfolio company investments	\$ 73,806,188	\$ 74,444,646

Below is a listing of PSLF's individual investments as of December 31, 2021:

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value <sup>(2)</sup>
<b>First Lien Secured Debt - 613.1%</b>							
Ad.net Acquisition, LLC	5/6/2026	Media	7.00 %	3M L+600	4,975,000	\$ 4,910,776	\$ 4,975,000
Altamira Technologies, LLC	7/24/2025	Aerospace and Defense	9.00 %	3M L+800	908,731	899,842	851,935
American Insulated Glass, LLC	12/21/2023	Building Materials	6.50 %	3M L+550	12,597,225	12,485,615	12,597,225
Any Hour Services	12/22/2023	Personal, Food and Miscellaneous Services	6.75 %	3M L+575	6,483,750	6,363,646	6,483,750
Apex Service Partners, LLC	7/31/2025	Personal, Food and Miscellaneous Services	6.25 %	3M L+525	6,569,222	6,520,357	6,487,107
Apex Service Partners, LLC Term Loan B	7/31/2025	Personal, Food and Miscellaneous Services	6.55 %	1M L+550	3,323,292	3,291,335	3,281,751
Applied Technical Services, LLC	12/29/2026	Environmental Services	6.75 %	3M L+575	7,425,000	7,321,804	7,332,188
Bottom Line Systems, LLC	2/13/2023	Healthcare, Education and Childcare	6.25 %	3M L+550	13,729,432	13,684,974	13,729,432
CF512, Inc.	8/20/2026	Media	7.00 %	3M L+600	3,000,000	2,943,750	2,970,000
Crash Champions, LLC	8/5/2025	Auto Sector	6.00 %	3M L+500	5,970,000	5,864,487	5,850,600
Dr. Squatch, LLC	8/27/2026	Personal and Non-Durable Consumer Products	7.00 %	3M L+600	6,483,750	6,363,762	6,483,750
DRS Holdings III, Inc.	11/3/2025	Consumer Products	6.75 %	3M L+575	13,393,885	13,305,374	13,313,523
ECL Entertainment, LLC	3/31/2028	Hotels, Motels, Inns and Gaming	8.25 %	1M L+750	4,592,308	4,549,792	4,661,192
ECM Industries, LLC	12/23/2025	Electronics	5.75 %	3M L+475	2,826,993	2,806,151	2,756,318
Global Holdings InterCo LLC	3/16/2026	Banking, Finance, Insurance & Real Estate	7.00 %	3M L+600	7,443,750	7,346,081	7,406,531
Graffiti Buyer, Inc.	8/10/2027	Distribution	6.75 %	3M L+575	1,989,063	1,959,419	1,950,276
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	6.00 %	3M L+500	5,940,000	5,809,343	5,940,000
HW Holdco, LLC	12/10/2024	Media	6.75 %	3M L+575	14,550,000	14,467,487	14,259,000
Integrity Marketing Acquisition, LLC	8/27/2025	Insurance	6.75 %	3M L+575	7,848,142	7,786,451	7,808,901
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	8.00 %	1M L+700	14,550,000	14,452,983	14,259,000
LAV Gear Holdings, Inc.	10/31/2024	Leisure, Amusement, Motion Pictures, Entertainment	8.50 %	3M L+750	2,125,391	2,113,185	2,025,497
Lash OpCo, LLC	2/18/2027	Consumer Products	8.00 %	3M L+700	10,000,000	9,803,296	9,900,000
Lightspeed Buyer Inc.	2/3/2026	Healthcare, Education and Childcare	6.75 %	1M L+575	12,439,940	12,251,098	12,097,841
Lombart Brothers, Inc.	4/13/2023	Healthcare, Education and Childcare	7.25 %	3M L+625	16,771,958	16,697,813	16,771,958
MAG DS Corp.	4/1/2027	Aerospace and Defense	6.50 %	3M L+550	5,718,602	5,476,716	5,189,631
Management Consulting & Research, LLC	8/16/2027	Aerospace and Defense	7.00 %	1M L+600	5,000,000	4,906,250	4,900,000
Mars Acquisition Holdings Corp.	5/14/2026	Media	6.50 %	1M L+550	7,980,000	7,838,226	7,940,099
MBS Holdings, Inc.	4/16/2027	Telecommunications	6.75 %	3M L+575	7,462,500	7,324,940	7,387,875
MeritDirect, LLC	5/23/2024	Media	6.50 %	3M L+550	13,301,609	13,198,169	13,168,593
NBH Group LLC	8/19/2026	Healthcare, Education and Childcare	6.50 %	3M L+550	7,561,352	7,421,439	7,485,739
OIS Management Services LLC	7/9/2026	Healthcare, Education and Childcare	5.50 %	3M L+450	3,882,750	3,830,110	3,843,923
PlayPower, Inc.	5/8/2026	Consumer Products	5.72 %	3M L+450	2,601,243	2,583,136	2,540,556
Quantic Electronics, LLC	11/19/2026	Aerospace and Defense	7.25 %	1M L+625	3,429,174	3,365,467	3,360,591
Radius Aerospace, Inc.	3/31/2025	Aerospace and Defense	6.75 %	3M L+575	13,321,436	13,196,083	13,188,221
Rancho Health MSO, Inc.	12/18/2025	Healthcare, Education and Childcare	6.75 %	1M L+575	5,219,813	5,130,312	5,219,813
Recteq, LLC	1/29/2026	Consumer Products	7.00 %	3M L+600	9,925,000	9,759,687	9,776,125
Research Now Group, LLC and Dynata, LLC	12/20/2024	Business Services	6.50 %	3M L+550	14,656,489	14,570,468	14,445,875
Riverpoint Medical, LLC	6/20/2025	Healthcare, Education and Childcare	6.75 %	3M L+575	3,237,682	3,209,927	3,215,018
Sales Benchmark Index LLC	1/3/2025	Business Services	7.75 %	3M L+600	7,266,640	7,172,354	7,157,640
Sargent & Greenleaf Inc.	12/20/2024	Electronics	7.00 %	3M L+550	5,191,176	5,144,066	5,191,176
Signature Systems Holding Company	5/3/2024	Chemicals, Plastics and Rubber	8.50 %	3M L+750	13,312,500	13,220,958	13,179,375
Solutionreach, Inc.	1/17/2024	Communications	6.75 %	1M L+575	11,848,473	11,737,561	11,848,473
STV Group Incorporated	12/11/2026	Transportation	5.35 %	1M L+525	12,098,653	12,006,719	12,038,160
TAC LifePort Purchaser, LLC	3/1/2026	Aerospace and Defense	7.00 %	3M L+600	4,670,729	4,603,273	4,670,729
TeleGuam Holdings, LLC	11/20/2025	Telecommunications	5.50 %	1M L+450	4,580,383	4,546,783	4,534,579
Teneo Holdings LLC	7/18/2025	Financial Services	6.25 %	1M L+525	2,989,109	2,882,942	2,994,100
The Bluebird Group LLC	7/27/2026	Business Services	8.00 %	3M L+700	3,000,000	2,974,110	3,060,000
The Vertex Companies, LLC	8/30/2027	Business Services	6.50 %	1M L+550	4,565,673	4,481,248	4,515,451
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/2025	Food	6.25 %	3M L+525	5,578,916	5,523,127	5,411,548
TVC Enterprises, LLC	3/26/2026	Transportation	6.75 %	1M L+575	12,741,017	12,624,021	12,741,017
TWS Acquisition Corporation	6/16/2025	Education	7.25 %	3M L+625	9,647,753	9,522,593	9,647,753
Tyto Athene, LLC	4/3/2028	Aerospace and Defense	6.25 %	3M L+550	9,925,125	9,832,748	9,850,686
UBEO, LLC	4/3/2024	Printing and Publishing	5.50 %	1M L+450	4,698,158	4,666,959	4,674,667
Vision Purchaser Corporation	6/10/2025	Media	7.75 %	6M L+675	14,212,480	14,032,299	14,070,355
Wildcat Buyerco, Inc.	2/27/2026	Electronics	6.75 %	3M L+575	10,146,132	10,024,916	10,095,401
<b>Total First Lien Secured Debt</b>						<b>420,806,448</b>	<b>421,535,944</b>
<b>Total Investments - 613.1%</b>							
<b>Cash and Cash Equivalents - 32.2%</b>							
BlackRock Federal FD Institutional 30						22,154,890	22,154,890
<b>Total Cash and Cash Equivalents</b>						<b>22,154,890</b>	<b>22,154,890</b>
<b>Total Investments and Cash Equivalents - %</b>						<b>\$ 442,961,338</b>	<b>\$ 443,690,834</b>
<b>Liabilities in Excess of Other Assets — (545.3)%</b>							<b>(374,932,253)</b>
<b>Members' Equity—100.0%</b>							<b>\$ 68,758,581</b>

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
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- (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 PSLF's accounting policy.

Below is a listing of PSLF's individual investments as of September 30, 2021:

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value <sup>(2)</sup>
<b>First Lien Secured Debt - 570.7%</b>							
Ad.net Acquisition, LLC	05/06/26	Media	7.00%	3M L + 600	\$ 4,987,500	\$ 4,919,652	\$ 4,912,688
Altamira Technologies, LLC	07/24/25	Aerospace and Defense	8.00%	3M L+700	921,231	911,674	863,654
American Insulated Glass, LLC	12/21/23	Building Materials	6.50%	3M L+550	14,625,244	14,480,504	14,478,992
Any Hour Services	07/21/27	Personal, Food and Miscellaneous Services	6.75%	1M L+525	6,500,000	6,378,125	6,370,000
Apex Service Partners, LLC	07/31/25	Personal, Food and Miscellaneous Services	6.25%	1M L+550	6,569,222	6,517,624	6,503,530
Apex Service Partners, LLC Term Loan B	07/31/25	Personal, Food and Miscellaneous Services	6.55%	—	3,346,690	3,313,038	3,313,223
Applied Technical Services, LLC	12/29/26	Environmental Services	6.75%	3M L+575	7,443,750	7,335,875	7,294,875
Bottom Line Systems, LLC	02/13/23	Healthcare, Education and Childcare	6.25%	1M L+550	13,729,432	13,673,678	13,729,432
Crash Champions, LLC	08/05/25	Auto Sector	6.00%	1M L+525	5,985,000	5,873,298	5,865,300
DRS Holdings III, Inc.	11/03/25	Consumer Products	7.25%	1M L+625	13,428,053	13,335,008	13,334,057
ECL Entertainment, LLC	03/31/28	Hotels, Motels, Inns and Gaming	8.25%	3M L+750	4,603,846	4,559,898	4,707,433
ECM Industries, LLC	12/23/25	Electronics	5.50%	3M L+450	2,826,993	2,804,979	2,770,453
Global Holdings InterCo LLC	03/16/26	Banking, Finance, Insurance & Real Estate	7.00%	3M L+600	7,462,500	7,360,276	7,425,188
Hancock Roofing and Construction L.L.C.	12/31/26	Insurance	6.00%	3M L+500	5,955,000	5,819,284	5,895,450
Holdco Sands Intermediate, LLC	12/19/25	Aerospace and Defense	7.50%	3M L+600	12,070,714	11,934,092	12,010,361
HW Holdco, LLC	12/10/24	Media	5.50%	3M L+450	14,587,500	14,499,086	14,441,625
IMIA Holdings, Inc.	04/09/27	Aerospace and Defense	6.75%	3M L+600	9,059,429	8,889,612	8,878,241
Integrity Marketing Acquisition, LLC	08/27/25	Insurance	6.50%	3M L+550	7,868,080	7,803,025	7,828,740
Juniper Landscaping of Florida, LLC	12/22/21	Personal, Food and Miscellaneous Services	6.50%	3M L+550	9,420,290	9,420,290	9,420,290
K2 Pure Solutions NoCal, L.P.	12/20/23	Chemicals, Plastics and Rubber	8.00%	1M L+700	14,587,500	14,478,841	14,199,473
LAV Gear Holdings, Inc.	10/31/24	Leisure, Amusement, Motion Pictures, Entertainment	8.50%	3M L+750	2,119,558	2,106,623	1,986,661
Lightspeed Buyer Inc.	02/03/26	Healthcare, Education and Childcare	6.75%	1M L+550	12,471,593	12,273,343	12,471,593
Lombart Brothers, Inc.	04/13/23	Healthcare, Education and Childcare	7.25%	1M L+825	16,816,670	16,728,518	16,816,670
MAG DS Corp.	04/01/27	Aerospace and Defense	6.50%	1M L+550	5,836,801	5,581,189	5,253,121
Mars Acquisition Holdings Corp.	05/14/26	Media	6.50%	1M L+575	8,000,000	7,851,584	7,920,000
MBS Holdings, Inc.	04/16/27	Telecommunications	6.75%	3M L+550	7,481,250	7,337,946	7,331,625
MeritDirect, LLC	05/23/24	Media	6.50%	3M L+550	13,386,132	13,271,890	13,252,270
PlayPower, Inc.	05/08/26	Consumer Products	5.65%	3M L+575	3,805,440	3,777,669	3,735,687
Radius Aerospace, Inc.	03/31/25	Aerospace and Defense	6.75%	3M L+600	13,334,912	13,201,809	13,068,214
Rancho Health MSO, Inc.	12/18/25	Healthcare, Education and Childcare	6.75%	3M L+550	5,231,625	5,140,072	5,231,625
Recteq, LLC	01/29/26	Consumer Products	7.00%	3M L+450	9,950,000	9,774,928	9,850,500
Research Now Group, LLC and Dynata, LLC	12/20/24	Business Services	6.50%	3M L+600	14,694,656	14,601,817	14,507,887
Riverpoint Medical, LLC	06/20/25	Healthcare, Education and Childcare	5.50%	1M L+550	3,245,909	3,216,526	3,205,984
Sales Benchmark Index LLC	01/03/25	Business Services	7.75%	3M L+750	7,632,493	7,526,205	7,441,681
Sargent & Greenleaf Inc.	12/20/24	Electronics	7.00%	3M L+575	5,232,159	5,180,794	5,232,159
Signature Systems Holding Company	05/03/24	Chemicals, Plastics and Rubber	8.50%	1M L+525	13,500,000	13,396,987	13,365,000
Solutionreach, Inc.	01/17/24	Communications	6.75%	1M L+600	11,881,773	11,758,141	11,881,773
STV Group Incorporated	12/11/26	Transportation	5.33%	1M L+450	12,098,653	12,002,839	12,038,160
TAC LifePort Purchaser, LLC	03/01/26	Aerospace and Defense	7.00%	1M L+525	4,967,133	4,891,093	4,965,530
TeleGuam Holdings, LLC	11/20/25	Telecommunications	5.50%	3M L+525	4,593,270	4,557,883	4,547,337
Teneo Holdings LLC	07/18/25	Financial Services	6.25%	1M L+575	2,996,753	2,883,779	2,980,511
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/25	Food	6.25%	1M L+625	5,593,148	5,537,216	5,425,353
TVC Enterprises, LLC	03/26/26	Transportation	6.75%	3M L+550	12,773,152	12,642,764	12,773,152
TWS Acquisition Corporation	06/16/25	Education	7.25%	3M L+450	9,647,753	9,514,502	9,647,753
Tyto Athene, LLC	04/03/28	Aerospace and Defense	6.25%	1M L+675	9,950,000	9,853,217	9,950,000
UBEO, LLC	04/03/24	Printing and Publishing	5.50%	1M L+500	4,710,212	4,676,033	4,686,661
Vision Purchaser Corporation	06/10/25	Media	7.75%	—	14,248,804	14,055,791	14,035,072
Wildcat Buyerco, Inc.	02/27/26	Electronics	6.00%	—	7,424,623	7,360,375	7,387,500
<b>Total First Lien Secured Debt</b>					<b>409,602,447</b>	<b>405,009,393</b>	<b>405,232,480</b>
<b>Cash and Cash Equivalents—18.9%</b>							
BlackRock Federal FD Institutional 30						11,013,454	11,013,454
US Bank Cash							
<b>Total Cash and Cash Equivalents</b>						<b>11,013,454</b>	<b>11,013,454</b>
<b>Total Investments and Cash Equivalents—592.7%</b>						<b>\$ 416,022,848</b>	<b>\$ 416,245,935</b>
<b>Liabilities in Excess of Other Assets—(492.7)%</b>							<b>(348,213,498)</b>
<b>Members' Equity—100.0%</b>							<b>\$ 68,032,437</b>

- (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 PSLF's accounting policy.



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Below is the financial information for PSLF:

	<b>Statements of Assets and Liabilities</b>	
	<b>December 31, 2021</b>	<b>September 30, 2021</b>
<b>Assets</b>		
Investments at fair value (cost—\$420,806,448 and \$405,009,393, respectively)	\$ 421,535,944	\$ 405,232,480
Cash and cash equivalents (cost—\$22,154,890 and \$11,013,454, respectively)	22,154,890	11,013,454
Interest receivable	1,059,745	1,175,230
<b>Total assets</b>	<b>444,750,579</b>	<b>417,421,164</b>
<b>Liabilities</b>		
Distribution payable	3,000,000	2,800,000
Payable for investments purchased	10,824,110	12,792,969
Credit facility payable	252,000,000	224,000,000
Notes payable to members	106,040,612	106,040,612
Interest payable on credit facility	1,619,074	1,499,406
Interest payable on members notes	1,643,629	1,643,629
Accrued other expenses	864,573	612,111
<b>Total liabilities</b>	<b>375,991,998</b>	<b>349,388,727</b>
Commitments and contingencies <sup>(1)</sup>		
<b>Members' equity</b>	<b>68,758,581</b>	<b>68,032,437</b>
<b>Total liabilities and members' equity</b>	<b>\$ 444,750,579</b>	<b>\$ 417,421,164</b>

<sup>(1)</sup> As of December 31, 2021 and September 30, 2021, PSLF did not have any unfunded commitments to fund investments.

	<b>Statements of Operations</b>	
	<b>Three Months Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Investment income:</b>		
Interest	\$ 7,570,459	\$ 6,561,996
Other income	103,028	436,957
<b>Total investment income</b>	<b>7,673,487</b>	<b>6,998,953</b>
<b>Expenses:</b>		
Interest and expenses on credit facility	1,608,709	1,754,377
Interest expense on members notes	2,438,934	2,299,879
Administrative services expenses	292,965	292,965
Other general and administrative expenses	111,648	111,648
<b>Total expenses</b>	<b>4,452,256</b>	<b>4,458,869</b>
<b>Net investment income</b>	<b>3,221,231</b>	<b>2,540,084</b>
<b>Realized and unrealized gain on investments:</b>		
Net realized (loss) gain on investments	(1,496)	464,337
Net change in unrealized appreciation on investments	506,409	2,710,252
<b>Net realized and unrealized gain from investments</b>	<b>504,913</b>	<b>3,174,589</b>
<b>Net increase in members' equity resulting from operations</b>	<b>\$ 3,726,144</b>	<b>\$ 5,714,673</b>

<sup>(1)</sup> No management or incentive fees are payable by PSLF.

## 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 Credit Facilities and our SBA debentures are classified as Level 3. Our 2024 Notes are classified as Level 1 and our 2026 Notes and 2026 Notes-2 are classified as Level 2, as they are financial instruments with readily observable market inputs. Due to the inherent uncertainty of determining the fair value

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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 debt and equity investments in the form of first lien secured debt, 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 SBA debentures, our 2024 Notes, our 2026 Notes, our 2026 Notes -2 and our Credit Facilities, 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 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 within the fair value hierarchy.

The remainder of our investment portfolio and our long-term Credit Facilities 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 our 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:

<b>Asset Category</b>	<b>Fair value at December 31, 2021</b>	<b>Valuation Technique</b>	<b>Unobservable Input</b>	<b>Range of Input (Weighted Average) <sup>(1)</sup></b>
First lien	\$ 71,644,537	Market Comparable	Broker/Dealer bids or quotes	N/A
First lien	601,076,598	Market Comparable	Market yield	6.1% - 17.6% (8.4%)
Second lien	39,090,000	Market Comparable	Broker/Dealer bids or quotes	N/A
Second lien	163,287,359	Market Comparable	Market yield	9.6% - 11.4% (10.6%)
Second lien	11,506,121	Enterprise Market Value	EBITDA multiple	5.9x
Subordinated debt / corporate notes	118,707,495	Market Comparable	Market yield	9.9% - 21.0% (13.9%)
Equity	354,723,751	Enterprise Market Value	EBITDA multiple	3.3x - 26.8x (12.1x)
Equity	43,340,545	Enterprise Market Value	DLOM <sup>(2)</sup>	16.6%
<b>Total Level 3 investments</b>	<b>\$ 1,403,376,407</b>			
Truist Credit Facility	\$ 444,487,950	Market Comparable	Market yield	2.3%

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

(2) DLOM is defined as discount for lack of marketability.

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Asset Category	Fair value at September 30, 2021	Valuation Technique	Unobservable Input	Range of Input (Weighted Average) <sup>(1)</sup>
First lien	\$ 90,266,035	Market Comparable	Broker/Dealer bids or quotes	N/A
First lien	462,264,033	Market Comparable	Market yield	6.1% – 13.1% (8.1%)
Second lien	39,297,500	Market Comparable	Broker/Dealer bids or quotes	N/A
Second lien	126,509,070	Market Comparable	Market yield	10.3% – 11.5% (10.7%)
Second lien	11,086,944	Enterprise Market Value	EBITDA multiple	5.4x
Subordinated debt / corporate notes	121,169,566	Market Comparable	Market yield	9.6% – 17.1% (12.5%)
Equity	278,486,160	Enterprise Market Value	EBITDA multiple	2.6x – 18.5x (8.5x)
Equity	60,807,873	Enterprise Market Value	DLDM <sup>(2)</sup>	9.3%
Equity	21,133,488	Market Comparable	Market yield	20.4%
Total Level 3 investments	<u>\$ 1,211,020,669</u>			
Truist Credit Facility	<u>\$ 314,813,145</u>	Market Comparable	Market yield	2.4%

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

Our investments, cash and cash equivalents, Truist Credit Facility, SBA debentures, 2024 Notes, 2026 Notes and 2026 Notes-2 were categorized as follows in the fair value hierarchy:

Description	Fair Value at December 31, 2021					Measured at Net Asset Value <sup>(1)</sup>
	Fair Value	Level 1	Level 2	Level 3		
Debt investments	\$ 1,005,312,110	\$ —	\$ —	\$ 1,005,312,110	\$ —	
Equity investments	440,077,632	414,394	—	398,064,296	41,598,942	
Total investments	1,445,389,742	414,394	—	1,403,376,407	41,598,942	
Cash and cash equivalents	39,581,423	39,581,423	—	—	—	
Total investments and cash and cash equivalents	<u>\$ 1,484,971,165</u>	<u>\$ 39,995,817</u>	<u>\$ —</u>	<u>\$ 1,403,376,407</u>	<u>\$ 41,598,942</u>	
Truist Credit Facility	\$ 444,487,950	\$ —	\$ —	\$ 444,487,950	\$ —	
SBA Debentures <sup>(2)</sup>	62,207,567	—	—	62,207,567	—	
2026 Notes <sup>(2)</sup>	146,090,709	—	146,090,709	—	—	
2026 Notes-2 <sup>(2)</sup>	160,732,762	—	160,732,762	—	—	
Total debt	<u>\$ 813,518,988</u>	<u>\$ —</u>	<u>\$ 306,823,471</u>	<u>\$ 506,695,517</u>	<u>\$ —</u>	

(1) In accordance with ASC Subtopic 820-10, Fair Value Measurements and Disclosures, or ASC 820-10, our equity investment in PSLF 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 ASC 825-10 to the SBA debentures, the 2026 Notes and the 2026 Notes-2, and thus the balance reported in the Consolidated Statement of Assets and Liabilities represents the carrying value. As of December 31, 2021, the carrying value of the SBA debentures approximates the fair value.

Description	Fair Value at September 30, 2021					Measured at Net Asset Value <sup>(1)</sup>
	Fair Value	Level 1	Level 2	Level 3		
Debt investments	\$ 850,593,148	\$ —	\$ —	\$ 850,593,148	\$ —	
Equity investments	404,696,685	3,109,539	—	360,427,521	41,159,625	
Total investments	1,255,289,833	3,109,539	—	1,211,020,669	41,159,625	
Cash and cash equivalents	20,357,016	20,357,016	—	—	—	
Total investments and cash and cash equivalents	<u>\$ 1,275,646,849</u>	<u>\$ 23,466,555</u>	<u>\$ —</u>	<u>\$ 1,211,020,669</u>	<u>\$ 41,159,625</u>	
Truist Credit Facility	\$ 314,813,145	\$ —	\$ —	\$ 314,813,145	\$ —	
SBA Debentures <sup>(2)</sup>	62,158,642	—	—	62,158,642	—	
2024 Notes <sup>(2)</sup>	84,503,061	84,503,061	—	—	—	
2026 Notes <sup>(2)</sup>	145,865,253	—	145,865,253	—	—	
Total debt	<u>\$ 607,340,101</u>	<u>\$ 84,503,061</u>	<u>\$ 145,865,253</u>	<u>\$ 376,971,787</u>	<u>\$ —</u>	

(1) In accordance with ASC Subtopic 820-10, Fair Value Measurements and Disclosures, or ASC 820-10, our equity investment in PSLF 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 ASC 825-10 to the SBA debentures or the 2024 Notes and the 2026 Notes and thus the balance reported in the Consolidated Statement of Assets and Liabilities represents the carrying value. As of September 30, 2021, the carrying value of the SBA debentures approximates the fair value.

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

Description	Three Months Ended December 31, 2021		
	Debt investments	Equity investments	Totals
Beginning Balance	\$ 850,593,148	\$ 360,427,521	\$ 1,211,020,669
Net realized (loss) gain	29,891	(26,196,314)	(26,166,423)
Net change in unrealized appreciation	(7,013,821)	53,735,934	46,722,113
Purchases, PIK interest, net discount accretion and non-cash exchanges	285,421,230	16,230,686	301,651,916
Sales, repayments and non-cash exchanges	(123,718,338)	(6,133,531)	(129,851,869)
Transfers in/out of Level 3	—	—	—
Ending Balance	\$ 1,005,312,110	\$ 398,064,296	\$ 1,403,376,407
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	\$ (6,125,929)	\$ 53,800,417	\$ 47,674,488

Description	Three Months Ended December 31, 2020		
	Debt investments	Equity investments	Totals
Beginning Balance	\$ 773,425,971	\$ 270,753,946	\$ 1,044,179,917
Net realized gain (loss)	(19,754,439)	2,148,373	(17,606,066)
Net change in unrealized depreciation	26,295,858	64,865,848	91,161,706
Purchases, PIK interest, net discount accretion and non-cash exchanges	52,096,591	19,280,062	71,376,653
Sales, repayments and non-cash exchanges	(94,703,866)	(7,886,958)	(102,590,824)
Transfers in/out of Level 3	—	—	—
Ending Balance	\$ 737,360,115	\$ 349,161,271	\$ 1,086,521,386
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	\$ 25,798,887	\$ 65,689,444	\$ 91,488,331

The table below shows a reconciliation of the beginning and ending balances for liabilities measured at fair value using significant unobservable inputs (Level 3):

Long-Term Credit Facility	Three months ended December 31,	
	2021	2020
Beginning Balance (cost – \$316,544,900 and \$380,252,000, respectively)	\$ 314,813,145	\$ 360,701,972
Net change in unrealized (depreciation) appreciation included in earnings	995,805	13,109,272
Borrowings <sup>(1)</sup>	416,897,391	15,292,900
Repayments <sup>(1)</sup>	(288,218,391)	(40,000,000)
Transfers in and/or out of Level 3	—	—
Ending Balance (cost – \$445,223,900 and \$355,544,900, respectively)	\$ 444,487,950	\$ 349,104,144

<sup>(1)</sup> Excludes temporary draws.

As of December 31, 2021, we had outstanding non-U.S. dollar borrowings on our Credit Facility. Net change in fair value on foreign currency translation on outstanding borrowings is listed below:

Foreign Currency	Amount Borrowed	Borrowing Cost	Current Value	Reset Date	Change in Fair Value
British Pound	£ 31,000,000	\$ 42,723,900	\$ 41,987,950	March 18, 2022	\$ (735,950)

As of September 30, 2021, we had outstanding non-U.S. dollar borrowings on our Truist Credit Facility. Net change in fair value on foreign currency translation on outstanding borrowings is listed below:

Foreign Currency	Amount Borrowed	Borrowing Cost	Current Value	Reset Date	Change in Fair Value
British Pound	£ 29,000,000	\$ 40,044,900	\$ 39,102,150	December 17, 2021	\$ (942,750)

Generally, the carrying value of our consolidated financial liabilities approximates fair value. We have adopted the principles under 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 our Credit Facilities. We elected to use the fair value option for the Credit Facilities 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 did not incur any expenses relating to amendment costs on the Credit Facilities during the three months ended December 31, 2021 and 2020. 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 us 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 Facilities are reported in our Consolidated Statements of Operations. We did not elect to apply ASC 825-10 to any other financial assets or liabilities, including the 2024 Notes, the 2026 Notes, 2026 Notes-2, and the SBA debentures.

For the three months ended December 31, 2021 and 2020, the Credit Facility had a net change in unrealized appreciation of \$1.0 million and \$13.1 million, respectively. As of December 31, 2021 and September 30, 2021, the net unrealized depreciation on the Credit Facility totaled \$0.7 million and \$1.7 million, respectively. We use a nationally recognized independent valuation service to measure the fair value of our Credit Facilities in a manner consistent with the valuation process that our board of directors uses to value our investments.

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**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 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 three months ended December 31, 2021 were as follows:

Name of Investment	Fair Value at September 30, 2021	Gross Additions <sup>(1)</sup>	Gross Reductions	Net Change in Appreciation / (Depreciation)	Fair Value at December 31, 2021	Interest Income	PIK Income	Dividend Income	Net Realized Gains (Losses)
<b>Controlled Affiliates</b>									
AKW Holdings Limited	\$ 41,378,951	\$ 3,340,475	\$ —	\$ (22,575)	\$ 44,696,850	\$ 791,252	\$ —	\$ —	\$ —
Mailsouth Inc.	22,100,296	419,178	—	(11,013,353)	11,506,121	—	435,026	—	—
PennantPark Senior Loan Fund, LLC	—	—	—	—	—	—	—	—	—
*	105,314,196	—	—	439,317	105,753,513	1,475,555	—	1,815,000	—
PT Networks, LLC	134,124,626	9,916,766	—	79,983,842	224,025,233	—	1,691,283	—	—
RAM Energy LLC	81,710,262	—	—	(5,249,443)	76,460,819	—	—	—	—
Total Controlled Affiliates	\$ 384,628,332	\$ 13,676,418	\$ —	\$ 64,137,787	\$ 462,442,537	\$ 2,266,807	\$ 2,126,309	\$ 1,815,000	\$ —
<b>Non-Controlled Affiliates</b>									
ETX Energy, LLC	\$ —	\$ —	\$ (31,273,596)	\$ 31,273,596	\$ —	\$ —	\$ —	\$ —	\$ (31,273,597)
MidOcean JF Holdings Corp.	50,161,391	—	—	960,392	51,121,783	—	—	—	—
Total Non-Controlled Affiliates	\$ 50,161,391	\$ —	\$ (31,273,596)	\$ 32,233,988	\$ 51,121,783	\$ —	\$ —	\$ —	\$ (31,273,597)
<b>Total Controlled and Non-Controlled Affiliates</b>	<b>\$ 434,789,723</b>	<b>\$ 13,676,418</b>	<b>\$ (31,273,596)</b>	<b>\$ 96,371,775</b>	<b>\$ 513,564,320</b>	<b>\$ 2,266,807</b>	<b>\$ 2,126,309</b>	<b>\$ 1,815,000</b>	<b>\$ (31,273,597)</b>

<sup>(1)</sup> Includes PIK.

We and Pantheon are the members of PSLF, a joint venture formed as a Delaware limited liability company that is not consolidated by us for financial reporting purposes. The members of PSLF make investments in the PSLF in the form of subordinated debt and equity interests, and all portfolio and other material decisions regarding PSLF must be submitted to PSLF's four-person Member Designees' Committee, which is comprised of two members appointed by each of us and Pantheon. Because management of PSLF is shared equally between us and Pantheon, we do not believe we control PSLF 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 in net assets resulting from operations:

	<b>Three Months Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Numerator for net increase (decrease) in net assets resulting from operations	\$ 25,510,697	\$ 71,133,751
Denominator for basic and diluted weighted average shares	67,045,105	67,045,105
Basic and diluted net increase (decrease) in net assets per share resulting from operations	\$ 0.38	\$ 1.06

**8. 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 Facilities, 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 December 31, 2021 and September 30, 2021, cash and cash equivalents consisted of money market funds in the amounts of \$39.6 million and \$20.4 million at fair value, respectively.

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**9. FINANCIAL HIGHLIGHTS**

Below are the financial highlights:

	<b>Three Months Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Per Share Data:</b>		
Net asset value, beginning of period	\$ 9.85	\$ 7.84
Net investment income <sup>(1)</sup>	0.19	0.12
Net change in realized and unrealized (loss) gain <sup>(1)</sup>	0.19	0.94
Net increase in net assets resulting from operations <sup>(1)</sup>	0.38	1.06
Distributions to stockholders <sup>(1), (2)</sup>	(0.12)	(0.12)
Net asset value, end of period	\$ 10.11	\$ 8.78
Per share market value, end of period	\$ 6.93	\$ 4.61
Total return <sup>* (3)</sup>	8.57 %	48.38 %
Shares outstanding at end of period	67,045,105	67,045,105
<b>Ratios** / Supplemental Data:</b>		
Ratio of operating expenses to average net assets <sup>(4)</sup>	5.40 %	3.97 %
Ratio of debt related expenses to average net assets <sup>(5)</sup>	4.16 %	3.67 %
Ratio of total expenses to average net assets <sup>(5)</sup>	9.56 %	7.64 %
Ratio of net investment income to average net assets <sup>(5)</sup>	7.57 %	6.10 %
Net assets at end of period	\$ 677,609,391	\$ 588,797,190
Weighted average debt outstanding	\$ 697,267,478	\$ 584,745,097
Weighted average debt per share <sup>(1)</sup>	\$ 10.40	\$ 8.72
Asset coverage per unit <sup>(6)</sup>	\$ 1,902	\$ 2,320
Portfolio turnover ratio	9.73 %	25.25 %

\* Not annualized for periods less than one year.

\*\* Annualized for periods less than one year.

<sup>(1)</sup> Based on the weighted average shares outstanding for the respective periods.

<sup>(2)</sup> 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.

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

<sup>(4)</sup> Excludes debt-related costs.

<sup>(5)</sup> Includes interest and expenses on debt (annualized) as well as Credit Facility amendment, debt issuance costs and excludes debt extinguishment cost, if any, (not annualized).

<sup>(6)</sup> Includes SBA debentures outstanding.

<sup>(7)</sup> 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 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. These amounts exclude SBA debentures from our asset coverage per unit computation pursuant to exemptive relief received from the SEC in June 2011.

**10. DEBT**

The annualized weighted average cost of debt for the three months ended December 31, 2021 and 2020, inclusive of the fee on the undrawn commitment under the Truist Credit Facility and amortized upfront fees on SBA debentures, 2024 Notes, 2026 Notes and 2026 Notes-2, was 4.0% and 3.4%, respectively. As of December 31, 2021, in accordance with the 1940 Act, with certain limited exceptions, we were only allowed to borrow amounts such that we are in compliance with a 150% asset coverage ratio requirement after such borrowing, excluding SBA debentures, pursuant to exemptive relief from the SEC received in June 2011.

On February 5, 2019, our stockholders 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 approved by our board of directors on November 13, 2018. 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), subject to compliance with certain disclosure requirements. As of December 31, 2021 and September 30, 2021, our asset coverage ratio, as computed in accordance with the 1940 Act, was 190% and 221%, respectively.

**Truist Credit Facility**

As of December 31, 2021, we had the multi-currency Truist Credit Facility for up to \$465.0 million (increased from \$435.0 million in December 2021) in borrowings with certain lenders and Truist Bank (formerly SunTrust Bank), acting as administrative agent, and JPMorgan Chase Bank, N.A., acting as syndication agent for the lenders. As of December 31, 2021 and September 30, 2021, we had \$445.2 million and \$316.5 million, respectively, in outstanding borrowings under the Truist Credit Facility. The Truist Credit Facility had a weighted average interest rate of 2.4% and 2.4%, respectively, exclusive of the fee on undrawn commitment, as of December 31, 2021 and September 30, 2021. The Truist Credit Facility is a revolving facility with a stated maturity date of September 4, 2024, a one-year term-out period on September 4, 2023 and pricing set at 225 basis points over LIBOR (or an alternative risk-free floating interest rate index). As of December 31, 2021 and September 30, 2021, we had \$19.8 million and \$118.5 million of unused borrowing capacity under the Truist Credit Facility, respectively, subject to leverage and borrowing base restrictions. The Truist Credit Facility is secured by substantially all of our assets, excluding assets held by SBIC II. As of December 31, 2021, we were in compliance with the terms of the Truist Credit Facility.

**SBA Debentures**

SBIC II is able to borrow funds from the SBA against regulatory capital (which approximates equity capital) that is paid-in and is subject to customary regulatory requirements including an examination by the SBA. We have funded SBIC II with \$75.0 million of equity capital and it had SBA debentures outstanding of \$63.5 million as of December 31, 2021 and September 30, 2021, respectively. SBA debentures are non-recourse to us and may be prepaid at any time without penalty. The interest rate of SBA debentures is fixed at the time of issuance, often referred to as pooling, at a market-driven spread over 10-year U.S. Treasury Notes. Under current SBA regulations, a SBIC may individually borrow to a maximum of \$175.0 million, which is up to twice its potential regulatory capital, and as part of a group of SBICs under common control may borrow a maximum of \$350 million in the aggregate.

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As of both December 31, 2021 and September 30, 2021, SBIC II had an initial \$150.0 million in debt commitments, all of which were drawn. During the three months ended December 31, 2021 and 2020 there were zero repayments to the SBA debentures. As of both December 31, 2021 and September 30, 2021, the unamortized fees on the SBA debentures was \$1.3 million, respectively. The SBA debentures' upfront fees of 3.4% consist of a commitment fee of 1.0% and an issuance discount of 2.4%, which are being amortized.

Our fixed-rate SBA debentures were as follows:

Issuance Dates	Maturity	Fixed All-in Coupon Rate <sup>(1)</sup>	As of December 31, 2021 Principal Balance	
September 20, 2017	September 1, 2027	2.9 %		27,500,000
March 21, 2018	March 1, 2028	3.5		36,000,000
Weighted Average Rate / Total		3.2 %	\$	63,500,000

  

Issuance Dates	Maturity	Fixed All-in Coupon Rate <sup>(1)</sup>	As of September 30, 2021 Principal Balance	
September 20, 2017	September 1, 2027	2.9 %	\$	27,500,000
March 21, 2018	March 1, 2028	3.5		36,000,000
Weighted Average Rate / Total		3.2 %	\$	63,500,000

<sup>(1)</sup> Excluding 3.4% of upfront fees.

The SBIC program is designed to stimulate the flow of capital into eligible businesses. Under SBA regulations, SBIC II is subject to regulatory requirements, including making investments in SBA eligible businesses, investing at least 25% of regulatory capital in eligible smaller businesses, as defined under the 1958 Act, placing certain limitations on the financing terms of investments, prohibiting investment in certain industries and requiring capitalization thresholds that limit distributions to us, and is subject to periodic audits and examinations of its financial statements that are prepared on a basis of accounting other than GAAP (for example, fair value, as defined under ASC 820, is not required to be used for assets or liabilities for such compliance reporting). As of December 31, 2021, SBIC II was in compliance with its regulatory requirements.

#### 2024 Notes

As of December 31, 2021 and September 30, 2021, we had zero and \$86.3 million in aggregate principal amount of 2024 Notes outstanding, respectively. The 2024 Notes were redeemed on November 13, 2021 at a redemption price of \$25.00 per 2024 Note, plus accrued and unpaid interest to November 13, 2021, pursuant to the indenture governing the 2024 Notes. Interest on the 2024 Notes was paid quarterly on January 15, April 15, July 15 and October 15, at a rate of 5.5% per year.

#### 2026 Notes

In April 2021, we issued \$150.0 million in aggregate principal amount of our 2026 Notes at a public offering price per note of 99.4%. Interest on the 2026 Notes is paid semi-annually on May 1 and November 1 of each year, at a rate of 4.50% per year, commencing November 1, 2021. The 2026 Notes mature on May 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 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.

#### 2026 Notes-2

In October 2021, we issued \$165.0 million in aggregate principal amount of our 2026 Notes-2 at a public offering price per note of 99.4%. Interest on the 2026 Notes-2 is paid semi-annually on May 1 and November 1 of each year, at a rate of 4.00% per year, commencing May 1, 2022. The 2026 Notes-2 mature on November 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-2 are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The 2026 Notes-2 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-2 on any securities exchange or automated dealer quotation system.

### 11. 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. Under these arrangements, we may be required to supply a letter of credit to a third party if the portfolio company were to request a letter of credit. As of December 31, 2021 and September 30, 2021, we had \$148.9 million and \$104.8 million, respectively, in commitments to fund investments. For the same periods, there were no letters of credit issued.

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**DECEMBER 31, 2021**  
(Unaudited)

**12. 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, 2021, PennantPark Senior Loan Fund, LLC, PT Networks, LLC and RAM Energy Holdings LLC triggered at least one of the significance tests. As a result and in accordance with Rule 3-09 of Regulation S-X, presented below is summarized unaudited financial information for PT Networks, LLC and RAM Energy Holdings LLC for the three months ended December 31, 2021. Similarly, in accordance with Rule 4-08(g) of Regulation S-X, which requires summarized financial information to be included in the notes to the Company's financial statements, please refer to Note 4 to review the Statement of Assets and Liabilities as well as the Statement of Operations for PennantPark Senior Loan Fund, LLC. PennantPark Senior Loan Fund, LLC did not meet the significance threshold under Rule 3-09 which requires separate audited financial statements.

a) PT Networks, LLC:

<b>Income Statement <sup>(1)</sup></b>	<b>Three Months Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Total revenue	\$ 62,664	\$ 59,230
Total expenses	(73,776)	(63,880)
Net income (loss)	\$ (11,112)	\$ (4,650)

b) RAM Energy Holdings LLC:

<b>Income Statement <sup>(1)</sup></b>	<b>Three Months Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Total revenue	\$ 12,733	\$ 5,969
Total expenses	(9,315)	(7,340)
Net income (loss)	\$ 3,419	\$ (1,371)

<sup>(1)</sup> All amounts are in thousands.

**13. SUBSEQUENT EVENTS**

Subsequent to quarter end the Company declared an increase in its second fiscal quarter 2022 distribution to \$0.14 per share, payable on April 1, 2022 to stockholders of record as of March 17, 2022.

Subsequent to quarter-end, we announced a share repurchase plan which allows us to repurchase up to \$25.0 million of our outstanding common stock in the open market at prices below our net asset value as reported in our then most recently published consolidated financial statements. The program will expire on March 31, 2023.

Subsequent to quarter end we and Pantheon Ventures (UK) LLP, have agreed to increase our capital commitments to PSLF from \$169.8 million to \$234.8 million. PNNT's portion of this capital commitment increase is \$39.3 million.



To the Stockholders and Board of Directors of PennantPark Investment Corporation and its Subsidiaries

**Results of Review of Interim Financial Statements**

We have reviewed the accompanying consolidated statement of assets and liabilities of PennantPark Investment Corporation and its Subsidiaries (collectively referred to as the Company), including the consolidated schedule of investments, as of December 31, 2021, and the related consolidated statements of operations and changes in net assets for the three-month periods ended December 31, 2021 and 2020, and cash flows for the three month periods ended December 31, 2021 and 2020, and the related notes to the consolidated financial statements (collectively, the interim financial information or financial statements). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of assets and liabilities of the Company, including the consolidated schedule of investments, as of September 30, 2021, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended (not presented herein), and in our report dated November 17, 2021, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated statement of assets and liabilities as of September 30, 2021, is fairly stated, in all material respects, in relation to the consolidated statement of assets and liabilities from which it has been derived.

**Basis for Review Results**

These interim financial statements are the responsibility of the Company's management. We conducted our reviews in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

/s/ RSM US LLP

New York, New York  
February 9, 2022

**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 current pandemic caused by COVID-19 or any 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 current COVID-19 pandemic or any worsening thereof;
- our ability to continue to effectively manage our business due to the significant disruptions caused by the current COVID-19 pandemic or any 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;
- 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;
- 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 United Kingdom's withdrawal from the European Union 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 Investment Corporation is a BDC whose objectives are to generate both current income and capital appreciation while seeking to preserve capital through debt and equity investments primarily made to U.S. middle-market companies in the form of first lien secured debt, second lien secured debt, subordinated debt and equity investments.

We believe middle-market companies offer attractive risk-reward to investors due to a limited amount of capital available for such companies. We seek to create a diversified portfolio that includes first lien secured debt, second lien secured debt, subordinated debt and equity investments by investing approximately \$10 million to \$50 million of capital, on average, in the securities of middle-market companies. We expect this investment size to vary proportionately with the size of our capital base. We use the term “middle-market” to refer to companies with annual revenues between \$50 million and \$1 billion. The companies in which we invest are typically highly leveraged, and, in most cases, are not rated by national rating agencies. If such 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” 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. 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.

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 Investment Corporation**

PennantPark Investment Corporation, a Maryland corporation organized in January 2007, 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.

SBIC II, our wholly-owned subsidiary, was organized as a Delaware limited partnership in 2012. SBIC II received a license from the SBA to operate as a SBIC under Section 301(c) of the 1958 Act. SBIC II’s objectives are to generate both current income and capital appreciation through debt and equity investments generally by investing with us in SBA eligible businesses that meet the investment selection criteria used by PennantPark Investment.

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. PennantPark Investment, through the Investment Adviser, provides similar services to SBIC II under its investment management agreement. SBIC II’s investment management agreement does not affect the management and incentive fees on a consolidated basis. 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 and their respective staffs. PennantPark Investment, through the Administrator, provides similar services to SBIC II under its administration agreement with us. 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.

#### **COVID-19 Developments**

COVID-19 was first detected in December 2019 and has since been identified as a global pandemic by the World Health Organization. The effect of the ongoing COVID-19 pandemic or any worsening thereof, uncertainty relating to more contagious strains of the virus, the length of recovery of certain economic sectors in the U.S. and globally and the speed and efficiency of the vaccination process, including the extent to which the available vaccines are ineffective against any new COVID-19 variants may create stress on the market and may affect some of our portfolio companies. We cannot predict the full impact of the COVID-19 pandemic, including any worsening thereof or its duration in the United States and globally and any impact to our business operations or the business operations of our portfolio companies.

Due to the nature of these governmental restrictions and their potentially long-lasting duration, some portfolio companies, especially those in vulnerable industries such as retail, food and beverage and travel, have experienced significant financial distress and may default on their financial obligations to us and their other capital providers. Moreover, certain of our portfolio companies that remain subject to prolonged and severe financial distress, have substantially curtailed their operations, deferred capital expenditures, furloughed or laid off workers and/or terminated relationships with their service providers. Depending on the length and magnitude of the disruption to the operations of our portfolio companies, certain portfolio companies may experience financial distress and possibly default on their financial obligations to us and their other capital providers in the future. These developments could impact the value of our investments in such portfolio companies.

The COVID-19 pandemic, including any worsening thereof, may have an adverse impact on certain sectors of the global economy. Particularly, COVID-19 presents material uncertainty and risk with respect to our future performance and financial results as well as the future performance and financial results of our portfolio companies due to the risk of any severe adverse reaction to the vaccine, politicization of the vaccination process or general public skepticism of the safety and efficacy of the vaccine. While we are unable to predict the ultimate adverse effect of the COVID-19 pandemic, or any worsening thereof, on our results of operation, we have identified certain factors that are likely to affect market, economic and geopolitical conditions, and thereby may adversely affect our business, including:

- U.S. and global economic recovery;
- changes in interest rates, including LIBOR;
- limited availability of credit, both in the United States and internationally;
- disruptions to supply-chains and price volatility;
- changes to existing laws and regulations, or the imposition of new laws and regulations; and
- uncertainty regarding future governmental and regulatory policies.

The business disruption and financial harm resulting from the COVID-19 pandemic experienced by some of our portfolio companies may reduce, over time, the amount of interest and dividend income that we receive from such investments and may require us to provide an increase of capital to such companies in the form of follow on investments. In connection with the adverse effects of the COVID-19 pandemic, we may also need to restructure the capitalization of some of our portfolio companies, which could result in reduced interest payments, an increase in the amount of PIK interest we receive or a permanent reduction in the value of our investments. If our net investment income decreases, the percentage of our cash flows dedicated to debt servicing and distribution payments to stockholders would subsequently increase. This has required us to reduce the amount of our distributions to stockholders as compared to distributions in previous years. Although we had no non-accrual assets during the quarter ended December 31, 2021, the continuing impact of the COVID-19 pandemic, or any worsening thereof, may result in portfolio investments being placed on non-accrual status in the future.

Additionally, as of December 31, 2021 and September 30, 2021, our asset coverage ratio, as computed in accordance with the 1940 Act, was 190% and 221%, respectively. The Trust Credit Facility includes standard covenants and events of default provisions. If we fail to make the required payments or breach the covenants therein, it could result in a default under the Trust Credit Facility. Failure to cure such default or obtain a waiver from the appropriate party would result in an event of default, and the lenders may accelerate the repayment of our indebtedness under the Trust Credit Facility, such that all amounts owed are due immediately at the time of default. Such an action would negatively affect our liquidity, business, financial condition, results of operations, cash flows and ability to pay distributions to our stockholders.

We are also subject to financial risks, including changes in market interest rates. As of December 31, 2021, our debt portfolio consisted of 93% variable-rate investments. The variable-rate loans are usually based on a floating interest rate index such as LIBOR 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 addition, the Trust Credit Facility also has floating rate interest provisions, with pricing set at 225 basis points over LIBOR (or an alternative risk-free floating interest rate index). In connection with the COVID-19 pandemic, the U.S. Federal Reserve and other central banks have reduced interest rates, which has caused LIBOR to decrease. Due to such rates, our gross investment income may decrease, which could result in a decrease in our net investment income if such decreases in LIBOR are not offset by, among other things, a corresponding increase in the spread over LIBOR that we earn on such loans or a decrease in the interest rate of our floating interest rate liabilities tied to LIBOR. See “Item 3. Quantitative and Qualitative Disclosures About Market Risk” below.

In addition, we have continued to implement our business continuity planning strategy. Our priority has been to safeguard the health of our employees and to ensure continuity of business operations on behalf of our investors. As a result of our business continuity planning strategy, nearly all of our employees have returned to the office. Our systems and infrastructure have continued to support our business operations. We implemented a heightened level of communication across senior management, our investment team and our board of directors, and we have proactively engaged with our vendors on a regular basis to ensure they continue to meet our criteria for business continuity.

#### **LIBOR Developments**

In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. As of December 31, 2021, all non-U.S. dollar LIBOR publications have been phased out. The phase out of a majority of the U.S. dollar publications is currently delayed until June 30, 2023. The Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, has identified the Secured Overnight Financing Rate (“SOFR”) as its preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by the U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. Although SOFR appears to be the preferred replacement rate for U.S. dollar LIBOR, it is not possible at this time to predict the effect of any such changes, any establishment of alternative reference rates, whether the COVID-19 pandemic will have further effect on LIBOR transition timelines, or other reforms to LIBOR that may be enacted.

The effect of the establishment of alternative reference rates or other reforms to LIBOR or other reference rates is complex and could have a material adverse effect on our business, financial condition and results of operations. Given the inherent differences between LIBOR and SOFR, or any other alternative benchmark rate that may be established, there are continuing uncertainties regarding the 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.

Factors such as the pace of the transition to replacement or reformed rates, the specific terms and parameters for and market acceptance of any alternative reference rate, prices of and the liquidity of trading markets for products based on alternative reference rates, and our ability to transition and develop appropriate systems and analytics for one or more alternative reference rates could also have a material adverse effect on our business, financial condition and results of operations.

#### **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 fixed or a floating rate. Interest on debt securities is generally payable quarterly or semiannually. In some cases, our investments provide for deferred interest payments and 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 and deferred financing costs on liabilities, which we do not fair value, 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.

#### **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 net asset value, 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, the 1958 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 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 December 31, 2021, our portfolio totaled \$1,445.4 million, which consisted of \$672.7 million of first lien secured debt, \$213.9 million of second lien secured debt, \$118.7 million of subordinated debt (including \$64.2 million in PSLF) and \$440.1 million of preferred and common equity (including \$41.6 million in PSLF). Our debt portfolio consisted of 93% variable-rate investments and 7% fixed-rate investments. As of December 31, 2021, we did not have any portfolio companies on non-accrual. Overall, the portfolio had net unrealized appreciation of \$80.9 million as of December 31, 2021. Our overall portfolio consisted of 107 companies with an average investment size of \$13.5 million, had a weighted average yield on interest bearing debt investments of 8.8% and was invested 47% in first lien secured debt, 15% in second lien secured debt, 8% in subordinated debt (including 4% in PSLF) and 30% in preferred and common equity (including 3% in PSLF). As of December 31, 2021, all of the investments held by PSLF were first lien secured debt.

As of September 30, 2021, our portfolio totaled \$1,255.3 million and consisted of \$552.5 million of first lien secured debt, \$176.9 million of second lien secured debt, \$121.2 million of subordinated debt (including \$64.2 million in PSLF) and \$404.7 million of preferred and common equity (including \$41.2 million in PSLF). Our debt portfolio consisted of 92% variable-rate investments and 8% fixed-rate investments. As of September 30, 2021, we had no portfolio companies on non-accrual. Overall, the portfolio had net unrealized appreciation of \$34.2 million as of September 30, 2021. Our overall portfolio consisted of 97 companies with an average investment size of \$12.9 million, had a weighted average yield on interest bearing debt investments of 9.0% and was invested 44% in first lien secured debt, 14% in second lien secured debt, 10% in subordinated debt (including 5% in PSLF) and 32% in preferred and common equity (including 3% in PSLF). As of September 30, 2021, all of the investments held by PSLF were first lien secured debt.

For the three months ended December 31, 2021, we invested \$295.1 million in 15 new and 30 existing portfolio companies with a weighted average yield on debt investments of 8.1%. Sales and repayments of investments for the three months ended December 31, 2021 totaled \$132.2 million.

For the three months ended December 31, 2020, we invested \$68.2 million in four new and 15 existing portfolio companies with a weighted average yield on debt investments of 9.9%. Sales and repayments of investments for the three months ended December 31, 2020 totaled \$102.6 million.

#### **PennantPark Senior Loan Fund, LLC**

As of December 31, 2021, PSLF's portfolio totaled \$421.5 million, consisted of 54 companies with an average investment size of \$7.8 million and had a weighted average yield on debt investments of 7.2%.

As of September 30, 2021, PSLF's portfolio totaled \$405.2 million, consisted of 47 companies with an average investment size of \$8.6 million and had a weighted average yield on debt investments of 7.1%.

For the three months ended December 31, 2021, PSLF invested \$50.7 million (of which \$48.1 million was purchased from the Company) in nine new and two existing portfolio companies with a weighted average yield on debt investments of 7.5%. PSLF's sales and repayments of investments for the same period totaled \$35.6 million.

For the three months ended December 31, 2020, PSLF invested \$30.8 million (of which \$22.3 million was purchased from the Company) in two new and four existing portfolio companies with a weighted average yield on debt investments of 7.0%. PSLF's sales and repayments of investments for the same period totaled \$35.8 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, including the credit worthiness of our portfolio companies and the global outbreak of COVID-19. 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. We discuss our critical accounting estimates in Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2021 Annual Report on Form 10-K. There have been no significant changes in our critical accounting estimates during the three months from those disclosed in our 2021 Annual Report on Form 10-K.

## 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 our 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 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 the 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 our 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 Credit Facilities, 2026 Notes, 2026-2 Notes and our SBA debentures are classified as Level 3. Our 2024 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 SEC recently adopted Rule 2a-5 under the 1940 Act which established requirements for determining fair value in good faith purposes of the 1940 Act. We will comply with the requirement of the rule before the requirement date in 2022.

In addition to using the above inputs to value cash equivalents, investments, our SBA debentures, our 2024 Notes, our 2026 Notes, 2026 Notes-2 and our Credit Facilities, 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 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 our Credit Facilities. We elected to use the fair value option for the Credit Facilities 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 did not incur any expenses relating to amendment costs on the Credit Facilities for both the three months ended December 31, 2021 and 2020. 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 Facilities are reported in our Consolidated Statements of Operations. We elect not to apply ASC 825-10 to any other financial assets or liabilities, including the 2024 Notes, 2026 Notes, 2026 Notes-2 and SBA debentures.

For the three months ended December 31, 2021 and 2020, the Truist Credit Facility had a net change in unrealized appreciation of \$1.0 million and \$13.1 million, respectively. As of December 31, 2021 and September 30, 2021, the net unrealized depreciation on the Truist Credit Facility totaled \$0.7 million and \$1.7 million, respectively. We use a nationally recognized independent valuation service to measure the fair value of our Credit Facilities in a manner consistent with the valuation process that the board of directors uses to value our investments.

#### **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 fair values of our portfolio investments and our Credit Facilities 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 values 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 U.S. 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 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 U.S. 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, contingent on maintaining our ability to be subject to tax as a RIC, in order to provide us with additional liquidity.

Because federal income tax regulations differ from GAAP, distributions characterized 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.

PNNT 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 three months ended December 31, 2021, the Company recognized a provision for taxes of \$(5.0) million on unrealized appreciation on investments related to the Taxable Subsidiary. The provision for taxes on unrealized appreciation of investments is the result of netting (i) an expected tax liability on the gain from the sale of an investment which is likely to be realized during fiscal year ending September 30, 2022 and (ii) the expected tax benefit resulting from the use of loss carryforwards. For the three months ended December 31, 2020, the Company recognized a provision for taxes of zero on unrealized appreciation on investments related to the Taxable Subsidiary.

As of December 31, 2021 and September 30, 2021, \$5.0 million and zero, respectively, was included in deferred taxes liability on the Consolidated Statements of Assets and Liabilities relating to unrealized gains on investments.

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.

## **RESULTS OF OPERATIONS**

Set forth below are the results of operations for the three months ended December 31, 2021 and 2020.

### ***Investment Income***

Investment income for the three months ended December 31, 2021 was \$28.3 million, which was attributable to \$20.1 million from first lien secured debt, \$4.5 million from second lien secured debt, \$1.9 million from subordinated debt and \$1.8 million from preferred and common equity, respectively. This compares to investment income for the three months ended December 31, 2020 of \$18.7 million, and was attributable to \$11.2 million from first lien secured debt, \$4.8 million from second lien secured debt and \$1.7 million from subordinated debt and \$1.0 million from preferred and common equity. The increase in investment income compared to the same periods in the prior year was primarily due to the increase in the size of our debt portfolio.

### ***Expenses***

Expenses for the three months ended December 31, 2021 totaled \$15.8 million. Base management fee for the same periods totaled \$5.1 million, incentive fees totaled \$2.6 million, debt-related interest and expenses totaled \$6.9 million, general and administrative expenses totaled \$1.0 million and provision for excise taxes totaled \$0.2 million, respectively. This compares to net expenses for the three months ended December 31, 2020, which totaled \$10.4 million. Base management fee for the same period totaled \$4.1 million, debt-related interest and expenses totaled \$5.0 million, general and administrative expenses totaled \$1.1 million and provision for excise taxes totaled \$0.2 million. The increase in expenses for the three months ended December 31, 2021 compared to the same period in the prior year was primarily due to increased financing costs and increased incentive fees.

### ***Net Investment Income***

Net investment income totaled \$12.5 million, or \$0.19 per share, and \$8.3 million, or \$0.12 per share, for the three months ended December 31, 2021 and 2020, respectively. The increase in net investment income compared to the same period in the prior year was primarily due to increased investment income.

### ***Net Realized Gains or Losses***

Sales and repayments of investments for the three months ended December 31, 2021 totaled \$132.2 million, and net realized loss totaled \$26.1 million. Sales and repayments of investments for the three months ended December 31, 2020 totaled \$102.6 million and net realized losses totaled \$17.6 million. The change in realized gains was primarily due to changes in the market conditions of our investments and the values at which they were realized.

### ***Unrealized Appreciation or Depreciation on Investments and the Credit Facilities***

For the three months ended December 31, 2021 and 2020 we reported net change in unrealized appreciation on investments of \$46.8 million and \$93.5 million, respectively. As of December 31, 2021 and September 30, 2021, our net unrealized appreciation on investments totaled \$80.9 million and \$34.2 million, respectively. The net change in unrealized appreciation/depreciation on our investments compared to the same period in the prior year was primarily due to unrealized gains in our equity co-investment program, including PT Network Intermediate Holdings, LLC.

For the three months ended December 31, 2021 and 2020 the Truist Credit Facility had a net change in unrealized appreciation of \$1.0 million and \$13.1 million, respectively. As of December 31, 2021 and September 30, 2021, the net unrealized depreciation on the Credit Facilities totaled \$0.7 million and \$1.7 million, respectively. The net change in unrealized depreciation compared to the same periods in the prior year was primarily due to changes in the capital markets.



## Net Change in Net Assets Resulting from Operations

Net change in net assets resulting from operations totaled \$25.5 million or \$0.38 per share, and \$71.1 million, or \$1.06 per share, for the three months ended December 31, 2021 and 2020, respectively. The decrease in the net change in net assets from operations for the three months ended December 31, 2021 compared to the same periods in the prior year was primarily due to a decrease in unrealized appreciation.

## 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 December 31, 2021, 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, excluding SBA debentures pursuant to exemptive relief from the SEC received in June 2011. This “Liquidity and Capital Resources” section should be read in conjunction with the “COVID-19 Developments” section above.

On February 5, 2019, our stockholders 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 approved by our board of directors on November 13, 2018. 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), subject to compliance with certain disclosure requirements.

As of December 31, 2021 and September 30, 2021, our asset coverage ratio, computed in accordance with the 1940 Act was 190% and 221%, respectively.

The annualized weighted average cost of debt for the three months ended December 31, 2021 and 2020, inclusive of the fee on the undrawn commitment and amendment costs on the Credit Facilities, amortized upfront fees on SBA debentures, was 4.0% and 3.4%, respectively.

As of December 31, 2021, we had the multi-currency Truist Credit Facility for up to \$465.0 million (increased from \$435.0 million in December 2021) in borrowings with certain lenders and Truist Bank, acting as administrative agent, and JPMorgan Chase Bank, N.A., acting as syndication agent for the lenders. As of December 31, 2021 and September 30, 2021, we had \$445.2 million and \$316.5 million, respectively, in outstanding borrowings under the Truist Credit Facility. The Truist Credit Facility had a weighted average interest rate of 2.4% and 2.4%, respectively, exclusive of the fee on undrawn commitments, as of December 31, 2021 and September 30, 2021. The Truist Credit Facility is a revolving facility with a stated maturity date of September 4, 2024, a one-year term-out period on September 4, 2023 and pricing set at 225 basis points over LIBOR (or an alternative risk-free floating interest rate index). As of December 31, 2021 and September 30, 2021, we had \$19.8 million and \$118.5 million of unused borrowing capacity under the Truist Credit Facility, respectively, subject to leverage and borrowing base restrictions. The Truist Credit Facility is secured by substantially all of our assets excluding assets held by SBIC II. As of December 31, 2021, we were in compliance with the terms of the Truist Credit Facility.

As of December 31, 2021 and September 30, 2021, we had zero and \$86.3 million in aggregate principal amount of 2024 Notes outstanding, respectively. The 2024 Notes were redeemed on November 13, 2021 at a redemption price of \$25.00 per 2024 Note, plus accrued and unpaid interest to November 13, 2021, pursuant to the indenture governing the 2024 Notes. Interest on the 2024 Notes was paid quarterly on January 15, April 15, July 15 and October 15, at a rate of 5.5% per year.

As of December 31, 2021, we had \$150.0 million in aggregate principal amount of 2026 Notes outstanding. Interest on the 2026 Notes is paid semi-annually on May 1 and November 1, at a rate of 4.50% per year, commencing November 1, 2021. The 2026 Notes mature on May 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 direct unsecured obligations and rank *pari passu* in right of payment with future unsecured unsubordinated indebtedness. The 2026 Notes are structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, financing vehicles, or similar facilities.

As of December 31, 2021, we had \$165.0 million in aggregate principal amount of 2026 Notes-2 outstanding. Interest on the 2026 Notes is paid semi-annually on May 1 and November 1, at a rate of 4.0% per year, commencing May 1, 2022. The 2026 Notes-2 mature on November 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-2 are direct unsecured obligations and rank *pari passu* in right of payment with future unsecured unsubordinated indebtedness. The 2026 Notes-2 are structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, financing vehicles, or similar facilities.

We may raise additional equity or debt capital through both registered offerings off our shelf registration statement and private offerings of securities, by securitizing a portion of our investments or borrowing from the SBA, among other sources. Any future additional debt capital we incur, to the extent it is available, may be issued at a higher cost and on less favorable terms and conditions than the Truist Credit Facility and SBA debentures. Furthermore, the Truist Credit Facility availability depends on various covenants and restrictions. 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 or strategic purposes such as our stock repurchase program.

We have entered into certain contracts under which we have material future commitments. Under our Investment Management Agreement, which 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 PennantPark Investment Advisers serves as our investment adviser. PennantPark Investment, through the Investment Adviser, provides similar services to SBIC II under its investment management agreement with us. SBIC II's investment management agreement does not affect the management or incentive fees that we pay to the Investment Adviser on a consolidated basis. 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. PennantPark Investment, through the Administrator, provides similar services to SBIC II under its administration agreements, which are intended to have no effect on the consolidated administration fee. 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 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.

SBIC II is able to borrow funds from the SBA against regulatory capital (which approximates equity capital) that is paid-in and is subject to customary regulatory requirements including an examination by the SBA. We have funded SBIC II with \$75.0 million of equity capital and it had SBA debentures outstanding of \$63.5 million and \$63.5 million as of December 31, 2021 and September 30, 2021, respectively. SBA debentures are non-recourse to us and may be prepaid at any time without penalty. The interest rate of SBA debentures is fixed at the time of issuance, often referred to as pooling, at a market-driven spread over 10-year U.S. Treasury Notes. Under current SBA regulations, a SBIC may individually borrow up to a maximum of \$175.0 million, which is up to twice its potential regulatory capital, and as part of a group of SBICs under common control may borrow a maximum of \$350 million in the aggregate.

As of both December 31, 2021 and September 30, 2021, SBIC II had an initial \$150.0 million in debt commitments, all of which were drawn. During the three months ended December 31, 2021 and 2020, there were zero repayments to the SBA debentures. As of both December 31, 2021 and September 30, 2021, the unamortized fees on the SBA debentures were \$1.3 million, respectively. The SBA debentures' upfront fees of 3.4% consist of a commitment fee of 1.0% and an issuance discount of 2.4%, which are being amortized.

Our fixed-rate SBA debentures as of December 31, 2021 and September 30, 2021 were as follows:

Issuance Dates	Maturity	Fixed All-in Coupon Rate <sup>(1)</sup>	As of December 31, 2021 Principal Balance
September 20, 2017	September 1, 2027	2.9%	27,500,000
March 21, 2018	March 1, 2028	3.5	36,000,000
Weighted Average Rate / Total		3.2%	\$ 63,500,000

  

Issuance Dates	Maturity	Fixed All-in Coupon Rate <sup>(1)</sup>	As of September 30, 2021 Principal Balance
September 20, 2017	September 1, 2027	2.9%	\$ 27,500,000
March 21, 2018	March 1, 2028	3.5	36,000,000
Weighted Average Rate / Total		3.2%	\$ 63,500,000

<sup>(1)</sup> Excluding 3.4% of upfront fees.

The SBIC program is designed to stimulate the flow of capital into eligible businesses. Under SBA regulations, SBIC II is subject to regulatory requirements, including making investments in SBA eligible businesses, investing at least 25% of regulatory capital in eligible smaller businesses, as defined under the 1958 Act, placing certain limitations on the financing terms of investments, prohibiting investment in certain industries and requiring capitalization thresholds that limit distributions to us, and is subject to periodic audits and examinations of their financial statements that are prepared on a basis of accounting other than GAAP (for example, fair value, as defined under ASC 820, is not required to be used for assets or liabilities for such compliance reporting). As of December 31, 2021, SBIC II was in compliance with their regulatory requirements.

In accordance with the 1940 Act, with certain limited exceptions, PennantPark Investment is only allowed to borrow amounts such that our required 150% asset coverage ratio is met after such borrowing. As of December 31, 2021 and September 30, 2021, we excluded the principal amounts of our SBA debentures from our asset coverage ratio pursuant to SEC exemptive relief. In 2011, we received exemptive relief from the SEC allowing us to modify the asset coverage ratio requirement to exclude the SBA debentures from the calculation. Accordingly, our ratio of total assets on a consolidated basis to outstanding indebtedness may be less than 150% which, while providing increased investment flexibility, also increases our exposure to risks associated with leverage.

As of December 31, 2021 and September 30, 2021, we had cash and cash equivalents of \$39.6 million and \$20.4 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 \$177.4 million for the three months ended December 31, 2021, and our financing activities provided cash of \$196.6 million for the same period. Our operating activities used cash primarily due to our investment activities and our financing activities provided cash primarily due to the issuance of the 2026 Notes-2 and borrowings under the Truist Credit Facility.

Our operating activities provided cash of \$35.0 million for the three months ended December 31, 2020 and our financing activities used cash of \$40.8 million for the same period. Our operating activities provided cash primarily for our investment activities and our financing activities used cash primarily to pay down the Truist Credit Facility.

#### PennantPark Senior Loan Fund, LLC

In July 2020, we and Pantheon formed PSLF, an unconsolidated joint venture. PSLF invests primarily in middle-market and other corporate debt securities consistent with our strategy. PSLF was formed as a Delaware limited liability company. As of December 31, 2021 and September 30, 2021, PSLF had total assets of \$444.8 million and \$417.4 million, respectively. PSLF's portfolio consisted of debt investments in 54 and 47 portfolio companies as of December 31, 2021 and September 30, 2021, respectively. As of December 31, 2021, at fair value, the largest investment in a single portfolio company in PSLF was \$16.8 million and the five largest investments totaled \$73.8 million. As of September 30, 2021, at fair value, the largest investment in a single portfolio company in PSLF was \$16.8 million and the five largest investments totaled \$74.4 million. PSLF invests in portfolio companies in the same industries in which we may directly invest.

We provide capital to PSLF in the form of subordinated notes and equity interests. As of December 31, 2021 and September 30, 2021, we and Pantheon owned 60.5% and 39.5%, respectively, of each of the outstanding subordinated notes and equity interests of PSLF. As of December 31, 2021 and September 30, 2021 our investment in PSLF consisted of subordinated notes of \$64.2 million and equity interests of \$41.6 million and subordinated notes of \$64.2 million and equity interests of \$41.2.

We and Pantheon each appointed two members to PSLF's four-person Member Designees' Committee, or the Member Designees' Committee. All material decisions with respect to PSLF, including those involving its investment portfolio, require unanimous approval of a quorum of Member Designees' Committee. Quorum is defined as (i) the presence of two members of the Member Designees' Committee; provided that at least one individual is present that was elected, designated or appointed by each of us and Pantheon; (ii) the presence of three members of the Member Designees' Committee, provided that the individual that was elected, designated or appointed by each of us or Pantheon, as the case may be, with only one individual present shall be entitled to cast two votes on each matter; and (iii) the presence of four members of the Member Designees' Committee shall constitute a quorum, provided that two individuals are present that were elected, designated or appointed by each of us and Pantheon.

Additionally, PSLF, through its wholly-owned subsidiary, or PSLF Subsidiary, has entered into a \$275.0 million (increased from \$250.0 million on November 6, 2020) senior secured revolving credit facility which bears interest at LIBOR (or an alternative risk-free interest rate index) plus 260 basis points, or the PSLF Credit Facility, with BNP Paribas, subject to leverage and borrowing base restrictions.

Below is a summary of PSLF's portfolio at fair value:

	December 31, 2021	September 30, 2021
Total investments	\$ 421,535,944	\$ 405,232,480
Weighted average yield on debt investments	7.2 %	7.1 %
Number of portfolio companies in PSLF	54	47
Largest portfolio company investment	\$ 16,771,958	\$ 16,816,670
Total of five largest portfolio company investments	\$ 73,806,188	\$ 74,444,646

Below is a listing of PSLF's individual investments as of December 31, 2021:

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value <sup>(2)</sup>
<b>First Lien Secured Debt - 613.1%</b>							
Ad.net Acquisition, LLC	5/6/2026	Media	7.00 %	3M L+600	4,975,000	\$ 4,910,776	\$ 4,975,000
Altamira Technologies, LLC	7/24/2025	Aerospace and Defense	9.00 %	3M L+800	908,731	899,842	851,935
American Insulated Glass, LLC	12/21/2023	Building Materials	6.50 %	3M L+550	12,597,225	12,485,615	12,597,225
Any Hour Services	12/22/2023	Personal, Food and Miscellaneous Services	6.75 %	3M L+575	6,483,750	6,363,646	6,483,750
Apex Service Partners, LLC	7/31/2025	Personal, Food and Miscellaneous Services	6.25 %	3M L+525	6,569,222	6,520,357	6,487,107
Apex Service Partners, LLC Term Loan B	7/31/2025	Personal, Food and Miscellaneous Services	6.55 %	1M L+550	3,323,292	3,291,335	3,281,751
Applied Technical Services, LLC	12/29/2026	Environmental Services	6.75 %	3M L+575	7,425,000	7,321,804	7,332,188
Bottom Line Systems, LLC	2/13/2023	Healthcare, Education and Childcare	6.25 %	3M L+550	13,729,432	13,684,974	13,729,432
CF512, Inc.	8/20/2026	Media	7.00 %	3M L+600	3,000,000	2,943,750	2,970,000
Crash Champions, LLC	8/5/2025	Auto Sector	6.00 %	3M L+500	5,970,000	5,864,487	5,850,600
Dr. Squatch, LLC	8/27/2026	Personal and Non-Durable Consumer Products	7.00 %	3M L+600	6,483,750	6,363,762	6,483,750
DRS Holdings III, Inc.	11/3/2025	Consumer Products	6.75 %	3M L+575	13,393,885	13,305,374	13,313,523
ECL Entertainment, LLC	3/31/2028	Hotels, Motels, Inns and Gaming	8.25 %	1M L+750	4,592,308	4,549,792	4,661,192
ECM Industries, LLC	12/23/2025	Electronics	5.75 %	3M L+475	2,826,993	2,806,151	2,756,318
Global Holdings InterCo LLC	3/16/2026	Banking, Finance, Insurance & Real Estate	7.00 %	3M L+600	7,443,750	7,346,081	7,406,531
Graffiti Buyer, Inc.	8/10/2027	Distribution	6.75 %	3M L+575	1,989,063	1,959,419	1,950,276
Hancock Roofing and Construction L.L.C.	12/31/2026	Insurance	6.00 %	3M L+500	5,940,000	5,809,343	5,940,000
HW Holdco, LLC	12/10/2024	Media	6.75 %	3M L+575	14,550,000	14,467,487	14,259,000
Integrity Marketing Acquisition, LLC	8/27/2025	Insurance	6.75 %	3M L+575	7,848,142	7,786,451	7,808,901
K2 Pure Solutions NoCal, L.P.	12/20/2023	Chemicals, Plastics and Rubber	8.00 %	1M L+700	14,550,000	14,452,983	14,259,000
LAV Gear Holdings, Inc.	10/31/2024	Leisure, Amusement, Motion Pictures, Entertainment	8.50 %	3M L+750	2,125,391	2,113,185	2,025,497
Lash OpCo, LLC	2/18/2027	Consumer Products	8.00 %	3M L+700	10,000,000	9,803,296	9,900,000
Lightspeed Buyer Inc.	2/3/2026	Healthcare, Education and Childcare	6.75 %	1M L+575	12,439,940	12,251,098	12,097,841
Lombart Brothers, Inc.	4/13/2023	Healthcare, Education and Childcare	7.25 %	3M L+625	16,771,958	16,697,813	16,771,958
MAG DS Corp.	4/1/2027	Aerospace and Defense	6.50 %	3M L+550	5,718,602	5,476,716	5,189,631
Management Consulting & Research, LLC	8/16/2027	Aerospace and Defense	7.00 %	1M L+600	5,000,000	4,906,250	4,900,000
Mars Acquisition Holdings Corp.	5/14/2026	Media	6.50 %	1M L+550	7,980,000	7,838,226	7,940,099
MBS Holdings, Inc.	4/16/2027	Telecommunications	6.75 %	3M L+575	7,462,500	7,324,940	7,387,875
MeritDirect, LLC	5/23/2024	Media	6.50 %	3M L+550	13,301,609	13,198,169	13,168,593
NBH Group LLC	8/19/2026	Healthcare, Education and Childcare	6.50 %	3M L+550	7,561,352	7,421,439	7,485,739
OIS Management Services LLC	7/9/2026	Healthcare, Education and Childcare	5.50 %	3M L+450	3,882,750	3,830,110	3,843,923
PlayPower, Inc.	5/8/2026	Consumer Products	5.72 %	3M L+450	2,601,243	2,583,136	2,540,556
Quantic Electronics, LLC	11/19/2026	Aerospace and Defense	7.25 %	1M L+625	3,429,174	3,365,467	3,360,591
Radius Aerospace, Inc.	3/31/2025	Aerospace and Defense	6.75 %	3M L+575	13,321,436	13,196,083	13,188,221
Rancho Health MSO, Inc.	12/18/2025	Healthcare, Education and Childcare	6.75 %	1M L+575	5,219,813	5,130,312	5,219,813
Recteq, LLC	1/29/2026	Consumer Products	7.00 %	3M L+600	9,925,000	9,759,687	9,776,125
Research Now Group, LLC and Dynata, LLC	12/20/2024	Business Services	6.50 %	3M L+550	14,656,489	14,570,468	14,445,875
Riverpoint Medical, LLC	6/20/2025	Healthcare, Education and Childcare	6.75 %	3M L+575	3,237,682	3,209,927	3,215,018
Sales Benchmark Index LLC	1/3/2025	Business Services	7.75 %	3M L+600	7,266,640	7,172,354	7,157,640
Sargent & Greenleaf Inc.	12/20/2024	Electronics	7.00 %	3M L+550	5,191,176	5,144,086	5,191,176
Signature Systems Holding Company	5/3/2024	Chemicals, Plastics and Rubber	8.50 %	3M L+750	13,312,500	13,220,958	13,179,375
Solutionreach, Inc.	1/17/2024	Communications	6.75 %	1M L+575	11,848,473	11,737,561	11,848,473
STV Group Incorporated	12/11/2026	Transportation	5.35 %	1M L+525	12,098,653	12,006,719	12,038,160
TAC LifePort Purchaser, LLC	3/1/2026	Aerospace and Defense	7.00 %	3M L+600	4,670,729	4,603,273	4,670,729
TeleGuam Holdings, LLC	11/20/2025	Telecommunications	5.50 %	1M L+450	4,580,383	4,546,783	4,534,579
Teneo Holdings LLC	7/18/2025	Financial Services	6.25 %	1M L+525	2,989,109	2,882,942	2,994,100
The Bluebird Group LLC	7/27/2026	Business Services	8.00 %	3M L+700	3,000,000	2,974,110	3,060,000
The Vertex Companies, LLC	8/30/2027	Business Services	6.50 %	1M L+550	4,565,673	4,481,248	4,515,451
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/2025	Food	6.25 %	3M L+525	5,578,916	5,523,127	5,411,548
TVC Enterprises, LLC	3/26/2026	Transportation	6.75 %	1M L+575	12,741,017	12,624,021	12,741,017
TWS Acquisition Corporation	6/16/2025	Education	7.25 %	3M L+625	9,647,753	9,522,593	9,647,753
Tyto Athene, LLC	4/3/2028	Aerospace and Defense	6.25 %	3M L+550	9,925,125	9,832,748	9,850,686
UBEO, LLC	4/3/2024	Printing and Publishing	5.50 %	1M L+450	4,698,158	4,666,959	4,674,667
Vision Purchaser Corporation	6/10/2025	Media	7.75 %	6M L+675	14,212,480	14,032,299	14,070,355
Wildcat Buyerco, Inc.	2/27/2026	Electronics	6.75 %	3M L+575	10,146,132	10,024,916	10,095,401
<b>Total First Lien Secured Debt</b>						<b>420,806,448</b>	<b>421,535,944</b>
<b>Total Investments - 613.1%</b>							
<b>Cash and Cash Equivalents - 32.2%</b>							
BlackRock Federal FD Institutional 30						22,154,890	22,154,890
<b>Total Cash and Cash Equivalents</b>						<b>22,154,890</b>	<b>22,154,890</b>
<b>Total Investments and Cash Equivalents - .%</b>						<b>\$ 442,961,338</b>	<b>\$ 443,690,834</b>
<b>Liabilities in Excess of Other Assets — (545.3)%</b>							<b>(374,932,253)</b>
<b>Members' Equity—100.0%</b>							<b>\$ 68,758,581</b>

(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 PSLF's accounting policy.

(3) 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 is a listing of PSLF's individual investments as of September 30, 2021:

Issuer Name	Maturity	Industry	Current Coupon	Basis Point Spread Above Index <sup>(1)</sup>	Par	Cost	Fair Value <sup>(2)</sup>
<b>First Lien Secured Debt - 570.7%</b>							
Ad.net Acquisition, LLC	05/06/26	Media	7.00%	3M L + 600	\$ 4,987,500	\$ 4,919,652	\$ 4,912,688
Altamira Technologies, LLC	07/24/25	Aerospace and Defense	8.00%	3M L+700	921,231	911,674	863,654
American Insulated Glass, LLC	12/21/23	Building Materials	6.50%	3M L+550	14,625,244	14,480,504	14,478,992
Any Hour Services	07/21/27	Personal, Food and Miscellaneous Services	6.75%	1M L+525	6,500,000	6,378,125	6,370,000
Apex Service Partners, LLC	07/31/25	Personal, Food and Miscellaneous Services	6.25%	1M L+550	6,569,222	6,517,624	6,503,530
Apex Service Partners, LLC Term Loan B	07/31/25	Personal, Food and Miscellaneous Services	6.55%	—	3,346,690	3,313,038	3,313,223
Applied Technical Services, LLC	12/29/26	Environmental Services	6.75%	3M L+575	7,443,750	7,335,875	7,294,875
Bottom Line Systems, LLC	02/13/23	Healthcare, Education and Childcare	6.25%	1M L+550	13,729,432	13,673,678	13,729,432
Crash Champions, LLC	08/05/25	Auto Sector	6.00%	1M L+525	5,985,000	5,873,298	5,865,300
DRS Holdings III, Inc.	11/03/25	Consumer Products	7.25%	1M L+625	13,428,053	13,335,008	13,334,057
ECL Entertainment, LLC	03/31/28	Hotels, Motels, Inns and Gaming	8.25%	3M L+750	4,603,846	4,559,898	4,707,433
ECM Industries, LLC	12/23/25	Electronics	5.50%	3M L+450	2,826,993	2,804,979	2,770,453
Global Holdings InterCo LLC	03/16/26	Banking, Finance, Insurance & Real Estate	7.00%	3M L+600	7,462,500	7,360,276	7,425,188
Hancock Roofing and Construction L.L.C.	12/31/26	Insurance	6.00%	3M L+500	5,955,000	5,819,284	5,895,450
Holdco Sands Intermediate, LLC	12/19/25	Aerospace and Defense	7.50%	3M L+600	12,070,714	11,934,092	12,010,361
HW Holdco, LLC	12/10/24	Media	5.50%	3M L+450	14,587,500	14,499,086	14,441,625
IMIA Holdings, Inc.	04/09/27	Aerospace and Defense	6.75%	3M L+600	9,059,429	8,889,612	8,878,241
Integrity Marketing Acquisition, LLC	08/27/25	Insurance	6.50%	3M L+550	7,868,080	7,803,025	7,828,740
Juniper Landscaping of Florida, LLC	12/22/21	Personal, Food and Miscellaneous Services	6.50%	3M L+550	9,420,290	9,420,290	9,420,290
K2 Pure Solutions NoCal, L.P.	12/20/23	Chemicals, Plastics and Rubber	8.00%	1M L+700	14,587,500	14,478,841	14,199,473
LAV Gear Holdings, Inc.	10/31/24	Leisure, Amusement, Motion Pictures, Entertainment	8.50%	3M L+750	2,119,558	2,106,623	1,986,661
Lightspeed Buyer Inc.	02/03/26	Healthcare, Education and Childcare	6.75%	1M L+550	12,471,593	12,273,343	12,471,593
Lombart Brothers, Inc.	04/13/23	Healthcare, Education and Childcare	7.25%	1M L+825	16,816,670	16,728,518	16,816,670
MAG DS Corp.	04/01/27	Aerospace and Defense	6.50%	1M L+550	5,836,801	5,581,189	5,253,121
Mars Acquisition Holdings Corp.	05/14/26	Media	6.50%	1M L+575	8,000,000	7,851,584	7,920,000
MBS Holdings, Inc.	04/16/27	Telecommunications	6.75%	3M L+550	7,481,250	7,337,946	7,331,625
MeritDirect, LLC	05/23/24	Media	6.50%	3M L+550	13,386,132	13,271,890	13,252,270
PlayPower, Inc.	05/08/26	Consumer Products	5.65%	3M L+575	3,805,440	3,777,669	3,735,687
Radius Aerospace, Inc.	03/31/25	Aerospace and Defense	6.75%	3M L+600	13,334,912	13,201,809	13,068,214
Rancho Health MSO, Inc.	12/18/25	Healthcare, Education and Childcare	6.75%	3M L+550	5,231,625	5,140,072	5,231,625
Recteq, LLC	01/29/26	Consumer Products	7.00%	3M L+450	9,950,000	9,774,928	9,850,500
Research Now Group, LLC and Dynata, LLC	12/20/24	Business Services	6.50%	3M L+600	14,694,656	14,601,817	14,507,887
Riverpoint Medical, LLC	06/20/25	Healthcare, Education and Childcare	5.50%	1M L+550	3,245,909	3,216,526	3,205,984
Sales Benchmark Index LLC	01/03/25	Business Services	7.75%	3M L+750	7,632,493	7,526,205	7,441,681
Sargent & Greenleaf Inc.	12/20/24	Electronics	7.00%	3M L+575	5,232,159	5,180,794	5,232,159
Signature Systems Holding Company	05/03/24	Chemicals, Plastics and Rubber	8.50%	1M L+525	13,500,000	13,396,987	13,365,000
Solutionreach, Inc.	01/17/24	Communications	6.75%	1M L+600	11,881,773	11,758,141	11,881,773
STV Group Incorporated	12/11/26	Transportation	5.33%	1M L+450	12,098,653	12,002,839	12,038,160
TAC LifePort Purchaser, LLC	03/01/26	Aerospace and Defense	7.00%	1M L+525	4,967,133	4,891,093	4,965,530
TeleGuam Holdings, LLC	11/20/25	Telecommunications	5.50%	3M L+525	4,593,270	4,557,883	4,547,337
Teneo Holdings LLC	07/18/25	Financial Services	6.25%	1M L+575	2,996,753	2,883,779	2,980,511
TPC Canada Parent, Inc. and TPC US Parent, LLC	11/24/25	Food	6.25%	1M L+625	5,593,148	5,537,216	5,425,353
TVC Enterprises, LLC	03/26/26	Transportation	6.75%	3M L+550	12,773,152	12,642,764	12,773,152
TWS Acquisition Corporation	06/16/25	Education	7.25%	3M L+450	9,647,753	9,514,502	9,647,753
Tyto Athene, LLC	04/03/28	Aerospace and Defense	6.25%	1M L+675	9,950,000	9,853,217	9,950,000
UBEQ, LLC	04/03/24	Printing and Publishing	5.50%	1M L+500	4,710,212	4,676,033	4,686,661
Vision Purchaser Corporation	06/10/25	Media	7.75%	—	14,248,804	14,055,791	14,035,072
Wildcat Buyerco, Inc.	02/27/26	Electronics	6.00%	—	7,424,623	7,360,375	7,387,500
<b>Total First Lien Secured Debt</b>					<b>409,602,447</b>	<b>405,009,393</b>	<b>405,232,480</b>
<b>Cash and Cash Equivalents—18.9%</b>							
BlackRock Federal FD Institutional 30						11,013,454	11,013,454
US Bank Cash							
<b>Total Cash and Cash Equivalents</b>						<b>11,013,454</b>	<b>11,013,454</b>
<b>Total Investments and Cash Equivalents—592.7%</b>						<b>\$ 416,022,847</b>	<b>\$ 416,245,934</b>
<b>Liabilities in Excess of Other Assets—(492.7%)</b>							<b>(348,213,498)</b>
<b>Members' Equity—100.0%</b>							<b>\$ 68,032,437</b>

(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 PSLF's accounting policy.

Below is the financial information for PSLF:

### Statements of Assets and Liabilities

	December 31, 2021	September 30, 2021
<b>Assets</b>		
Investments at fair value (cost—\$420,806,448 and \$405,009,393, respectively)	\$ 421,535,944	\$ 405,232,480
Cash and cash equivalents (cost—\$22,154,890 and \$11,013,454, respectively)	22,154,890	11,013,454
Interest receivable	1,059,745	1,175,230
<b>Total assets</b>	<b>444,750,579</b>	<b>417,421,164</b>
<b>Liabilities</b>		
Distribution payable	3,000,000	2,800,000
Payable for investments purchased	10,824,110	12,792,969
Credit facility payable	252,000,000	224,000,000
Notes payable to members	106,040,612	106,040,612
Interest payable on credit facility	1,619,074	1,499,406
Interest payable on members notes	1,643,629	1,643,629
Accrued other expenses	864,573	612,111
<b>Total liabilities</b>	<b>375,991,998</b>	<b>349,388,727</b>
Commitments and contingencies <sup>(1)</sup>		
<b>Members' equity</b>	<b>68,758,581</b>	<b>68,032,437</b>
<b>Total liabilities and members' equity</b>	<b>\$ 444,750,579</b>	<b>\$ 417,421,164</b>

<sup>(1)</sup> As of December 31, 2021 and September 30, 2021, PSLF did not have any unfunded commitments to fund investments.

### Statements of Operations

	Three Months Ended December 31,	
	2021	2020
<b>Investment income:</b>		
Interest	\$ 7,570,459	\$ 6,561,996
Other income	103,028	436,957
<b>Total investment income</b>	<b>7,673,487</b>	<b>6,998,953</b>
<b>Expenses:</b>		
Interest and expenses on credit facility	1,608,709	1,754,377
Interest expense on members notes	2,438,934	2,299,879
Administrative services expenses	292,965	292,965
Other general and administrative expenses	111,648	111,648
<b>Total expenses</b>	<b>4,452,256</b>	<b>4,458,869</b>
<b>Net investment income</b>	<b>3,221,231</b>	<b>2,540,084</b>
<b>Realized and unrealized gain on investments:</b>		
Net realized (loss) gain on investments	(1,496)	464,337
Net change in unrealized appreciation on investments	506,409	2,710,252
<b>Net realized and unrealized gain from investments</b>	<b>504,913</b>	<b>3,174,589</b>
<b>Net increase in members' equity resulting from operations</b>	<b>\$ 3,726,144</b>	<b>\$ 5,714,673</b>

<sup>(1)</sup> No management or incentive fees are payable by PSLF.

### Recent Developments

Subsequent to quarter end the Company declared an increase in its second fiscal quarter 2022 distribution to \$0.14 per share, payable on April 1, 2022 to stockholders of record as of March 17, 2022.

Subsequent to quarter-end, we announced a share repurchase plan which allows us to repurchase up to \$25.0 million of our outstanding common stock in the open market at prices below our net asset value as reported in our then most recently published consolidated financial statements. The program will expire on March 31, 2023.

Subsequent to quarter end we and Pantheon Ventures (UK) LLP, have agreed to increase our capital commitments to PSLF from \$169.8 million to \$234.8 million. PNNT's portion of this capital commitment increase is \$39.3 million.

### 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 our 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, contingent on our ability to be subject to tax as a RIC, in order to provide us with additional liquidity.

During the three months ended December 31, 2021, we declared distributions of \$0.12 per share, for total distributions of \$8.0 million. For the same periods in the prior year, we declared distributions of \$0.12 for total distributions of \$8.0 million. 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 quarterly distributions to our stockholders. Our quarterly distributions, if any, are determined by our board of directors.

We maintain an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders’ cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically “opt out” of the dividend reinvestment plan so as to receive cash distributions.

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/or 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 is evaluating the potential impact that the adoption of this guidance will have on the Company’s financial statements.

#### Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. As of December 31, 2021, our debt portfolio consisted of 93% variable-rate investments and 7% fixed rate investments. The variable-rate loans are usually based on a LIBOR (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 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%	\$	562	\$	0.01
Up 1%		(2,967)		(0.04)
Up 2%		2,132		0.03
Up 3%		7,231		0.11
Up 4%	\$	12,331	\$	0.18

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 our Truist 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 4. Controls and Procedures

As of the period covered by this Report, 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) under the Exchange Act). Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic filings with the SEC 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.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. 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 1A. Risk Factors

In addition to the other information set forth in this Report, you should consider carefully the factors discussed below, as well as in Part I “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2021 filed on November 17, 2021 which could materially affect our business, financial condition and/or operating results. The risks described below, as well as in our Annual Report on Form 10-K, are not the only risks facing PennantPark Investment. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

#### *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 February 5, 2019, our stockholders approved such reduction, as approved by our board of directors on November 13, 2018. As of February 5, 2019, we are able to incur additional indebtedness so long as we comply with the applicable disclosure requirements, 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. Effective February 5, 2019, base management fees were reduced from 1.50% to 1.00% on gross assets that exceed 200% of the Company’s total net assets as of the immediately preceding quarter-end.

*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 November 13, 2018 and February 5, 2019, 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 from 200% to 150%. As a result, as of February 6, 2019, 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 SBIC Fund 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, our SBIC Fund is limited by the SBA regulations governing SBICs from making certain distributions to us that may be necessary to satisfy the requirements to be subject to tax as a RIC. In such a case, we would need to request a waiver of the SBA’s restrictions for our SBIC Fund to make certain distributions to enable us to be subject to tax as a RIC. We cannot assure you that the SBA will grant such waiver, and if our SBIC Fund is unable to obtain a waiver, compliance with the SBA regulations may cause us to incur a corporate-level income tax.

#### *If we incur additional debt, it could increase the risk of investing in our shares.*

We have indebtedness outstanding pursuant to the Truist Credit Facility, 2024 Notes, 2026 Notes, 2026 Notes-2 and SBA debentures and expect in the future to borrow additional amounts under the Truist Credit Facility or other debt securities, subject to market availability, and, may increase the size of the Truist 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 our assets, excluding those of SBIC II, in connection with borrowings under the Truist Credit Facility. In the case of a liquidation event, those lenders would receive proceeds before our stockholders. Additionally, the SBA, as a lender and an administrative agent, has a superior claim over the assets of SBIC II in relation to our other creditors. Any future debt issuance will increase our leverage and may be subordinate to the Truist Credit Facility and SBA debentures. In addition, borrowings or debt issuances and SBA debentures, 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 leveraging would cause the net asset value 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 November 13, 2018 and February 5, 2019, 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, as of February 6, 2019, the asset coverage requirement applicable to us for senior securities was reduced from 200% to 150%. As of such date, we are able to incur additional indebtedness so long as we comply with the applicable disclosure requirements, which may increase the risk of investing in us.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

We did not engage in any sales of unregistered securities during the three months ended December 31, 2021.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.



**Item 6. Exhibits**

Unless specifically indicated otherwise, the following exhibits are incorporated by reference to exhibits previously filed with the SEC:

- 3.1 [Articles of Incorporation \(Incorporated by reference to Exhibit 99\(a\) to the Registrant's Pre-Effective Amendment No. 3 to the Registration Statement on Form N-2/A \(File No. 333-140092\), filed on April 5, 2007\).](#)
- 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 \(File No. 814-00736\), filed on May 11, 2020\).](#)
- 4.1 [Form of Share Certificate \(Incorporated by reference to Exhibit 99\(d\)\(1\) to the Registrant's Registration Statement on Form N-2 \(File No. 333-150033\), filed on April 2, 2008\).](#)
- 31.1\* [Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.](#)
- 31.2\* [Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.](#)
- 32.1\* [Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2\* [Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 99.1 [Privacy Policy of the Registrant \(Incorporated by reference to Exhibit 99.1 to the Registrant's Annual Report on Form 10-K \(File No. 814-00736\), filed on November 16, 2011\).](#)

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\* Filed herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

PENNANTPARK INVESTMENT CORPORATION

Date: February 9, 2022

By: \_\_\_\_\_  
/s/ Arthur H. Penn  
**Arthur H. Penn**  
**Chief Executive Officer and Chairman of the Board of Directors**  
**(Principal Executive Officer)**

Date: February 9, 2022

By: \_\_\_\_\_  
/s/ Richard Cheung  
**Richard Cheung**  
**Chief Financial Officer and Treasurer**  
**(Principal Financial and Accounting Officer)**

**CERTIFICATION PURSUANT TO SECTION 302  
CHIEF EXECUTIVE OFFICER CERTIFICATION**

I, Arthur H. Penn, Chief Executive Officer of PennantPark Investment Corporation, certify that:

1. I have reviewed this Report on Form 10-Q of PennantPark Investment Corporation;
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;
  - 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;
  - 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.

Dated: February 9, 2022

/s/ Arthur H. Penn

Name: Arthur H. Penn  
Title: Chief Executive Officer

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**CERTIFICATION PURSUANT TO SECTION 302  
CHIEF FINANCIAL OFFICER CERTIFICATION**

I, Richard Cheung, Chief Financial Officer of PennantPark Investment Corporation, certify that:

1. I have reviewed this Report on Form 10-Q of PennantPark Investment Corporation;
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;
  - 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;
  - 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.

Dated: February 9, 2022

/s/ Richard Cheung

Name: Richard Cheung  
Title: Chief Financial Officer

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)**

In connection with this Report on Form 10-Q for the three months ended December 31, 2021 (the "Report") of PennantPark Investment Corporation (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Arthur H. Penn, 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, as amended; 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

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Name: Arthur H. Penn  
Title: Chief Executive Officer  
Date: February 9, 2022

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)**

In connection with this Report on Form 10-Q for the three months ended December 31, 2021 (the "Report") of PennantPark Investment Corporation (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Richard Cheung, 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, as amended; 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 Cheung

Name: Richard Cheung  
Title: Chief Financial Officer  
Date: February 9, 2022

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