



PennantPark

Independent Private Credit Platform | Investing Since 2007



PennantPark Investment Corporation

Investor Presentation – September 30, 2024

PNNNT

PennantPark – A Pioneer in Private Credit

► PennantPark is an independent private credit platform focused on the core middle market

A Pioneer in Private Credit

Founded in 2007; long-term track record through multiple economic cycles

Core middle market focus

Target mid-sized companies we believe are often overlooked by other lenders, resulting in favorable lending terms

Over \$21 billion of capital deployed

745 investments across the capital structure in hundreds of companies

\$8.3 billion of AUM¹

Serving sophisticated investors around the world with multiple investment offerings

Target cash-flowing companies

Target leading market positions, strong management teams, and steady cash flows

230+ private equity sponsors

Established private equity sponsors that support their portfolio companies

Average 29 years of experience²

Experienced leadership team that has worked together for decades

79 team members across 6 offices

Miami HQ with offices in New York, Chicago, Houston, Los Angeles, and Amsterdam

Note: Past performance is not necessarily indicative of future results. Invested capital is at risk.

1) Assets under management ("AUM") is defined as the sum of gross asset values, unfunded commitments, and available leverage for active funds as of 9/30/2024. Invested capital represents the cumulative sum of capital invested across the PennantPark platform since inception. Personnel as of November 2024.

2) Average years of experience based on investment professionals with the title of Managing Director or higher.

PennantPark Provides Value-Added Capital to Middle Market Borrowers

- ▶ We target profitable, growing, and cash-flowing companies with \$10 million to \$50 million of EBITDA
- ▶ In many cases, PennantPark participates in a company's first round of institutional investment
- ▶ Seek to act as a strategic partner aiming to drive growth, and participate in upside through equity co-investments

Target Positive Credit Characteristics:

- ✓ Leading market positions and significant competitive advantages
- ✓ Established sponsors that support their portfolio companies
- ✓ Proven management team with appropriate incentives
- ✓ Variable cost structures designed to meet changing market demands
- ✓ Low debt multiples and conservative loan-to-value ratios

Avoid Negative Credit Characteristics:

- ✗ Asset-intensive operations requiring capital expenditures
- ✗ Growth platforms that require high levels of investment
- ✗ Cyclical end markets or exposure to commodity price volatility
- ✗ Volatile or lumpy cash flows, or highly concentrated customer base
- ✗ Undifferentiated product or services with low profit margins

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Five Key Industries of Expertise

- We focus on the industries where we believe we have the most expertise and experience, allowing us to act as a strategic and value-added lending partner



Healthcare

- High quality providers and low-cost outcomes
- Favorable reimbursement environment
- Solid infrastructure and IT systems
- Sustained organic growth and accretive M&A



Government Services

- Diverse government contract portfolio
- Mission critical services
- Alignment with government funding
- Track record of winning new business and re-compete contracts



Software & Technology

- Tailwinds from digital transformation
- Value-added functions with high switching costs
- Recurring cash flows models
- Accretive acquisition opportunities



Consumer

- Essential goods and services with stable pricing
- Strong brands with leading market positions
- Differentiated value proposition
- Avoidance of fad risk



Business Services

- Integral to customers' business processes
- Demonstrable value added for customers
- Leading technologies with increasing adoption
- Aim to capitalize on increasing outsourcing trends

Note: Past performance is not necessarily indicative of future results. Invested capital is at risk.

Extensive Sourcing Network

Robust Origination Platform

Actively cover

770+

middle market private equity sponsors in the U.S.

Closed deals with

230+

sponsors; majority repeat transactions¹

Existing lender to

180+

portfolio companies across 100+ sponsors

Selective underwriting; only

5.7%

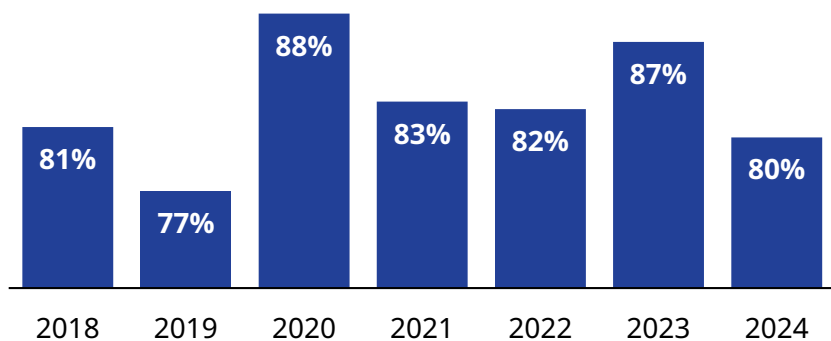
of deals closed from 2019 to 2024

Origination Volume with Repeat Sponsors¹

▶ **Since 2018, over 75% of PennantPark's deals have been with repeat private equity sponsors**

- Sponsors often provide PennantPark with early and last looks because of our reliability, experience, market leadership, and flexible capital solutions

▶ **Diversified deal flow with our largest repeat sponsor representing only 4% of investments since inception¹**



Top 5 Sponsors	Since Inception ¹
No. 1	4%
No. 2	3%
No. 3	3%
No. 4	3%
No. 5	3%

Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. Data as of 6/30/2024.

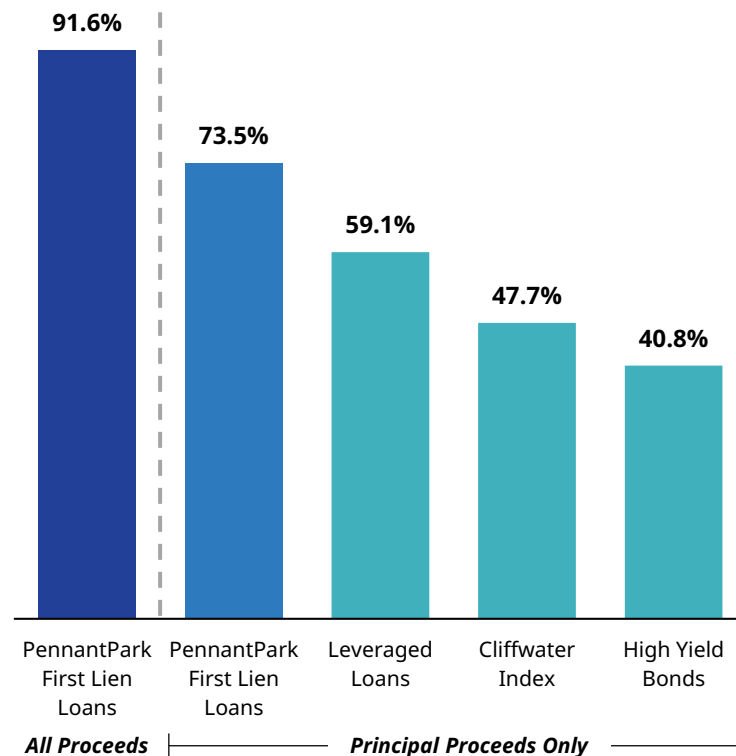
1) Percentage of total origination volume. Origination volume refers to the dollar value of all financing commitments to middle market companies. Repeat sponsors are private equity firms that had previously completed a financing transaction with PennantPark. Based on invested capital for investments made since inception (January 2007).

PennantPark Focus on Capital Preservation

- ▶ We believe our focus on defensive companies, emphasis on structural protections, and restructuring experience have resulted in few defaults, high recoveries, and low annualized loss rates

PennantPark First Lien Loans	
Number of Investments	613
Number of Defaults	21
Capital Invested	\$17.5 billion
Credit Loss	\$172 million
Cumulative Default Rate <i>(based on capital invested)</i>	3.89%
Recovery Rate ¹ <i>(principal only)</i>	73.5%
Adjusted Recovery Rate <i>(all proceeds)</i>	91.6%
Annualized Loss Rate²	0.08%

Historical Recovery Rates¹



Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. Data as of 6/30/2024. Default and recovery statistics shown for PennantPark's first lien investments only. Similar information for other investments or strategies is available upon request. The use of hypothetical performance in making investment decisions involves certain risks and limitations; please refer to the Important Notices at the end of this presentation.

- Benchmark data per Cliffwater 4Q 2023 Report on U.S. Direct Lending. Benchmark recovery rates are estimated based on the market price of defaulted loans at the time of default over par value. Benchmark recovery rates are calculated as an average of monthly LTM recovery rates since the inception of PennantPark managed vehicles in 2007. PennantPark's recovery rate on first lien loans is calculated by dividing the sum of principal proceeds and market value of defaulted first lien investments by the total capital invested in such defaulted first lien investments. "Leveraged Loans" and "High Yield Bonds" are represented by JPMorgan Markets, Bloomberg US High Yield Index, Morningstar LSTA Leveraged Loan Index.
- Annualized Loss Rate is calculated by dividing cumulative losses on defaulted first lien loan investments by the total invested capital for all first lien loan investments, and dividing the resulting quotient by the number of years between the initial cash flow and ending cash flow of all first lien loan investments.

The Core Middle Market Advantage

- ▶ **The U.S. middle market includes nearly 200,000 companies, generates \$10 trillion of annual revenue (1/3 of the U.S. economy), and is the world's fifth largest economy on a standalone basis¹**
- ▶ **The core middle market presents attractive investment opportunities**
 - Lower leverage and higher yields
 - Strong covenant packages
 - Greater recovery rates

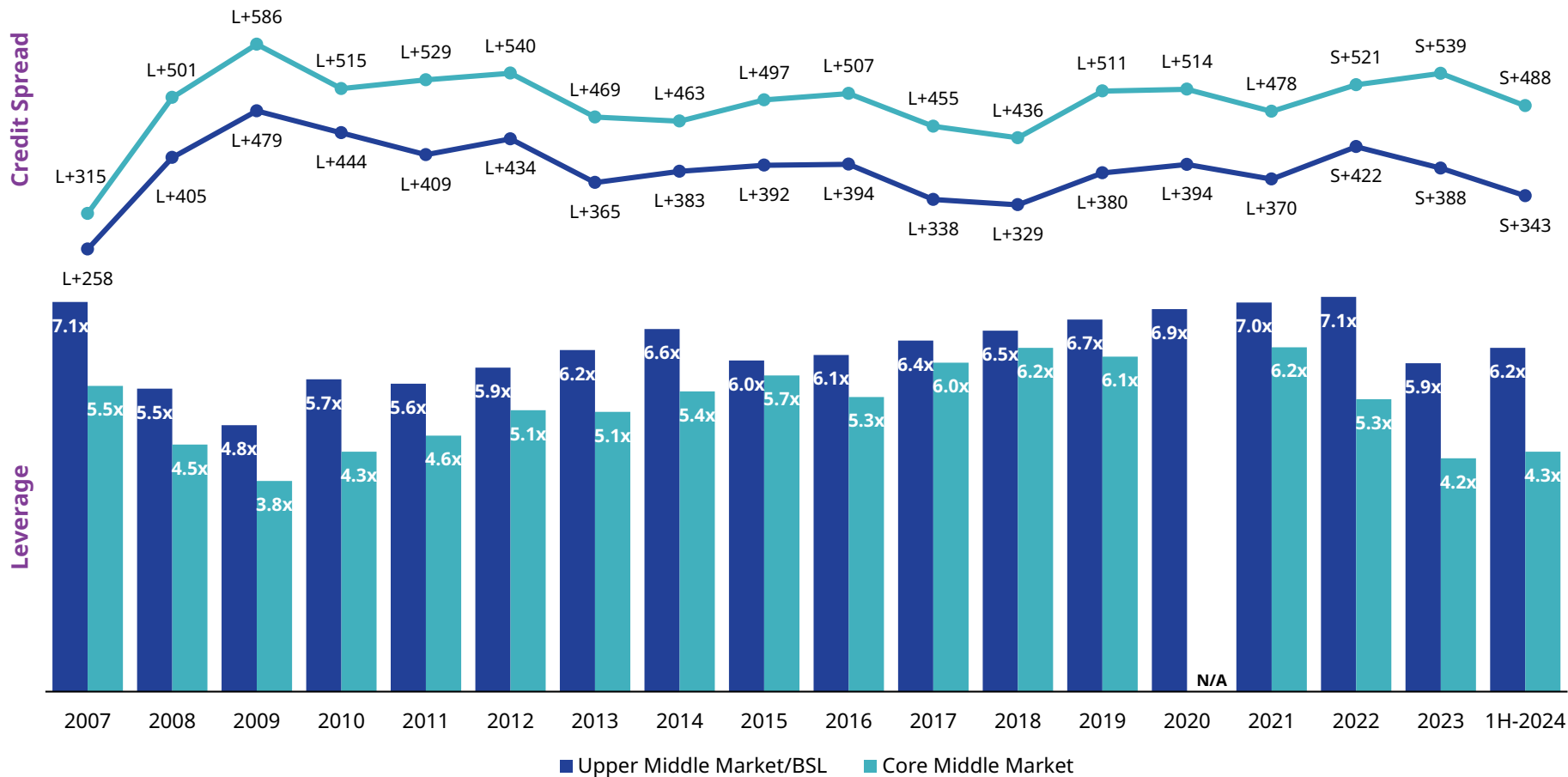
	Core Middle Market	Upper Middle Market
EBITDA	\$10 to \$50 million	\$50 million and greater
New Issue Pricing	First Lien: SOFR + 5.00% to 6.50% Second Lien: SOFR + 7.50% to 10.00%	First Lien: SOFR + 3.50% to 4.75% Second Lien: SOFR + 6.00% to 7.50%
Paid-In-Kind (PIK)	Less common	Common
Leverage	First Lien: 4.0x to 5.5x Second Lien: 5.5x to 6.5x	First Lien: 5.0x to 7.5x Second Lien: 6.0x to 9.0x
Covenants	Usually stronger; total net leverage, interest coverage, etc.	Covenant lite or one covenant set at wide levels
Equity Contribution	45% or more	35% or more
Due Diligence Process	In-depth and comprehensive; typically 6 – 8 weeks	More limited information; typically 2 weeks or less
Reporting	Usually monthly	Usually quarterly
Lender Group Size	1 to 4 lenders	5 or more lenders
Equity Co-Investments	Common	Less common

Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. Statements herein concerning financial market trends or other financial market commentary are based on the current market conditions, which will fluctuate. In addition, such statements constitute the Manager's current opinion, which is subject to change in the future without notice. Refer to the Important Notices at the end of this presentation for additional information.

1) National Center for the Middle Market, 4Q 2023 Middle Market Indicator Report.

The Core Middle Market Offers a Yield Premium with Lower Risk

Core Middle Market vs. Upper Middle Market/BSL¹



Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. Source: LSEG as of 6/30/2024.

1. Core Middle Market is defined as Issuers with revenues of \$500M and below, and total loan package of less or equal to \$500M. Upper Middle Market and BSL are defined as syndicated or direct/clubbed deals that have either revenues or total loan package of \$500M or greater. Broadly Syndicated Loans are denoted as "BSL". For 2020 LSEG does not have sufficient observations at this time to provide data for MM.

PNNT Quarterly Update

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PennantPark's Publicly-Traded Business Development Companies

- ▶ PennantPark manages two differentiated business development companies (BDCs) which trade on the New York Stock Exchange (NYSE)

PennantPark
Investment Corporation

PennantPark
Floating Rate Capital Ltd.

IPO Date:

April 2007

April 2011

Ticker:

PNNT (NYSE)

PFLT (NYSE)

Market Value of Investments¹:

\$1.3 billion

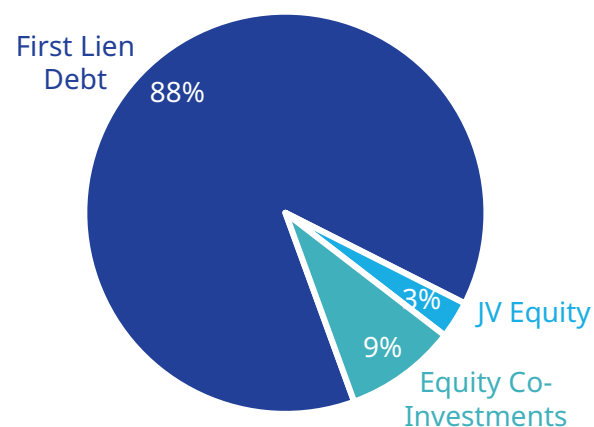
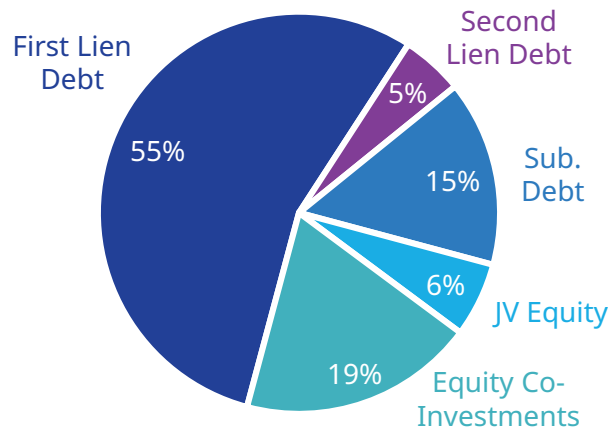
\$2.0 billion

Investment Strategy:

Opportunistic credit investing across the capital structure

Primarily first lien, senior secured loans

Security Selection²:



Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. Please refer to regulatory filings for additional information.

1) This amount is inclusive of U.S. government-issued Treasury bills which are not reflected in the security selection charts below. As of 9/30/2024.

2) Security selection graphs reflect direct investments only and exclude joint venture investments. As of 9/30/2024.

PNNT is Well Positioned in the Core Middle Market

Differentiated Strategy

- Focus on the core middle market
- Loans feature lower leverage and higher yields
- We believe competitors sacrifice pricing and protections to seek larger deals

Stable Capital Base

- BDC is designed to enable long-term investment horizon
- Investor-friendly structure
- Publicly-traded stock on New York Stock Exchange
- \$494 million of permanent equity capital

Durable Balance Sheet

- \$475M revolving credit facility due Jul. 2027 (SOFR + 2.35%)
- \$150M long-term notes due May 2026 (4.5% fixed rate)
- \$165M long-term notes due Nov. 2026 (4.0% fixed rate)

Experienced Investment Team

- 17-year track record spanning economic and market cycles
- Stable leadership team together for decades

Accretive Joint Venture

- Joint venture with up to \$1.5 billion of investment capacity
- Enhances return on equity and net investment income of PNNT

Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. Please refer to regulatory filings for additional information..

Attractive Portfolio of Middle Market Investments

152

direct investments

\$1.3B

market value of portfolio

5.83%

wtd. avg. credit spread

\$26M

median LTM EBITDA

95%

% paid in cash

44%

median LTV ratio¹

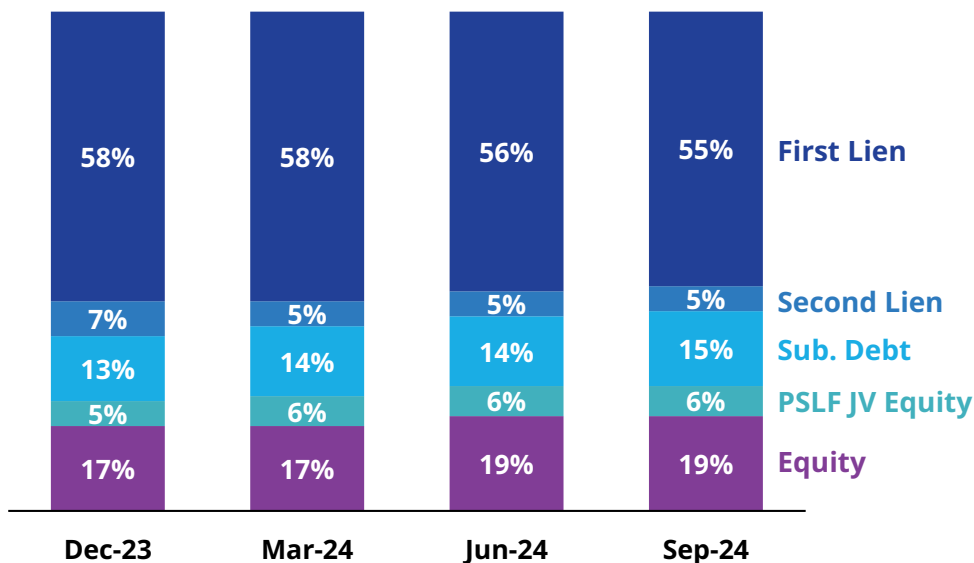
4.6x

median net leverage¹

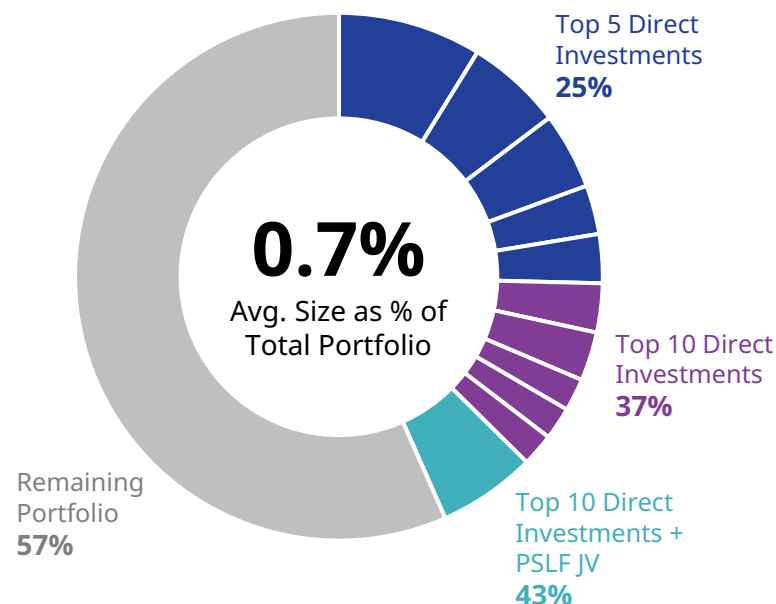
1.8x

median interest coverage¹

Portfolio Composition by Security Type²:



Portfolio Concentration:



Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. Please refer to regulatory filings for additional information.

1) Loan-to-value ratio, net leverage multiple, and interest coverage multiple represent median figures of direct debt investments. As of 9/30/2024.

2) Excludes U.S. government-issued Treasury bills.

PNNT Quarterly Performance Commentary: September 30, 2024



Robust NII

- \$14.4 million of Net Investment Income (“NII”) during the fiscal fourth quarter
- \$0.22 of quarterly NII per share
- NII continues to support healthy monthly dividends



Attractive New Investments

- Invested \$192 million across 12 new and 44 existing portfolio companies during the quarter
- Continued focus on the core middle market where credit spreads and terms are more attractive¹
- Weighted average yield of 11.4% on new investments



Growing Joint Venture

- PennantPark Senior Loan Fund, LLC (“PSLF”) portfolio has grown to \$1.03 billion
- Weighted average yield of 11.5% across 102 debt investments in joint venture
- Joint venture helps enhance NII and investor returns
- LTM return of capital of 19%



Strong Credit Performance

- 44% median loan-to-value ratio
- 4.6x median net leverage multiple
- 1.8x median interest coverage ratio
- Only 2 direct investments on non-accrual



Consistent Monthly Dividend

- Total portfolio of \$1.3 billion designed to generate consistent cash flow to investors
- Monthly dividend recently increased to \$0.08
- Annualized dividend yield on NAV of 11.7% during the quarter²

“We are pleased to announce another quarter of solid performance from both an NAV and Net Investment Income perspective. Our earnings stream continues to be robust due to strong credit performance and the excellent returns generated by our PSLF joint venture.”

- Art Penn, Chairman & CEO

Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. Please refer to regulatory filings for additional information.

1) Refer to the slide titled “The Core Middle Market Offers a Yield Premium with Lower Risk” for more information.

2) Calculated as total dividends per share during the quarter multiplied by four and then divided by ending period NAV per share. As of 9/30/2024.

PNNT Selected Financial Highlights

(\$mm, except per share data)	December 2023	March 2024	June 2024	September 2024
Assets				
Direct Investments (fair value)	\$997	\$989	\$1,014	\$1,074
Joint Venture Investment (fair value)	\$164	\$189	\$186	\$164
Cash and Other Assets	\$106	\$113	\$133	\$151
Total Assets	\$1,267	\$1,291	\$1,333	\$1,389
Joint Venture Assets (PSLF)	\$921	\$987	\$977	\$1,073
Net Asset Value and Liabilities				
Liabilities	\$768	\$789	\$842	\$895
Net Asset Value	\$499	\$502	\$491	\$494
Total Net Assets and Liabilities	\$1,267	\$1,291	\$1,333	\$1,389
Debt-to-Equity Ratio	1.41x	1.42x	1.56x	1.57x
Investment Activity¹				
Investment Purchases	\$231	\$188	\$163	\$192
Investment Sales and Repayments	(\$71)	(\$176)	(\$133)	(\$175)
Net Investment Activity Per Quarter	\$160	\$12	\$30	\$17
Per Share Data:				
Net Asset Value	\$7.65	\$7.69	\$7.52	\$7.56
Core Net Investment Income ²	\$0.24	\$0.22	\$0.21	\$0.22
Non-Recurring Income and Expenses	-	-	(\$0.03)	-
Total Net Investment Income (NII)	\$0.24	\$0.22	\$0.24	\$0.22
Declared Dividend to Shareholders	\$0.21	\$0.21	\$0.22	\$0.24
Annualized Core NII Yield on NAV³	12.6%	11.4%	11.2%	11.6%

Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. Financial highlights provided for informational purposes only. Please refer to official regulatory filings for details.

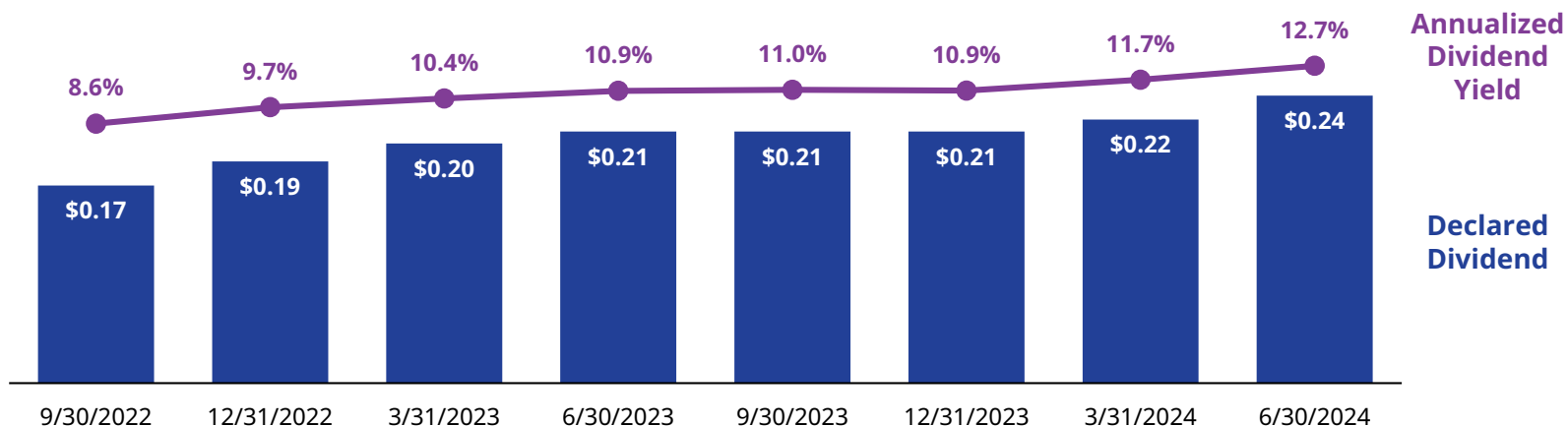
1) Excludes purchases and sales of U.S. government-issued Treasury bills.

2) Core net investment income ("Core NII") is a non-GAAP financial measure. The Company believes that Core NII provides useful information to investors and management because it reflects the Company's financial performance excluding one-time or non-recurring investment income and expenses. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. For the quarter ended 6/30/24, Core NII excluded i) \$2.5 million of PSLF special dividend income, and ii) \$0.4 million of incentive fee expense.

3) Calculated using quarterly NII per share multiplied by four and divided by ending period NAV per share.

PNNT Recent Dividend History

Quarter Ended	NAV Per Share	Core NII Per Share ¹	Declared Dividend ²	Annualized Core NII Yield On NAV ³	Annualized Dividend Yield On NAV
12/31/2022	\$7.71	\$0.16	\$0.17	8.3%	8.6%
3/31/2023	\$7.60	\$0.21	\$0.19	11.1%	9.7%
6/30/2023	\$7.72	\$0.22	\$0.20	11.4%	10.4%
9/30/2023	\$7.70	\$0.24	\$0.21	12.5%	10.9%
12/31/2023	\$7.65	\$0.24	\$0.21	12.5%	11.0%
3/31/2024	\$7.69	\$0.22	\$0.21	11.4%	10.9%
6/30/2024	\$7.52	\$0.21	\$0.22	11.2%	11.7%
9/30/2024	\$7.56	\$0.22	\$0.24	11.6%	12.7%



Note: Past performance is not necessarily indicative of future results. Invested capital is at risk. Dividend history provided for informational purposes only. Please refer to official regulatory filings for details.

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2) Rounded to the nearest cent.

3) Calculated using quarterly NII per share multiplied by four and divided by ending period NAV per share.

Key Takeaways

- ✓ **Experienced manager with 17-year track record spanning multiple economic and market cycles**
- ✓ **The core middle market features loans with lower leverage, higher yields, and stronger covenant packages**
- ✓ **Target profitable, cash-flowing, and recession resilient borrowers across five key industries**
- ✓ **Completed investments alongside 230+ private equity sponsors that have a track record of supporting their portfolio companies**
- ✓ **PNNT's portfolio of investments is designed to generate consistent cash flow to investors in the form of monthly dividends**
- ✓ **Growing joint venture seeks to enhance return on equity and net investment income for shareholders**

Note: As of 9/30/2024. Past performance is not necessarily indicative of future results. Invested capital is at risk. Financial highlights provided for informational purposes only. Please refer to official regulatory filings for details.

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