

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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event Reported): May 11, 2020

**PennantPark Investment Corporation**  
(Exact Name of Registrant as Specified in Charter)

**Maryland**  
(State or Other Jurisdiction of Incorporation)

**814-00736**  
(Commission File Number)

**20-8250744**  
(I.R.S. Employer Identification Number)

**590 Madison Avenue, 15th Floor, New York, NY 10022**  
(Address of Principal Executive Offices) (Zip Code)

**212-905-1000**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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               |
| 5.50% Notes due 2024                      | PNNTG             | The Nasdaq Stock Market LLC               |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

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.

## **Item 2.02. Results of Operations and Financial Condition.**

On May 11, 2020, PennantPark Investment Corporation, or the Company, issued a press release announcing its financial results for the second fiscal quarter ended March 31, 2020. A copy of the press release is furnished as Exhibit 99.1 to this report pursuant to Item 2.02 on Form 8-K and Regulation FD.

The information in this report on Form 8-K, including Exhibit 99.1 furnished herewith, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities of such section. The information in this report on Form 8-K shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Act, or under the Exchange Act, except as shall be expressly set forth by specific reference in such filing. For information concerning the COVID-19 pandemic and its potential impact on the Company’s business and operating results, see the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, including “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – COVID-19 Developments” and “Part II - Other Information – Item 1A. Risk Factors” therein.

### **Forward-Looking Statements**

This report on Form 8-K, including Exhibit 99.1 furnished herewith, may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. 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 PennantPark Investment Corporation files under the Exchange Act. All statements other than statements of historical facts included in this report on Form 8-K are forward-looking statements and are not guarantees of future performance or results, and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in filings with the Securities and Exchange Commission as well as changes in the economy and risks associated with possible disruption in the Company’s operations or the economy generally due to terrorism, natural disasters or pandemics such as COVID-19. PennantPark Investment Corporation undertakes no duty to update any forward-looking statement made herein. You should not place undue influence on such forward-looking statements as such statements speak only as of the date on which they are made.

PennantPark Investment Corporation may use words such as “anticipates,” “believes,” “expects,” “intends,” “seeks,” “plans,” “estimates” and similar expressions to identify forward-looking statements. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from its historical experience and present expectations.

### **Item 9.01. Financial Statements and Exhibits.**

#### **(a) Financial statements:**

None

#### **(b) Pro forma financial information:**

None

#### **(c) Shell company transactions:**

None

#### **(d) Exhibits**

99.1 [Press Release of PennantPark Investment Corporation dated May 11, 2020](#)

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**SIGNATURE**

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**PennantPark Investment Corporation**

Date: May 11, 2020

By: /s/ Aviv Efrat  
Aviv Efrat  
Chief Financial Officer & Treasurer



## PennantPark Investment Corporation Announces Financial Results for the Quarter Ended March 31, 2020

NEW YORK, May 11, 2020 (GLOBE NEWSWIRE) -- PennantPark Investment Corporation (NASDAQ: PNNT) announced today financial results for the second fiscal quarter ended March 31, 2020, an adjustment to its quarterly distribution and an incentive fee waiver.

### HIGHLIGHTS

Quarter ended March 31, 2020

(\$ in millions, except per share amounts)

#### Assets and Liabilities:

|   |    |         |
|---|----|---------|
| Investment portfolio                              | \$ | 1,354.0 |
| Net assets  | \$ | 516.7   |
| GAAP Net asset value per share                    | \$ | 7.71    |
| Adjusted net asset value per share <sup>(1)</sup> | \$ | 6.97    |
| BNP Credit Facility                               | \$ | 228.6   |
| Truist Credit Facility                            | \$ | 404.4   |
| 2024 Notes  | \$ | 83.5    |
| SBA Debentures                                    | \$ | 130.3   |
| GAAP Net Debt to Equity <sup>(2)</sup>            |    | 1.59x   |
| Regulatory Debt to Equity                         |    | 1.65x   |
| Regulatory Net Debt to Equity <sup>(3)</sup>      |    | 1.59x   |
| Yield on debt investments at quarter-end          |    | 9.1%    |

#### Operating Results:

|                                  |    |      |
|----------------------------------|----|------|
| Net investment income            | \$ | 10.3 |
| Net investment income per share  | \$ | 0.15 |
| Distributions declared per share | \$ | 0.18 |

#### Portfolio Activity:

|                                     |    |       |
|-------------------------------------|----|-------|
| Purchases of investments            | \$ | 106.8 |
| Sales and repayments of investments | \$ | 16.4  |

|   |    |
|---|----|
| Number of new portfolio companies invested      | 8  |
| Number of existing portfolio companies invested | 24 |
| Number of ending portfolio companies            | 87 |

- (1) This is a non-GAAP financial measure. The Company believes that this number provides useful information to investors and management because it reflects the Company's financial performance excluding the impact of the \$49.4 million unrealized loss on the Credit Facilities. 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.
- (2) This is a non-GAAP financial measure. The Company believes that this number provides useful information to investors and management because it reflects the Company's financial performance net of \$25.1 million of cash and equivalents. 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.
- (3) This is a non-GAAP financial measure. The Company believes that this number provides useful information to investors and management because it reflects the Company's financial performance excluding the impact of the \$49.4 million unrealized loss on the Credit Facilities and net of \$25.1 million of cash and equivalents. 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.

PennantPark Investment Corporation (“we,” “our,” “us” or the “Company”) will host a conference call at 12:00 p.m. (Eastern Time) on Tuesday, May 12, 2020 to discuss its financial results. All interested parties are welcome to participate. You can access the conference call by dialing toll-free (888) 394-8218 approximately 5-10 minutes prior to the call. International callers should dial (646) 828-8193. All callers should reference conference ID #9070267 PennantPark Investment Corporation. An archived replay of the call will be available through May 26, 2020 by calling toll-free (888) 203-1112. International callers please dial (719) 457-0820. For all phone replays, please reference conference ID #9070267.

## **DISTRIBUTION ADJUSTMENT AND INCENTIVE FEE WAIVER**

“We are pleased that PennantPark continues to operate smoothly and effectively and remains committed to working diligently on behalf of our investors,” said Art Penn, Chairman and CEO. “Given the uncertain economic environment due to the pandemic, we have concluded, in consultation with our board, that it is prudent to adjust our dividend to 12 cents per share starting with the June 2020 quarter. In addition, we have concluded, in consultation with our board, to extend a full incentive fee waiver for the next two quarters through September 2020.”

## **PORTFOLIO AND INVESTMENT ACTIVITY**

As of March 31, 2020, our portfolio totaled \$1,354.0 million and consisted of \$815.2 million of first lien secured debt, \$261.6 million of second lien secured debt, \$64.4 million of subordinated debt and \$212.8 million of preferred and common equity. Our debt portfolio consisted of 94% variable-rate investments. As of March 31, 2020, we had no portfolio companies on non-accrual. Overall, the portfolio had net unrealized depreciation of \$135.0 million as of March 31, 2020. Our overall portfolio consisted of 87 companies with an average investment size of \$15.6 million, had a weighted average yield on interest bearing debt investments of 9.1% and was invested 60% in first lien secured debt, 19% in second lien secured debt, 5% in subordinated debt and 16% in preferred and common equity. For more information on how the COVID-19 pandemic has affected our business and results of operations, see the “Effects of COVID-19” section below.

As of September 30, 2019, our portfolio totaled \$1,219.4 million and consisted of \$695.3 million of first lien secured debt, \$269.3 million of second lien secured debt, \$61.2 million of subordinated debt and \$193.7 million of preferred and common equity. Our debt portfolio consisted of 87% variable-rate investments. As of September 30, 2019, we had no portfolio companies on non-accrual. Overall, the portfolio had net unrealized depreciation of \$37.6 million as of September 30, 2019. Our overall portfolio consisted of 67 companies with an average investment size of \$18.2 million, had a weighted average yield on interest bearing debt investments of 9.8% and was invested 57% in first lien secured debt, 22% in second lien secured debt, 5% in subordinated debt and 16% in preferred and common equity.

For the three months ended March 31, 2020, we invested \$106.8 million in eight new and 24 existing portfolio companies with a weighted average yield on debt investments of 8.2%. Sales and repayments of investments for the three months ended March 31, 2020 totaled \$16.4 million. For the six months ended March 31, 2020, we invested \$280.5 million in 21 new and 39 existing portfolio companies with a weighted average yield on debt investments of 8.6%. Sales and repayments of investments for the six months ended March 31, 2020 totaled \$47.5 million.

For the three months ended March 31, 2019, we invested \$183.9 million in nine new and 13 existing portfolio companies with a weighted average yield on debt investments of 9.1%. Sales and repayments of investments for the three months ended March 31, 2019 totaled \$115.1 million. For the six months ended March 31, 2019, we invested \$378.4 million in 15 new and 26 existing portfolio companies with a weighted average yield on debt investments of 9.3%. Sales and repayments of investments for the six months ended March 31, 2019 totaled \$240.9 million.

## **RESULTS OF OPERATIONS**

Set forth below are the results of operations for the three and six months ended March 31, 2020 and 2019.

### ***Investment Income***

Investment income for the three and six months ended March 31, 2020 was \$27.5 million and \$53.5 million, respectively, and was attributable to \$17.5 million and \$33.5 million from first lien secured debt, \$7.7 million and \$15.4 million from second lien secured debt and \$2.3 million and \$4.6 million from subordinated debt, respectively. This compares to investment income for the three and six months ended March 31, 2019 of \$28.7 million and \$56.1 million, respectively, and was attributable to \$15.7 million and \$29.0 million from first lien secured debt, \$11.2 million and \$23.5 million from second lien secured debt and \$1.8 million and \$3.6 million from subordinated debt, preferred and common equity, respectively. The decrease in investment income compared to the same periods in the prior year was primarily due to decreases in LIBOR.

### ***Expenses***

Expenses for the three and six months ended March 31, 2020 totaled \$17.2 million and \$33.0 million, respectively. Base management fee for the same periods totaled \$4.9 million and \$9.6 million, incentive fee totaled \$1.9 million and \$2.7 million, debt related interest and expenses totaled \$9.0 million and \$17.8 million, general and administrative expenses totaled \$1.2 million and \$2.3 million and provision for taxes totaled \$0.3 million and \$0.6 million, respectively. This compares to net expenses for the three and six months ended March 31, 2019, which totaled \$17.9 million and \$32.7 million, respectively. Base management fee for the same periods totaled \$4.5 million and \$8.9 million, incentive fee totaled less than \$0.1 million and \$2.7 million, debt related interest and expenses totaled \$11.9 million (including \$2.2 million of make-whole premium on the repayment of the 2019

Notes and \$2.7 million in debt issuance costs on the BNP Credit Facility) and \$18.2 million (including \$2.2 million of make-whole premium on the repayment of the 2019 Notes and \$2.7 million in debt issuance costs on the BNP Credit Facility), general and administrative expenses totaled \$1.2 million and \$2.3 million and provision for taxes totaled \$0.3 million and \$0.6 million, respectively. The decrease in expenses for the three months ended March 31, 2020 compared to the same period in the prior year was primarily due to financing costs incurred in the prior year in connection with the redemption of the 2019 Notes, partially offset by the higher leverage costs. The increase in expenses for the six months ended March 31, 2020 compared to the same period in the prior year was primarily due to higher leverage costs as well as higher base management and incentive fees.

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

Net investment income totaled \$10.3 million and \$20.5 million, or \$0.15 and \$0.31 per share, for the three and six months ended March 31, 2020, respectively. Net investment income totaled \$10.8 million and \$23.3 million, or \$0.16 and \$0.34 per share, for the three and six months ended March 31, 2019, respectively. The decrease in net investment income compared to the same periods in the prior year was primarily due to lower investment income as well as higher leverage costs.

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

Sales and repayments of investments for the three and six months ended March 31, 2020 totaled \$16.4 million and \$47.5 million, respectively, and net realized gains (losses) totaled \$1.4 million and \$(10.6) million, respectively. Sales and repayments of investments for the three and six months ended March 31, 2019 totaled \$115.9 million and \$240.9 million, respectively, and net realized gains totaled \$1.0 million and \$9.5 million, respectively. The change in realized gains/losses 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, the Credit Facilities and the 2019 Notes***

For the three and six months ended March 31, 2020, we reported net change in unrealized depreciation on investments of \$121.0 million and \$97.3 million, respectively. For the three and six months ended March 31, 2019, we reported net change in unrealized depreciation on investments of \$20.1 million and \$40.5 million, respectively. As of March 31, 2020 and September 30, 2019, our net unrealized depreciation on investments totaled \$135.0 million and \$37.6 million, respectively. The net change in unrealized depreciation on our investments compared to the same periods in the prior year was primarily due to changes in the capital market conditions, as well as the financial performance of certain portfolio companies primarily driven by the market disruption caused by the COVID-19 pandemic and the uncertainty surrounding its continued adverse economic impact. For more information on how the COVID-19 pandemic has affected our business and results of operations, see the “Effects of COVID-19” section below.

For the three and six months ended March 31, 2020 our Credit Facilities had a net change in unrealized depreciation of \$48.9 million and \$46.4 million, respectively. For the three and six months ended March 31, 2019, our Credit Facilities and the 2019 Notes had a net change in unrealized depreciation of \$3.7 million and \$9.7 million, respectively. As of March 31, 2020 and September 30, 2019, the net unrealized depreciation on the Credit Facilities totaled \$53.6 million and \$7.2 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 \$(60.3) million and \$(41.1) million, or \$(0.90) and \$(0.61) per share, for the three and six months ended March 31, 2020, respectively. Net change in net assets resulting from operations totaled \$(4.7) million and \$2.0 million, or \$(0.08) and \$0.26 per share, for the three and six months ended March 31, 2019, respectively. The decrease in the net change in net assets from operations compared to the same periods in the prior year was primarily due to depreciation of the portfolio primarily driven by the market disruption caused by the COVID-19 pandemic and the uncertainty surrounding its continued adverse economic impact. For more information on how the COVID-19 pandemic has affected our business and results of operations, see the “Effects of COVID-19” section below.

## **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. For more information on how the COVID-19 pandemic may impact our ability to comply with the covenants of the Credit Facilities, see the “Effects of COVID-19” section below.

The annualized weighted average cost of debt for the six months ended March 31, 2020 and 2019, inclusive of the fee on the undrawn commitment under the Credit Facilities, debt issuance costs on the BNP Credit Facility, prepayment penalties on the 2019 Notes and amortized upfront fees on the 2024 Notes and SBA debentures, was 5.1% and 7.0%, respectively (excluding debt issuance costs and prepayment penalties, amounts were 5.1% and 5.9%, respectively).

As of March 31, 2020 and September 30, 2019, PennantPark Investment Funding I, LLC, or Funding I, had \$245.0 million and \$171.0 million in outstanding borrowings under the BNP Credit Facility, respectively. The BNP Credit Facility had a weighted average interest rate of 3.6% and 4.6%, respectively, exclusive of the fee on undrawn commitments, as of March 31, 2020 and

September 30, 2019. As of March 31, 2020 and September 30, 2019, Funding I had \$5.0 million and \$79.0 million of unused borrowing capacity under the BNP Credit Facility, respectively, subject to leverage and borrowing base restrictions.

As of March 31, 2020 and September 30, 2019, we had \$441.6 million and \$301.6 million, respectively, in outstanding borrowings under the Truist Credit Facility. The Truist Credit Facility had a weighted average interest rate of 3.2% and 4.2%, respectively, exclusive of the fee on undrawn commitments, as of March 31, 2020 and September 30, 2019. As of March 31, 2020 and September 30, 2019, we had \$33.4 million and \$173.4 million of unused borrowing capacity under the Truist Credit Facility, respectively, subject to leverage and borrowing base restrictions.

As of March 31, 2020 and September 30, 2019, we had cash and cash equivalents of \$25.1 million and \$59.5 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 \$218.6 million for the six months ended March 31, 2020, and our financing activities provided cash of \$184.3 million for the same period. Our operating activities used cash primarily for our investment activities and our financing activities provided cash primarily from net borrowings under the Credit Facilities.

Our operating activities used cash of \$121.3 million for the six months ended March 31, 2019 and our financing activities provided cash of \$132.0 million for the same period. Our operating activities provided cash from sales and repayments on our investments and our financing activities used cash primarily to pay distributions to stockholders and for net repayments under the Truist Credit Facility.

## **DISTRIBUTIONS**

During the three and six months ended March 31, 2020, we declared distributions of \$0.18 and \$0.36 per share, for total distributions of \$12.1 million and \$24.1 million, respectively. For the same periods in the prior year, we declared distributions of \$0.18 and \$0.36 per share, for total distributions of \$12.1 million and \$24.3 million, respectively. We monitor available net investment income to determine if a return of capital for tax purposes may occur for the fiscal year. To the extent our taxable earnings fall below the total amount of our distributions for any given fiscal year, stockholders will be notified of the portion of those distributions deemed to be a tax return of capital. Tax characteristics of all distributions will be reported to stockholders subject to information reporting on Form 1099-DIV after the end of each calendar year and in our periodic reports filed with the Securities and Exchange Commission, or the SEC.

## **EFFECTS OF COVID-19**

The spread of COVID-19 has had a significant impact on the U.S. economy and has resulted in governmental orders imposing travel restrictions and prolonged closures of many corporate offices, retail stores, manufacturing facilities, factories and other common places of public congregation around the world. These restrictions and “stay-at-home” orders have essentially resulted in the shutdown of all non-essential businesses, as defined by each governmental authority imposing the respective orders. Any future impact to our business and results of operations will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by authorities and other entities to reduce the spread of the virus, all of which are beyond our control. The COVID-19 pandemic has had, and continues to have, an adverse impact on our operating results and the operating results of our portfolio companies.

We had a significant reduction of our net asset value as of March 31, 2020 as compared to our net asset value in the prior quarter. This reduction resulted from an increase in the overall net unrealized depreciation of the Company’s portfolio, including unrealized depreciations in the Company’s investments and the Credit Facilities as of March 31, 2020, which was primarily due to the immediate adverse economic impact of the COVID-19 pandemic, the continuing uncertainty surrounding its long-term effects as well as the re-pricing of credit risk in the broadly syndicated credit market. As of March 31, 2020, we are in compliance with asset coverage requirements under the Investment Company Act of 1940, as amended. In addition, we are not in default of any asset coverage requirements under the Credit Facilities as of March 31, 2020. However, any continued increase in unrealized depreciation of our investment portfolio or further significant reductions in our net asset value, as a result of the effects of the COVID-19 pandemic or otherwise, increases the risk of breaching the relevant covenants. As such, we may run into liquidity issues in the future if we are unable to draw on the unused borrowing capacity under our Credit Facilities due the breach of financial covenants.

We will continue to monitor the rapidly evolving situation surrounding the COVID-19 pandemic and guidance from U.S. and international authorities, including federal, state and local public health authorities, and may take further actions based on their recommendations. There may be developments outside our control requiring us to adjust our plans accordingly. While we are closely monitoring this situation, we cannot predict the impact of COVID-19 on our future financial condition, results of operations or cash flows with any level of certainty. However, we expect that the COVID-19 pandemic will have a material adverse impact on our future net investment income, the fair value of our portfolio investments, and the results of operations and financial condition of our portfolio companies. For information concerning the COVID-19 pandemic and its potential impact on our business and our operating results, see our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, including “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – COVID-19 Developments” and “Part II - Other Information – Item 1A. Risk Factors” therein.

## **AVAILABLE INFORMATION**

The Company makes available on its website its report on Form 10-Q filed with the SEC and stockholders may find the report on our website at [www.pennantpark.com](http://www.pennantpark.com).

**PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**

|  | <b>March 31,<br/>2020</b> | <b>September 30,<br/>2019</b> |
|--|---------------------------|-------------------------------|
|  | <b>(unaudited)</b>        | <b></b>                       |
| <b>Assets</b>  |                           |                               |
| Investments at fair value  |                           |                               |
| Non-controlled, non-affiliated investments (cost—\$1,136,891,439 and \$922,304,099, respectively)  | \$ 1,127,578,177          | \$ 936,632,099                |
| Non-controlled, affiliated investments (cost—\$77,628,920 and \$77,600,816, respectively)          | 26,648,548                | 49,349,338                    |
| Controlled, affiliated investments (cost—\$274,448,367 and \$257,117,800, respectively)            | 199,820,217               | 233,451,359                   |
| Total of investments (cost—\$1,488,968,726 and \$1,257,022,715, respectively)                      | 1,354,046,942             | 1,219,432,796                 |
| Cash and cash equivalents (cost—\$25,174,710 and \$59,546,438, respectively)                       | 25,127,515                | 59,516,236                    |
| Interest receivable  | 6,872,137                 | 6,226,539                     |
| Prepaid expenses and other assets  | 1,071,214                 | 662,442                       |
| <b>Total assets</b>  | <b>1,387,117,808</b>      | <b>1,285,838,013</b>          |
| <b>Liabilities</b>   |                           |                               |
| Distributions payable  | 12,068,119                | 12,068,119                    |
| BNP Credit Facility payable, at fair value (cost—\$245,000,000 and \$171,000,000, respectively)    | 228,585,000               | 170,145,000                   |
| Truist Credit Facility payable, at fair value (cost—\$441,636,000 and \$301,636,000, respectively) | 404,430,430               | 295,245,214                   |
| 2024 Notes payable, net (par—\$86,250,000 and \$75,000,000, respectively)                          | 83,504,809                | 72,256,607                    |
| SBA debentures payable, net (par—\$133,500,000 and \$150,000,000, respectively)                    | 130,285,249               | 146,111,055                   |
| Base management fee payable, net   | 4,880,699                 | 4,641,480                     |
| Performance-based incentive fee payable, net   | 1,913,047                 | —                             |
| Interest payable on debt   | 4,612,690                 | 2,895,695                     |
| Accrued other expenses   | 158,528                   | 569,175                       |
| <b>Total liabilities</b>   | <b>870,438,571</b>        | <b>703,932,345</b>            |
| Commitments and contingencies  |                           |                               |
| <b>Net assets</b>  |                           |                               |
| Common stock, 67,045,105 and 67,045,105 shares issued and outstanding, respectively                |                           |                               |
| Par value \$0.001 per share and 100,000,000 shares authorized                                      | 67,045                    | 67,045                        |
| Paid-in capital in excess of par value   | 788,192,159               | 788,192,159                   |
| Accumulated distributable net loss   | (271,579,967)             | (206,353,536)                 |
| <b>Total net assets</b>  | <b>\$ 516,679,237</b>     | <b>\$ 581,905,668</b>         |
| <b>Total liabilities and net assets</b>  | <b>\$ 1,387,117,808</b>   | <b>\$ 1,285,838,013</b>       |
| <b>Net asset value per share</b>   | <b>\$ 7.71</b>            | <b>\$ 8.68</b>                |

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

|  | <b>Three Months Ended<br/>March 31,</b> |               | <b>Six Months Ended March 31,</b> |               |
|--|---|---------------|-----------------------------------|---------------|
|  | <b>2020</b>                             | <b>2019</b>   | <b>2020</b>                       | <b>2019</b>   |
| <b>Investment income:</b>                        |   |               |                                   |               |
| From non-controlled, non-affiliated investments: |   |               |                                   |               |
| Interest   | \$ 22,748,529                           | \$ 22,938,612 | \$ 43,133,443                     | \$ 46,447,193 |
| Payment-in-kind                                  | 1,978,894                               | 2,626,193     | 3,863,400                         | 3,872,209     |
| Other income                                     | 751,284                                 | 1,016,381     | 941,202                           | 1,634,452     |
| From non-controlled, affiliated investments:     |   |               |                                   |               |
| Interest   | —                                       | 3,798         | —                                 | 108,903       |



|   |                        |                       |                        |                     |
|---|------------------------|-----------------------|------------------------|---------------------|
| Payment-in-kind   | —                      | —                     | —                      | 108,625             |
| From controlled, affiliated investments:  |                        |                       |                        |                     |
| Interest  | 559,934                | 2,048,653             | 1,204,624              | 3,837,256           |
| Payment-in-kind   | 1,496,251              | 54,116                | 4,395,988              | 59,116              |
| <b>Total investment income</b>  | <u>27,534,892</u>      | <u>28,687,753</u>     | <u>53,538,657</u>      | <u>56,067,754</u>   |
| <b>Expenses:</b>  |                        |                       |                        |                     |
| Base management fee   | 4,880,699              | 4,510,830             | 9,623,129              | 8,930,092           |
| Performance-based incentive fee   | 1,913,047              | 8,340                 | 2,657,673              | 2,675,610           |
| Interest and expenses on debt   | 8,962,513              | 7,032,019             | 17,828,583             | 13,310,866          |
| Administrative services expenses  | 521,520                | 532,625               | 1,043,040              | 1,054,250           |
| Other general and administrative expenses   | 648,881                | 692,177               | 1,292,841              | 1,310,544           |
| <b>Expenses before financing costs and provision for taxes</b>                      | <u>16,926,660</u>      | <u>12,775,991</u>     | <u>32,445,266</u>      | <u>27,281,362</u>   |
| Debt issuance costs   | —                      | 2,696,498             | —                      | 2,696,498           |
| Make-whole premium  | —                      | 2,162,526             | —                      | 2,162,526           |
| Provision for taxes   | 300,000                | 300,000               | 600,000                | 600,000             |
| <b>Net expenses</b>   | <u>17,226,660</u>      | <u>17,935,015</u>     | <u>33,045,266</u>      | <u>32,740,386</u>   |
| <b>Net investment income</b>  | <u>10,308,232</u>      | <u>10,752,738</u>     | <u>20,493,391</u>      | <u>23,327,368</u>   |
| <b>Realized and unrealized (loss) gain on investments and debt:</b>                 |                        |                       |                        |                     |
| Net realized gain (loss) on investments on:   |                        |                       |                        |                     |
| Non-controlled, non-affiliated investments  | 1,424,778              | 972,448               | (10,609,375)           | 4,710,367           |
| Non-controlled and controlled, affiliated investments                               | —                      | —                     | —                      | 4,792,067           |
| <b>Net realized gain (loss) on investments</b>                                      | <u>1,424,778</u>       | <u>972,448</u>        | <u>(10,609,375)</u>    | <u>9,502,434</u>    |
| Net change in unrealized (depreciation) appreciation on:                            |                        |                       |                        |                     |
| Non-controlled, non-affiliated investments  | (40,710,987)           | (6,753,803)           | (23,658,391)           | (13,683,685)        |
| Non-controlled and controlled, affiliated investments                               | (80,260,831)           | (13,379,363)          | (73,690,603)           | (26,842,060)        |
| Debt depreciation   | 48,946,105             | 3,661,483             | 46,374,785             | 9,727,635           |
| <b>Net change in unrealized (depreciation) appreciation on investments and debt</b> | <u>(72,025,713)</u>    | <u>(16,471,683)</u>   | <u>(50,974,209)</u>    | <u>(30,798,110)</u> |
| <b>Net realized and unrealized (loss) gain from investments and debt</b>            | <u>(70,600,935)</u>    | <u>(15,499,235)</u>   | <u>(61,583,584)</u>    | <u>(21,295,676)</u> |
| <b>Net (decrease) increase in net assets resulting from operations</b>              | <u>\$ (60,292,703)</u> | <u>\$ (4,746,497)</u> | <u>\$ (41,090,193)</u> | <u>\$ 2,031,692</u> |
| Net (decrease) increase in net assets resulting from operations per common share    | <u>\$ (0.90)</u>       | <u>\$ (0.07)</u>      | <u>\$ (0.61)</u>       | <u>\$ 0.03</u>      |
| Net investment income per common share  | <u>\$ 0.15</u>         | <u>\$ 0.16</u>        | <u>\$ 0.31</u>         | <u>\$ 0.34</u>      |

## ABOUT PENNANTPARK INVESTMENT CORPORATION

PennantPark Investment Corporation is a business development company which invests primarily in U.S. middle-market companies in the form of first lien secured debt, second lien secured debt, subordinated debt and equity investments. PennantPark Investment Corporation is managed by PennantPark Investment Advisers, LLC.

## ABOUT PENNANTPARK INVESTMENT ADVISERS, LLC

PennantPark Investment Advisers, LLC is a leading middle market credit platform, which today has \$3.7 billion of assets under management. Since its inception in 2007, PennantPark Investment Advisers, LLC has provided investors access to middle market credit by offering private equity firms and their portfolio companies as well as other middle-market borrowers a comprehensive range of creative and flexible financing solutions. PennantPark Investment Advisers, LLC is headquartered in New York and has offices in Chicago, Houston and Los Angeles.

## FORWARD-LOOKING STATEMENTS

This press release may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. You should understand that under Section 27A(b)(2)(B) of the Securities Act of 1933, as amended, and Section 21E(b)(2)(B) of the Securities Exchange Act of 1934, as amended, or 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. All statements other than statements of historical facts included in this press release are forward-looking statements and are not guarantees of future performance or results, and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in filings with the Securities and Exchange Commission as well as changes in the economy and risks associated with possible disruption in the Company’s operations or the economy generally due to terrorism, natural disasters or pandemics.

such as COVID-19. PennantPark Investment Corporation undertakes no duty to update any forward-looking statement made herein. You should not place undue influence on such forward-looking statements as such statements speak only as of the date on which they are made.

We may use words such as “anticipates,” “believes,” “expects,” “intends,” “seeks,” “plans,” “estimates” and similar expressions to identify forward-looking statements. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations.

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