

PROSPECT CAPITAL CORPORATION

NASDAQ: PSEC

MIDDLE MARKET FINANCE



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All data in this presentation is as of 12/31/2022 unless noted.

PSEC OVERVIEW

Prospect Capital Corporation (PSEC) is the Largest Multi-Line BDC

<p>LONG HISTORY LARGE SCALE</p>	<ul style="list-style-type: none"> ▶ Founded in 2004, PSEC is one of the largest BDCs with \$8.8 billion in capital⁽¹⁾ ▶ Established 19-year track record ▶ Scale allows us to target larger, more credit-worthy middle-market companies with one-stop financing solutions ▶ One of the largest teams in the industry focused on middle market lending (100+ professionals)
<p>BROAD ORIGINATION MIX</p>	<ul style="list-style-type: none"> ▶ Multiple yield-oriented origination strategies with prudent risk ▶ Differentiated strategies drive high net yields with upside potential ▶ Superior and proprietary deal flow channels
<p>DIVERSE INVESTMENT PORTFOLIO</p>	<ul style="list-style-type: none"> ▶ Intensive screening process (<2% book-to-look ratio) with a majority focus on senior and secured lending ▶ Diverse portfolio of 130 investments across 37 industries and non-accrual loans remain low at 0.5% ▶ 80% first lien, secured, or underlying secured assets
<p>SOLID FINANCIAL FOUNDATION</p>	<ul style="list-style-type: none"> ▶ Investment grade ratings from S&P, Moody's, Kroll, DBRS, and Egan-Jones – 14 years investment grade rated ▶ 0.49x net-debt-to-equity⁽²⁾ – prudent debt leverage ▶ Laddered liability structure with long-term matched-book funding ▶ 66% of assets unencumbered and 71% BDC unsecured debt (rather than secured debt)
<p>ATTRACTIVE VALUATION</p>	<ul style="list-style-type: none"> ▶ Monthly dividend of \$0.06/common share; current annualized dividend yield 9.6%⁽³⁾ ▶ Potential for capital appreciation based on the ~24.4% discount to NAV⁽³⁾ ▶ Strong insider ownership of 28%

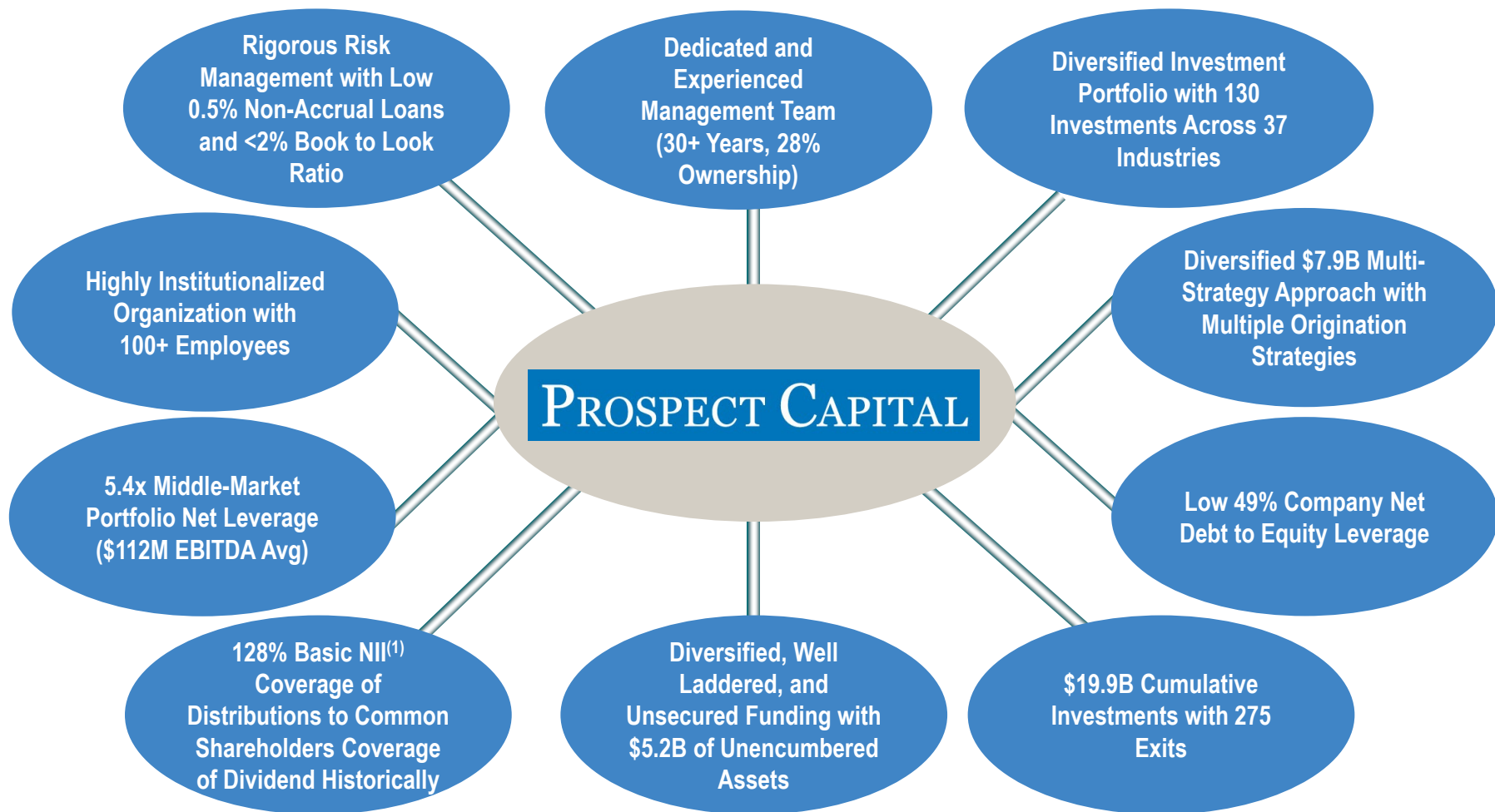
Source: Company filings, investor presentations and management.

(1) Total assets as of 12/31/2022 plus undrawn revolving credit facility, which includes \$1,701.5 million of commitments from 49 lenders.

(2) Including preferred stock as equity.

(3) Pricing data as of 2/7/2023.

PSEC HIGHLIGHTS



Source: Company filings, investor presentations and management. See Appendix "Middle-Market Loan Portfolio Company Weighted Average EBITDA and Net Leverage" herein for further information.

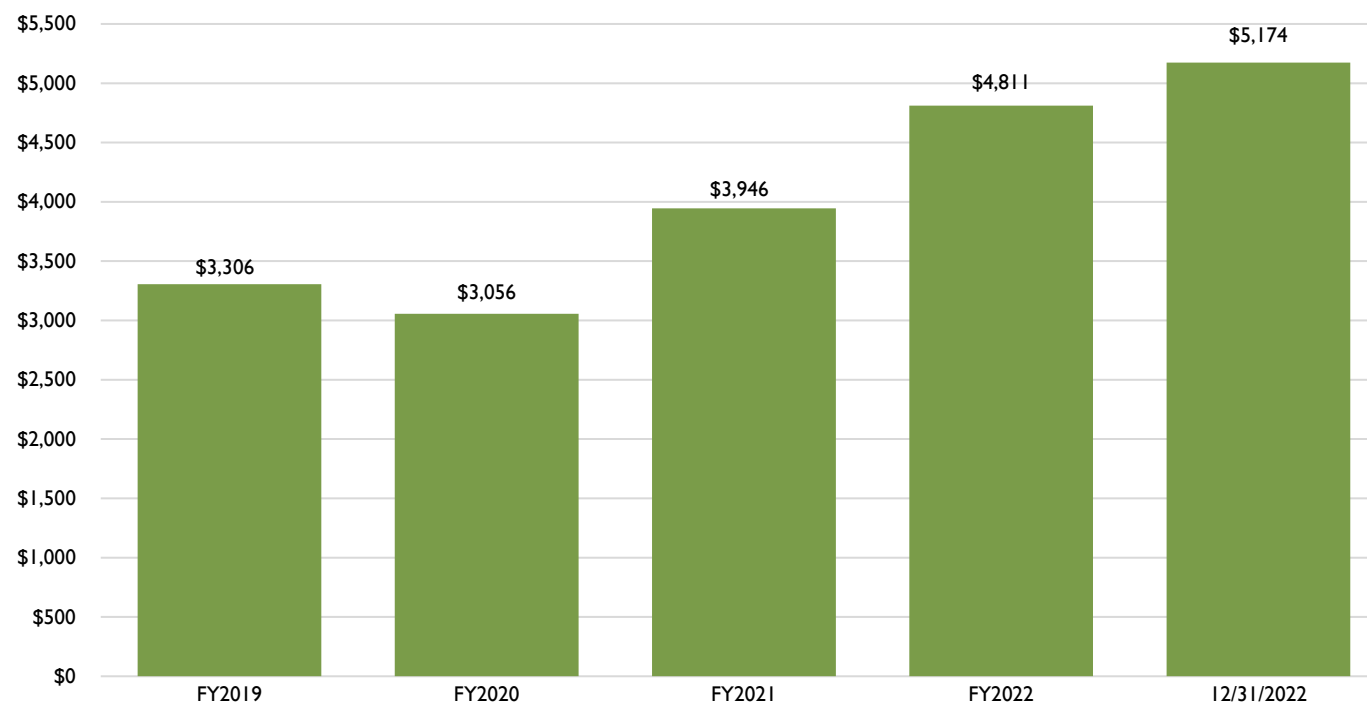
(1) Basic NII is calculated by dividing NII, less preferred dividends, by the weighted average number of common shares outstanding

SIGNIFICANT SCALE PROVIDES COMPETITIVE ADVANTAGE

- ▶ PSEC is one of the largest publicly traded BDCs with capital of \$8.8 billion⁽¹⁾
- ▶ Strategy focused on risk reduction, capital preservation, and avoidance of “yield chasing” investments

TOTAL EQUITY

(FY as of 6/30, \$ in millions)



Source: Company filings. Total equity is inclusive of preferred stock.

(1) Total assets as of 12/31/2022 plus undrawn revolving credit facility, which includes \$1,701.5 million of commitments from 49 lenders.

EXPERIENCED AND BROAD TEAM

With Over 100 Professionals, Prospect has One of the Largest Teams Focused on the Middle Market

SENIOR EXECUTIVES			
John Barry – Chairman and CEO <ul style="list-style-type: none"> ▶ Co-founder of Prospect Capital Corporation ▶ 44 years of experience, including Merrill Lynch, Rothschild and Davis Polk ▶ JD Harvard, AB Princeton 	Grier Eliasek – President and COO <ul style="list-style-type: none"> ▶ Co-founder of Prospect Capital Corporation ▶ 26 years of experience; previously a consultant at Bain & Company ▶ MBA Harvard, BS Chemical Engineering University of Virginia 	Kristin Van Dask – CFO <ul style="list-style-type: none"> ▶ Joined Prospect Capital Management in 2008 ▶ 22 years of experience, including an investment advisor, E&Y and Arthur Andersen ▶ BS Towson University 	Daria Becker – MD and Head of Admin <ul style="list-style-type: none"> ▶ Joined Prospect Capital Management in 1998 ▶ 37 years of experience, including Lexington, Citigroup and a family office ▶ BA Wellesley College

INVESTMENT TEAM	CLIENT ADVISORY & IR	FINANCE, ACCOUNTING, TAX	LEGAL	ADMINISTRATION
Investment Professionals 42	Client Advisory & Investor Relations Professionals 9	Finance, Accounting, and Tax Professionals 21	Legal Professionals 10	Administration Professionals 20

100+ person organization helps drive originations through superior scale and market coverage

LOW CORRELATION INVESTMENT STRATEGIES

MIDDLE-MARKET LENDING – 54%

- U.S. companies with EBITDA typically up to \$150M
- Senior / secured loans with third party first loss equity
- Sole / lead investor focus with repeat business
- Sponsor-owned and non-sponsor-owned companies
- Diverse portfolios by borrower and industry

\$14.1B

INVESTED

17

YEAR TRACK
RECORD

328

INVESTMENTS

SUBORDINATED STRUCTURED NOTES – 9%

- One of the largest control 2.0 CLO equity investors⁽¹⁾
- Primary and secondary investments – relative value
- Majority and minority investments – benefits to each
- Diverse underlying portfolios, BDC 30% basket

\$1.7B

INVESTED

12

YEAR TRACK
RECORD

48

INVESTMENTS

MIDDLE-MARKET LENDING / BUYOUT – 16%

- U.S. companies with EBITDA typically up to \$150M
- Senior and secured loans plus control private equity
- High current income plus equity upside (barbell income)
- Sole investor, differentiated structure, keep winners longer
- Lower risk than mezzanine with buyout-like returns

\$1.5B

INVESTED

19

YEAR TRACK
RECORD

16

INVESTMENTS

REAL ESTATE – 18%

- Primarily multifamily properties with value-add potential
- Class B/C properties in secondary/tertiary markets
- Garden-style low-rise and mid-rise properties
- Subordination of third-party cash flows
- High current income plus equity upside (45 exits)

\$1.2B

INVESTED

11

YEAR TRACK
RECORD

108

INVESTMENTS

(1) Creditflux. As of 9/14/2016.

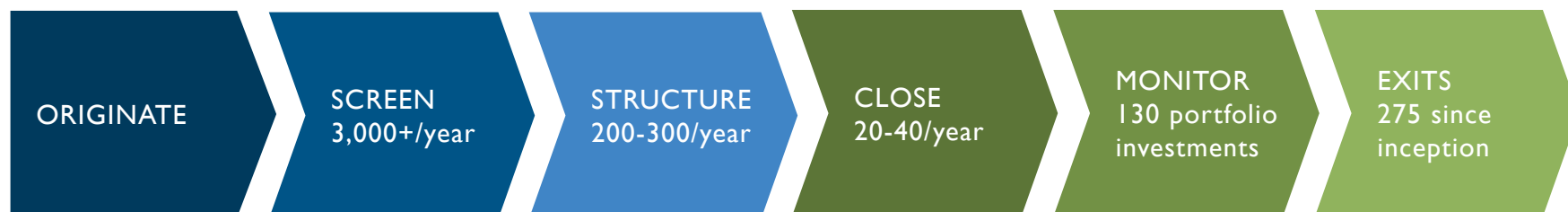
Totals may not add to 100% as there are other smaller and non-core investment strategies. Real estate investment count by distinct properties.

SUPERIOR DEAL FLOW AND DISCIPLINED EXECUTION

3,000+ Opportunities Sourced Annually with <2% of Initially Screened Investments Advancing to Closing

SYSTEMATIC CALLING EFFORT	COLD-CALLING EFFORT	MANAGEMENT RELATIONSHIPS	CONTACT DATABASE	IN-BOUND OPPORTUNITIES
<ul style="list-style-type: none"> ▶ PE sponsors <ul style="list-style-type: none"> • 100+ top tier relationships ▶ Other intermediaries <ul style="list-style-type: none"> • ~3,200 total ▶ Syndication/Club relationships 	<ul style="list-style-type: none"> ▶ Small-to-mid cap companies with identified financing needs ▶ Dedicated in-house call center ▶ Proprietary deal flow 	<ul style="list-style-type: none"> ▶ From past and present portfolio companies ▶ Add-on investments, new investments, assistance with due diligence and post-closing value add 	<ul style="list-style-type: none"> ▶ 40,000+ contacts built over two decades ▶ Receive all transaction announcements, resulting in both in-bound opportunities and top-of-mind awareness 	<ul style="list-style-type: none"> ▶ From scale, longevity, and visibility of PSEC ▶ \$8.8 billion of capital⁽¹⁾

Disciplined underwriting and execution helps to keep credit losses low



Source: Company filings, management.

(1) Total assets as of 12/31/2022 plus undrawn revolving credit facility, which includes \$1,701.5 million of commitments from 49 lenders.

PORTFOLIO OVERVIEW

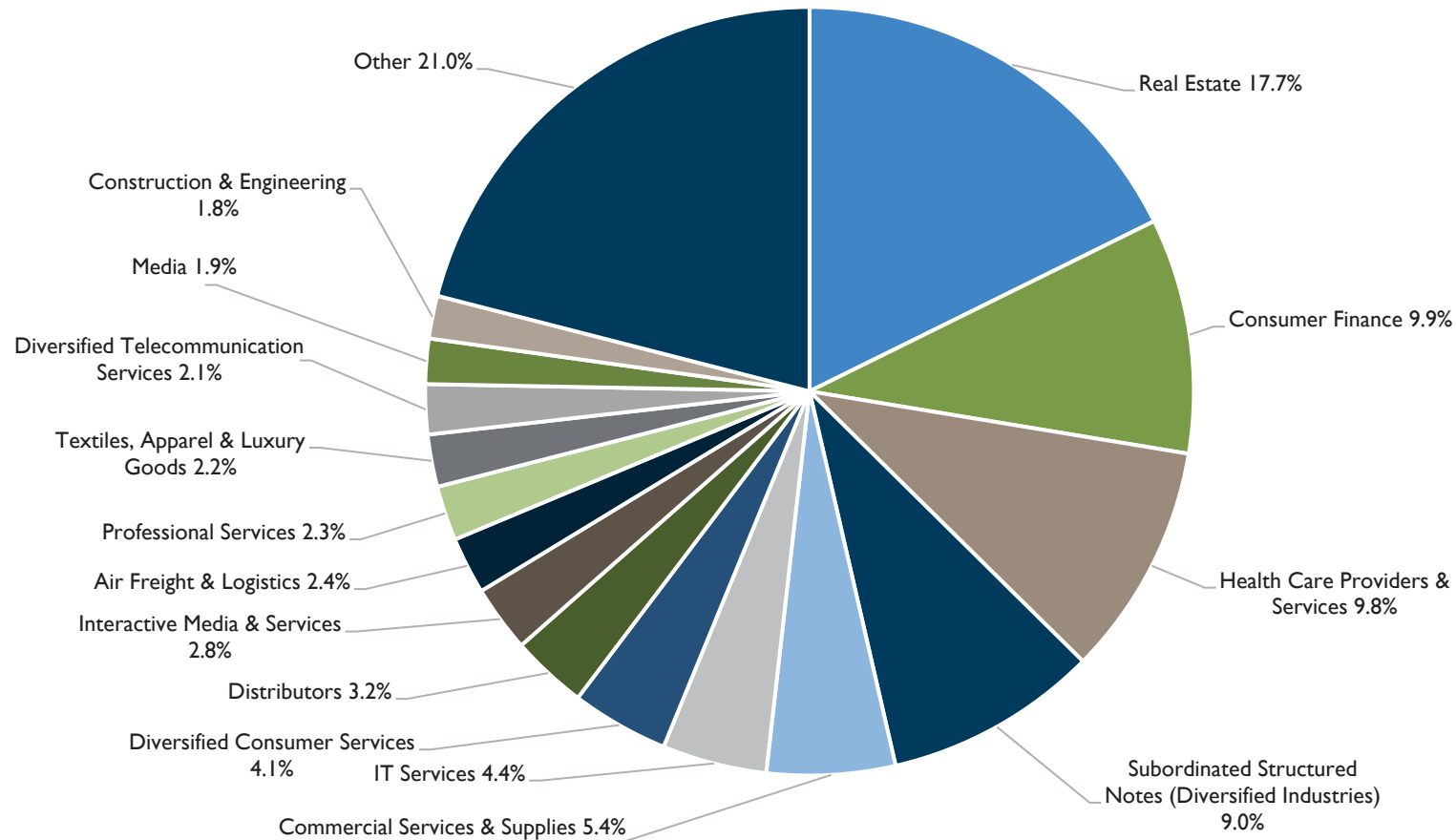
- ▶ \$7.9 billion in total assets with 130 investments
- ▶ Secured investment focus with 71% of portfolio comprised of 1st lien and other secured debt
- ▶ 80% underlying secured asset mix
- ▶ 10.3% portfolio investment yield across all investments
- ▶ 90% recurring interest income as a percentage of total investment income
- ▶ 5.4x middle-market portfolio net leverage⁽¹⁾
- ▶ \$112 million middle-market portfolio EBITDA⁽¹⁾
- ▶ Portfolio is invested across 37 industries
- ▶ PSEC is the sole or lead investor in 77% of overall portfolio

Source: Company filings, management. All data as of, or for the quarter ended, 12/31/2022.

(1) Includes portfolio company debt through PSEC's investment in portfolio company capital structure. See Appendix "Middle-Market Loan Portfolio Company Weighted Average EBITDA and Net Leverage" herein for further information.

WELL DIVERSIFIED PORTFOLIO INVESTED IN 37 DIFFERENT INDUSTRIES

PSEC's Portfolio at Fair Value (12/31/2022)



RIGOROUS AND INDEPENDENT VALUATION PROCESS

INDEPENDENT THIRD-PARTY VALUATION

- ▶ Every investment is valued quarterly and has been valued since inception at fair value by a third-party
- ▶ Third-party valuation agents complete a review of all assets with positive assurance (i.e., not merely a “negative assurance” process)

SENIOR PORTFOLIO MANAGER

- ▶ Preliminary valuation discussions are documented and discussed with senior Prospect Capital Corporation management

AUDIT COMMITTEE

- ▶ PSEC’s Independent Audit Committee reviews the preliminary valuations
- ▶ Prospect Capital Corporation and the third-party valuation agent respond to and supplement any information required by PSEC’s Audit Committee

PSEC’S BOARD OF DIRECTORS

- ▶ PSEC’s majority independent board of directors determines the fair value of each investment in the portfolio based on the third-party valuations and recommendations from PSEC’s Audit Committee
- ▶ To date, the Board’s final valuations have never been outside the range provided by the third-party valuation firm

DIVERSIFIED FUNDING SOURCES

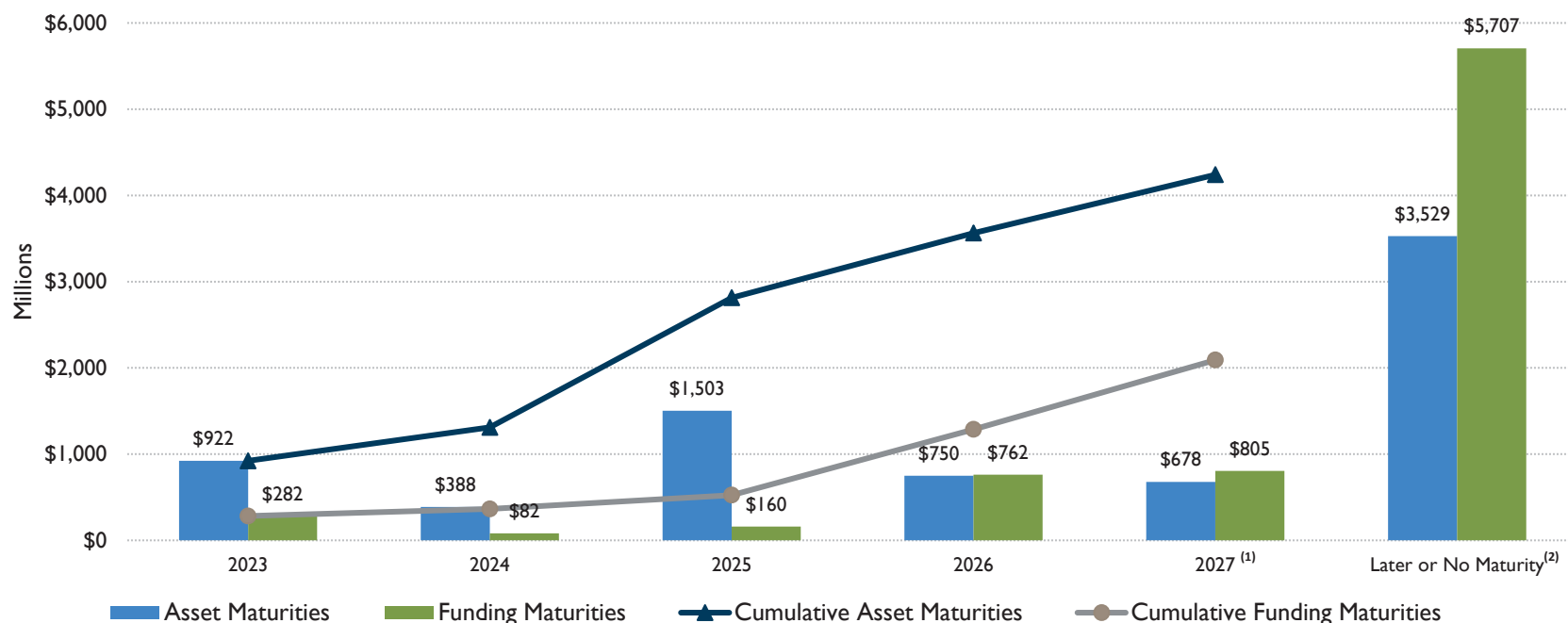
- ▶ Access to diversified funding sources across multiple investor bases
- ▶ Emphasis on unsecured term debt with no financial covenants or cross defaults with revolving credit facility
- ▶ PSEC's corporate credit rating is BBB- by S&P, Baa3 by Moody's, BBB- by Kroll, BBB(low) by DBRS, and BBB by Egan-Jones
 - All Outlooks are Stable

ISSUANCE	ORIGINAL AMOUNT (millions)	OUTSTANDING (millions)	MATURITY
SENIOR SECURED CREDIT FACILITY	\$1,701.5	\$754.3	9/15/2027
SENIOR UNSECURED INSTITUTIONAL TERM DEBT			
▶ March 2013	\$320.0	\$282.1	3/15/2023
▶ September 2018	\$100.0	\$81.2	1/15/2024
▶ January 2021	\$400.0	\$400.0	1/22/2026
▶ May 2021	\$300.0	\$300.0	11/15/2026
▶ September 2021	\$300.0	\$300.0	10/15/2028
SENIOR UNSECURED CONVERTIBLE NOTES			
▶ February 2019	\$201.3	\$156.2	3/1/2025
SENIOR UNSECURED RETAIL NOTES			
▶ Prospect Capital InterNotes®	\$375.0	\$350.0	Jan 2024 - Mar 2052
		\$2,623.9	

LONG-TERM, MATCHED-BOOK FUNDING LOCKS IN ATTRACTIVE SPREADS

PSEC's Well-Laddered Funding Sources Match the Tenor of its Investments

- ▶ Maturity date for revolving credit facility extended to September 2027; average daily utilization rate of ~19.9% since 2011
- ▶ Approximately \$5.2 billion of PSEC's funding is in the form of equity, which does not mature
- ▶ Repurchased or redeemed \$444.1 million of debt maturing between 2022-2051 during the year ended 6/30/2022 and \$65.6 million of debt maturing between 2022-2051 during the six months ended 12/31/2022



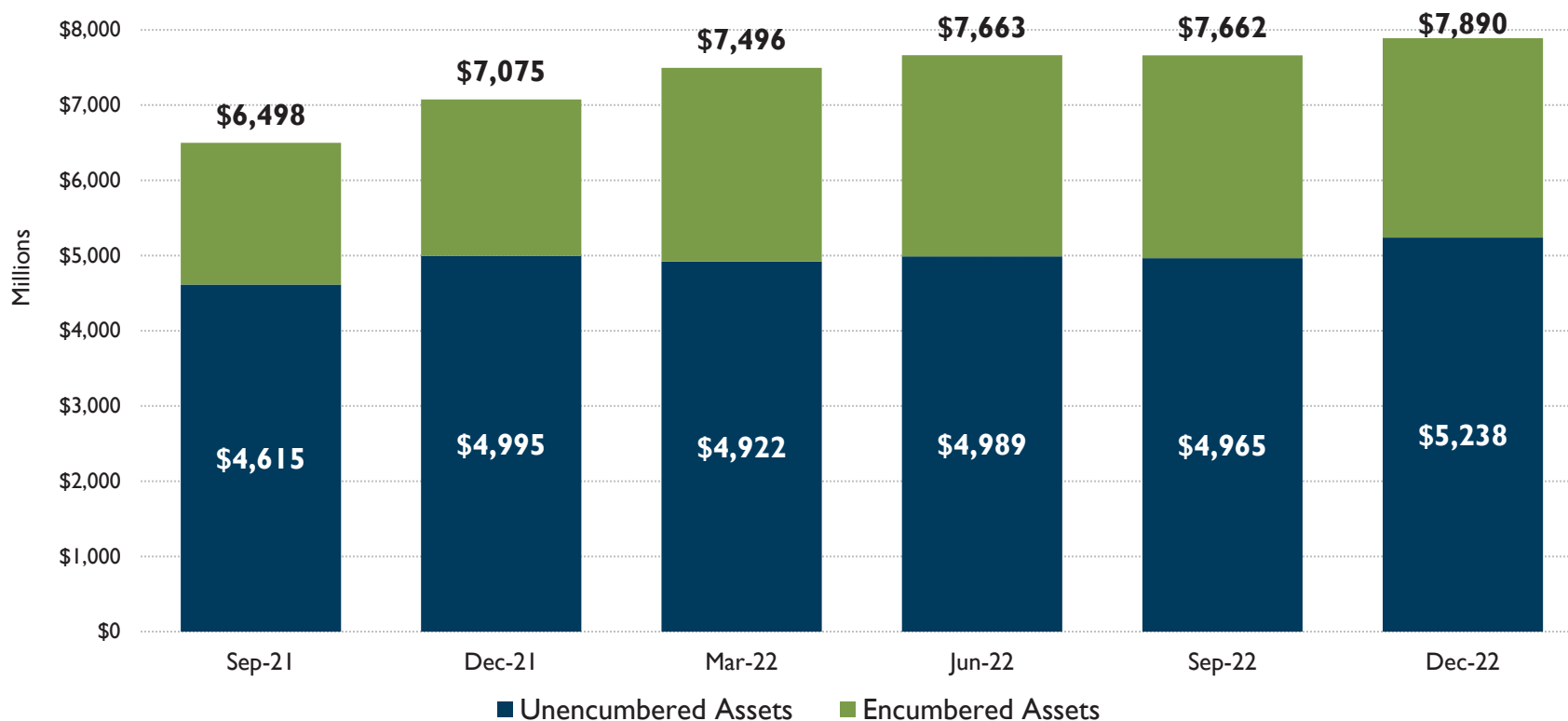
Source: Company filings and management.

(1) Funding maturity in 2027 includes revolving credit facility. The facility, for which \$1,701.5 million of commitments from 49 lenders, matures in September 2027 with a revolving period extending through September 2026 followed by a one-year amortization period. Pricing for amounts drawn under the new facility is one-month SOFR plus 2.05%.

(2) Includes investments, equity capital, and debt capital maturing after 2027.

UNENCUMBERED ASSETS PROVIDE FINANCIAL FLEXIBILITY

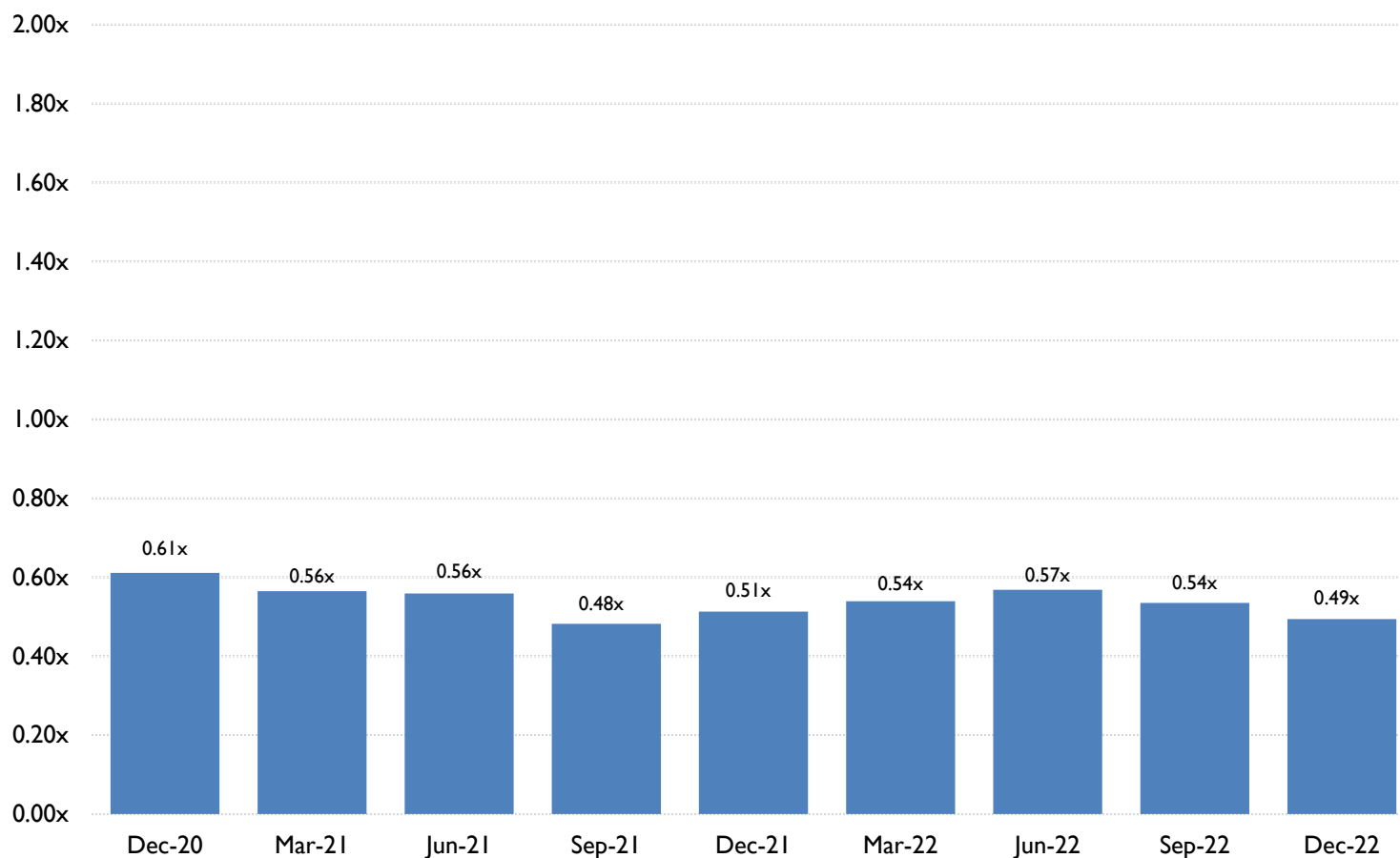
Approximately \$5.2 Billion of Unencumbered Assets, Representing 66% of Total Assets



High level of unencumbered assets reduces risk in the event of a market downturn

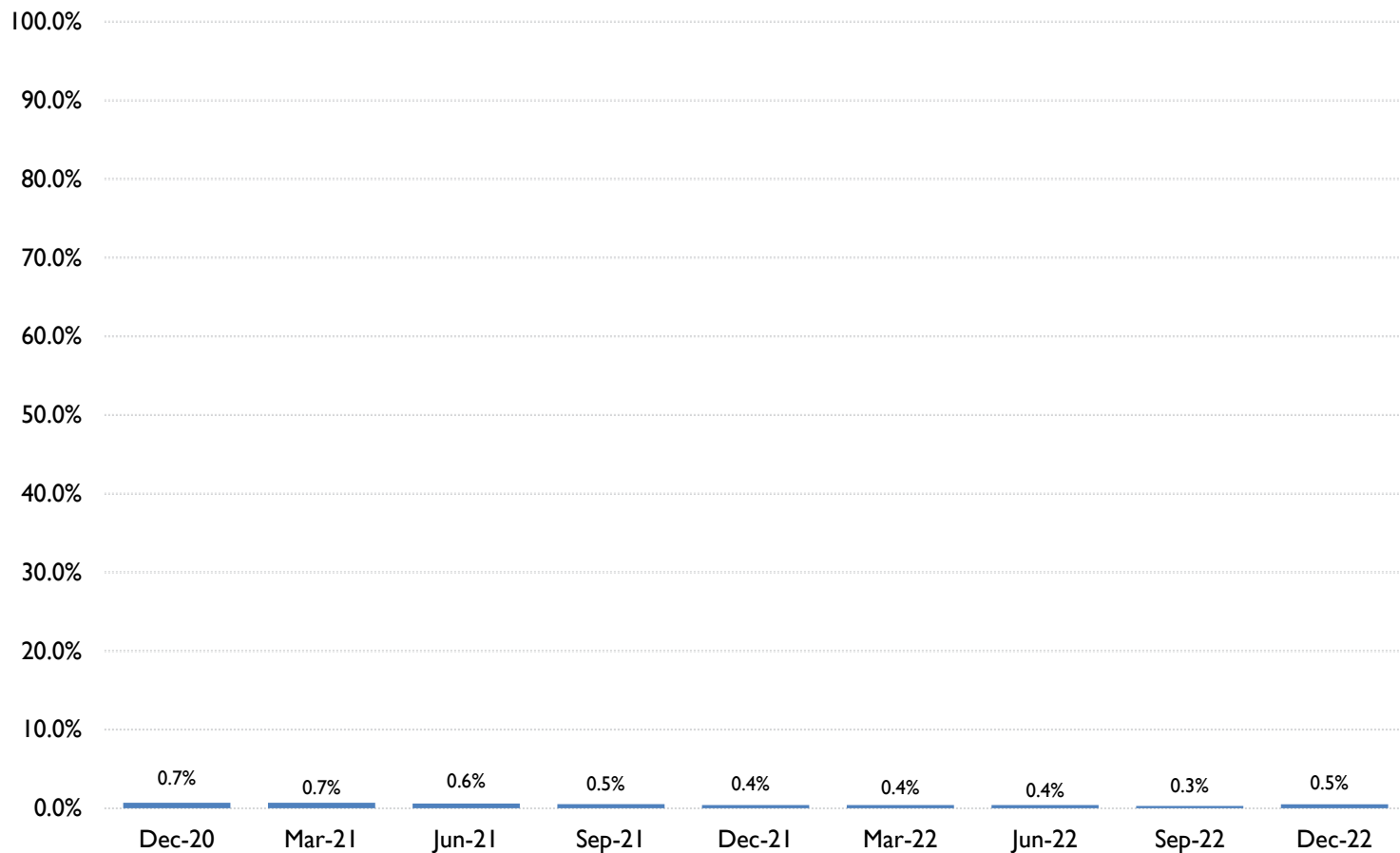
PRUDENT NET DEBT LEVERAGE CONSISTENTLY WITHIN OR BELOW TARGET RANGE

PSEC Continues to Target Net Debt Leverage of 0.70x – 0.85x



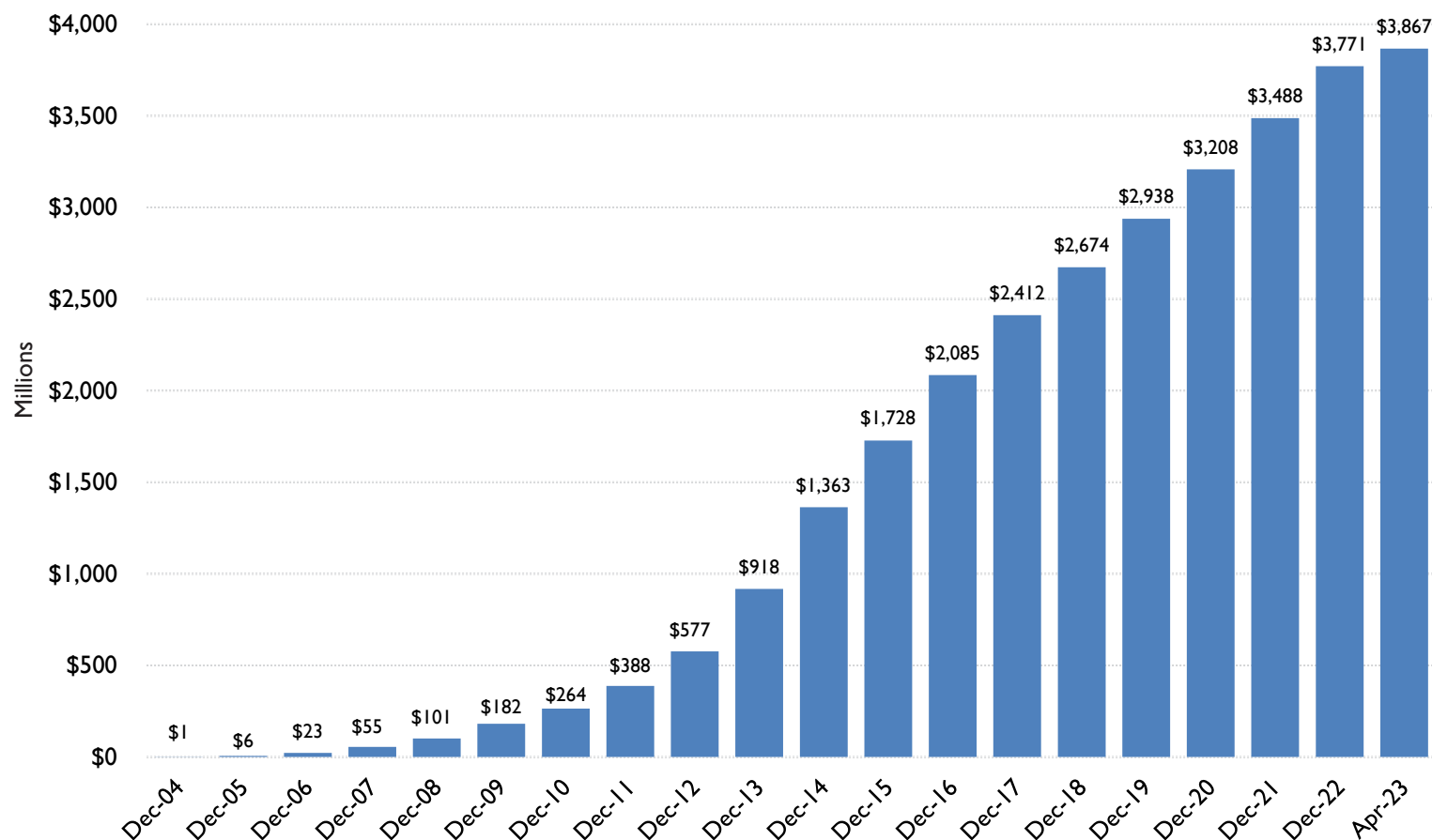
LOW NON-ACCRUALS

PSEC's Non-Accrual Loans Have Remained Low at 0.5% as of 12/31/2022



PSEC CUMULATIVE DISTRIBUTIONS TO SHAREHOLDERS

Declared Cumulative Distributions of \$20.04 per Common Share Totaling Approximately \$3.9 Billion Since 2004 IPO



Source: Company filings, management.

Note: Declared dividends are through the April 2023 distribution. February 2023 through April 2023 distributions are estimated based on current outstanding shares.

DIFFERENTIATED PERFORMANCE

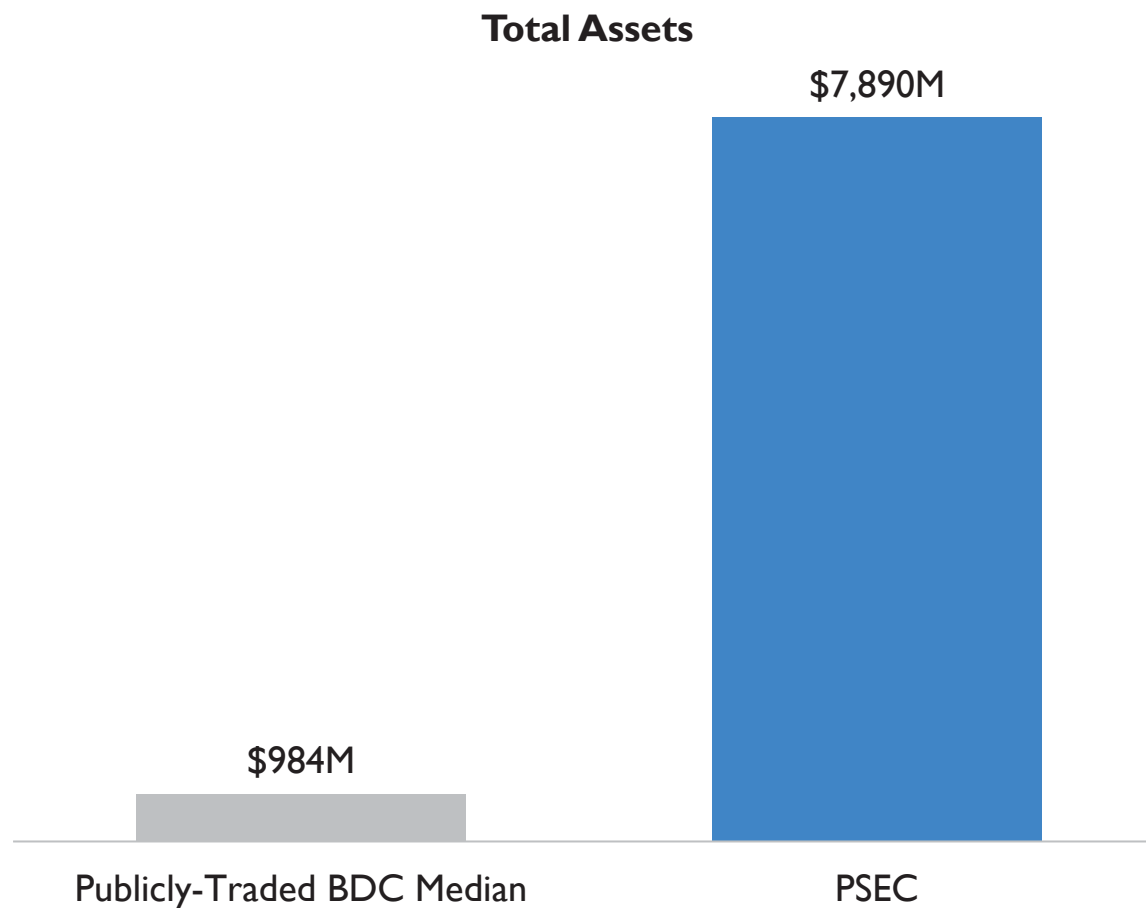
19-YEAR AVERAGE ANNUAL RETURN ON NET ASSETS OF 9.4% WITH POSITIVE RETURNS IN ~84% OF THE FULL QUARTERLY PERIODS

	March	June	September	December	Annualized	Cumulative
2004	-	-	(0.9%)	1.3%		0.4%
2005	0.9%	7.3%	1.4%	2.5%	12.5%	12.9%
2006	2.8%	5.7%	2.6%	1.2%	12.9%	27.5%
2007	1.7%	1.6%	2.8%	(1.1%)	5.1%	34.0%
2008	(0.3%)	6.1%	3.3%	1.5%	10.8%	48.4%
2009	3.5%	(0.2%)	(1.1%)	(2.2%)	0.0%	48.4%
2010	4.0%	2.2%	3.4%	3.8%	14.0%	69.2%
2011	3.7%	2.7%	3.6%	5.7%	16.5%	97.1%
2012	4.1%	2.6%	2.8%	2.2%	12.1%	120.9%
2013	1.8%	3.2%	2.9%	2.8%	11.0%	145.3%
2014	2.4%	2.0%	2.3%	2.3%	9.3%	168.2%
2015	2.2%	2.6%	0.8%	(2.6%)	2.8%	175.8%
2016	2.2%	2.8%	2.4%	2.9%	10.7%	205.3%
2017	0.6%	1.5%	0.4%	3.7%	6.2%	224.3%
2018	1.5%	3.4%	2.5%	(2.0%)	5.5%	242.1%
2019	2.7%	1.2%	0.5%	(0.3%)	4.1%	256.1%
2020	(5.8%)	5.5%	5.5%	9.7%	15.0%	309.5%
2021	7.1%	6.7%	5.5%	6.2%	28.1%	424.6%
2022	3.8%	(1.3%)	(2.5%)	1.4%	1.2%	430.9%
Total Return Average 2004 – 2022					9.4% ⁽¹⁾	

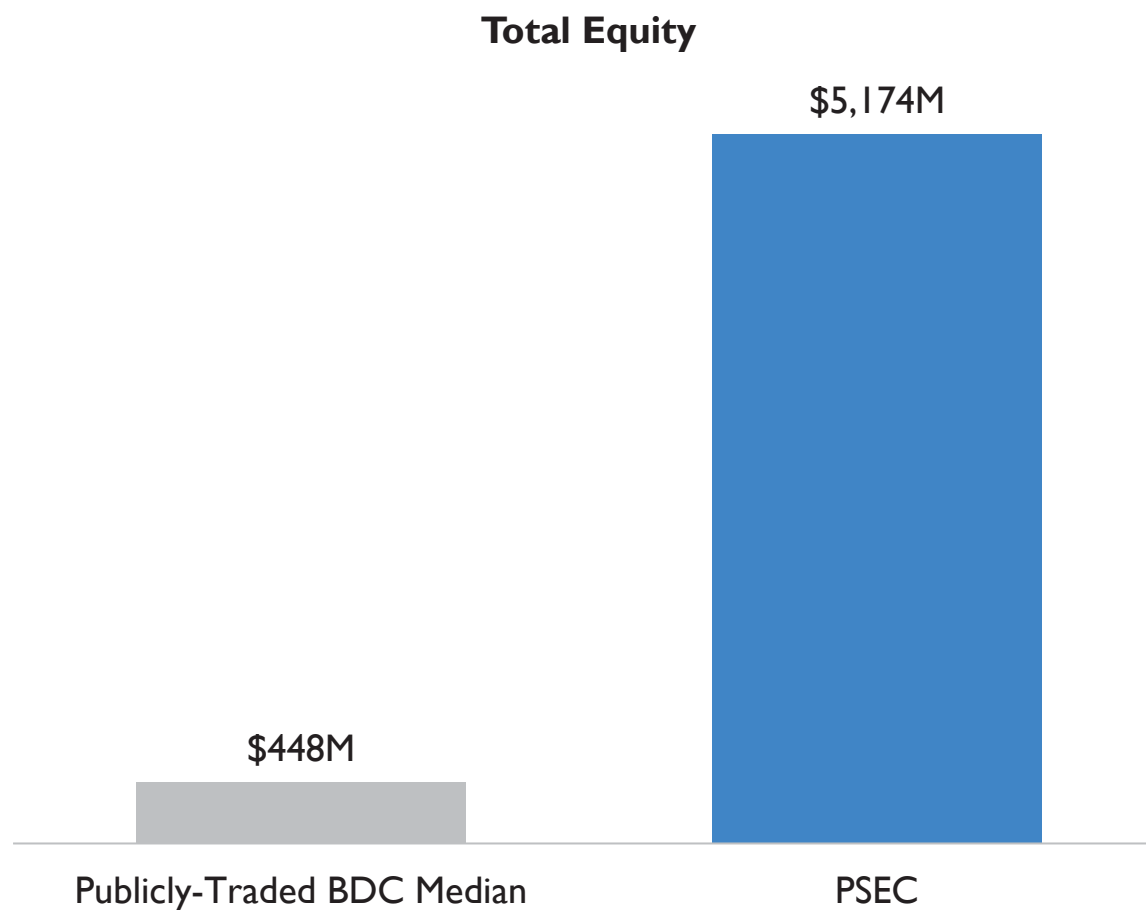
Source: Company filings. Quarterly returns based on the line item “net increase in net assets resulting from operations attributable to common stockholders” on the income statement. To calculate a quarterly return rate, quarterly returns were divided by the sum of the net asset value applicable to common shares from the prior quarter’s filing (beginning net asset value to common shares) and half of the change in paid-in capital between the prior quarter and the then-current quarter. Annual and cumulative figures derived from compounding of quarterly returns.

(1) Total return average was calculated by taking the geometric average of all quarterly returns and then annualizing by compounding over four periods.

PSEC'S SIGNIFICANT SCALE PROVIDES COMPETITIVE ADVANTAGE

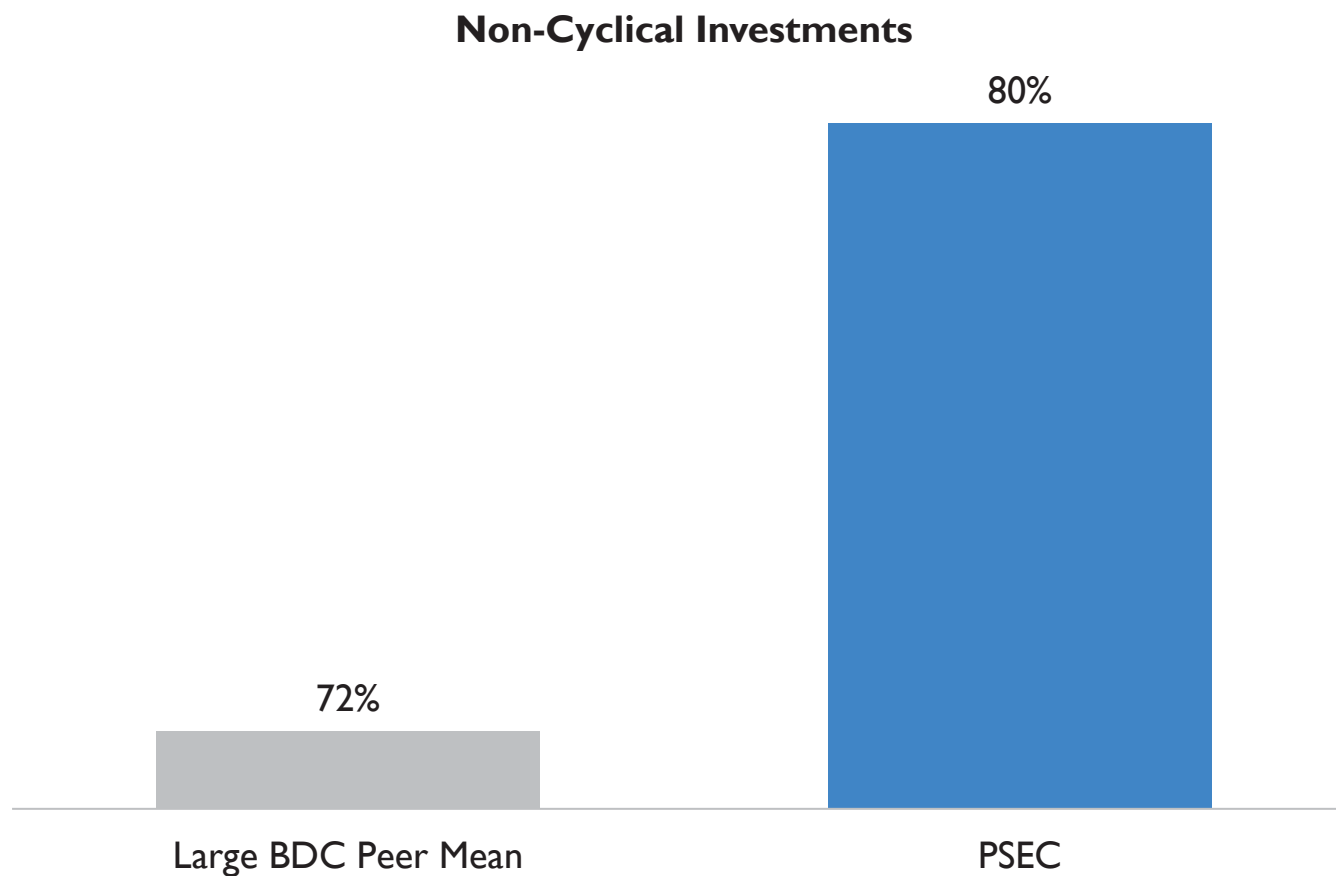


PSEC'S SIGNIFICANT SCALE PROVIDES COMPETITIVE ADVANTAGE



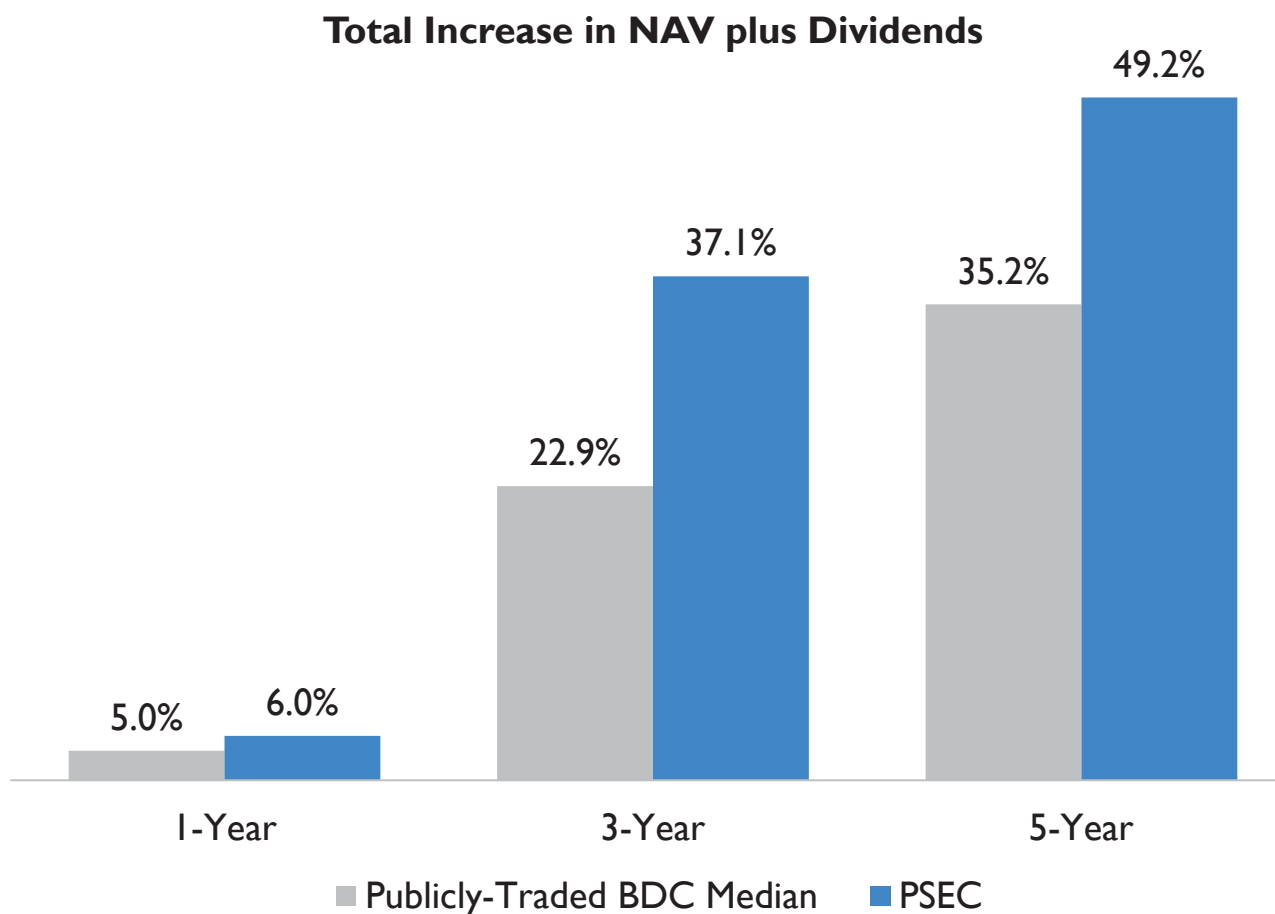
Source: PSEC analysis of S&P Capital IQ data for 49 listed BDCs. PSEC as of 12/31/2022. Peer data for the quarter ending 9/30/2022; data may be materially different for the quarter ending 12/31/2022. Total equity is inclusive of preferred stock.

HIGHLY NON-CYCLICAL PORTFOLIO COMPOSITION



Source: PSEC analysis of public filings including the 5 largest listed BDC peers by total assets. PSEC as of 12/31/2022. Peer data for the quarter ending 9/30/2022; data may be materially different for the quarter ending 12/31/2022. See Appendix "Non-Cyclical Investments" herein for further information. Non-Cyclical investments calculated as a percentage of total investment portfolio, measured by fair market value.

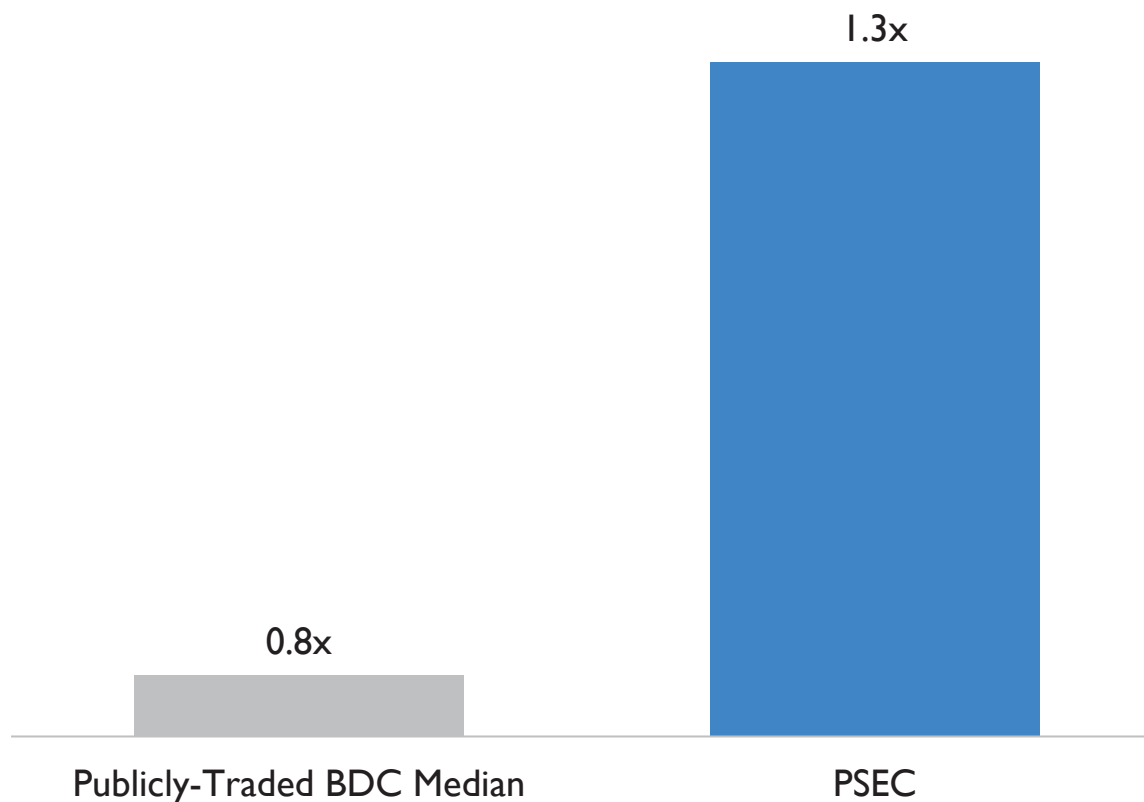
PSEC HAS GENERATED SUPERIOR TOTAL RETURNS



Note: Calculated as change in NAV per share plus dividends in the aggregate time period. Information related to past performance, while potentially helpful as an evaluative tool, is not indicative of future results. PSEC analysis of S&P Capital IQ data as of 1/20/2023 for 47 listed BDC peers for which there is quarterly data for the year ended 9/30/2022, 46 listed BDC peers for which there is quarterly data for the three years ended 9/30/2022, and 46 listed BDC peers for which there is quarterly data for the five years ended 9/30/2022.

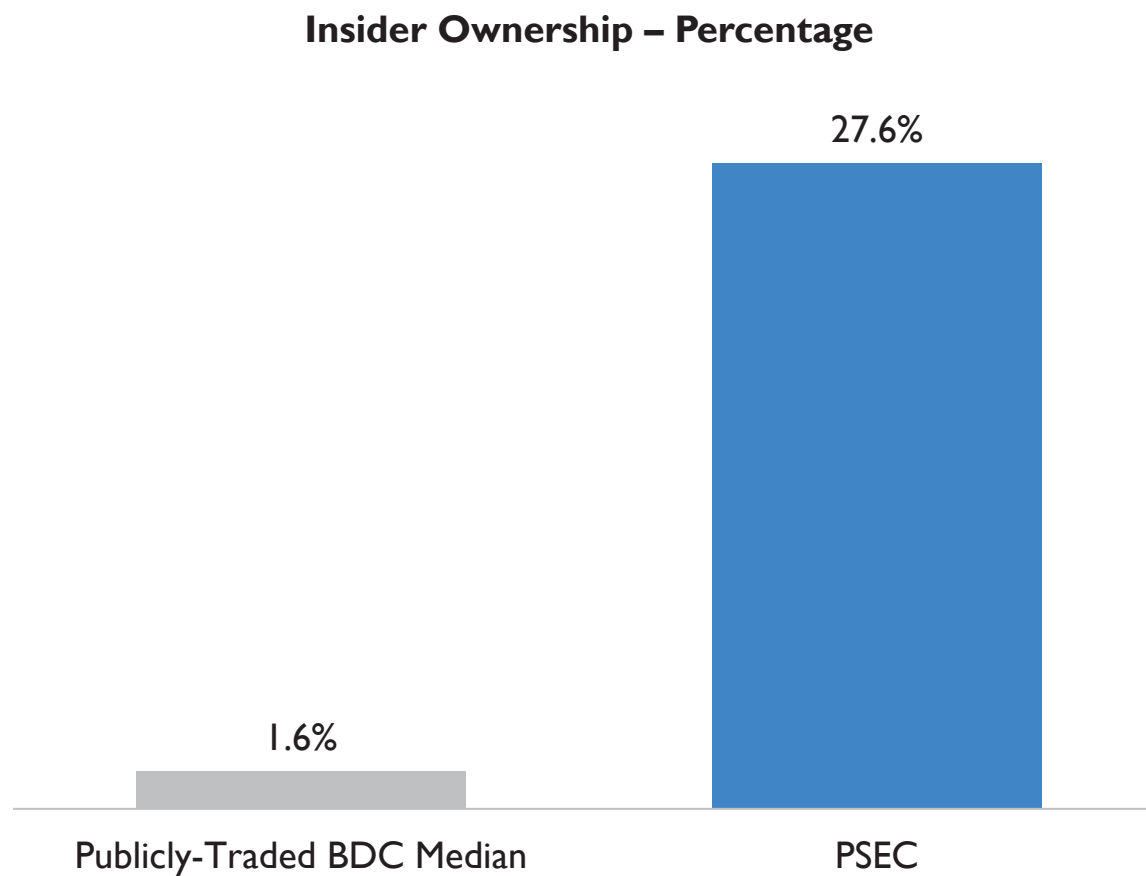
PSEC HAS GENERATED GREATER RISK-ADJUSTED OPERATING RETURNS OVER THE PAST FIVE YEARS

Returns / Volatility – Trailing 5 Years



Note: Returns calculated as change in net asset value per share plus dividends. Volatility measured as one standard deviation in returns. Returns and volatility are measured on a quarterly basis and annualized to calculate returns / volatility ratio. Information related to past performance, while potentially helpful as an evaluative tool, is not indicative of future results. Source: PSEC analysis of S&P Capital IQ data for 46 listed BDC peers as of 1/20/2023 for which there is quarterly data for the five years ended 9/30/2022.

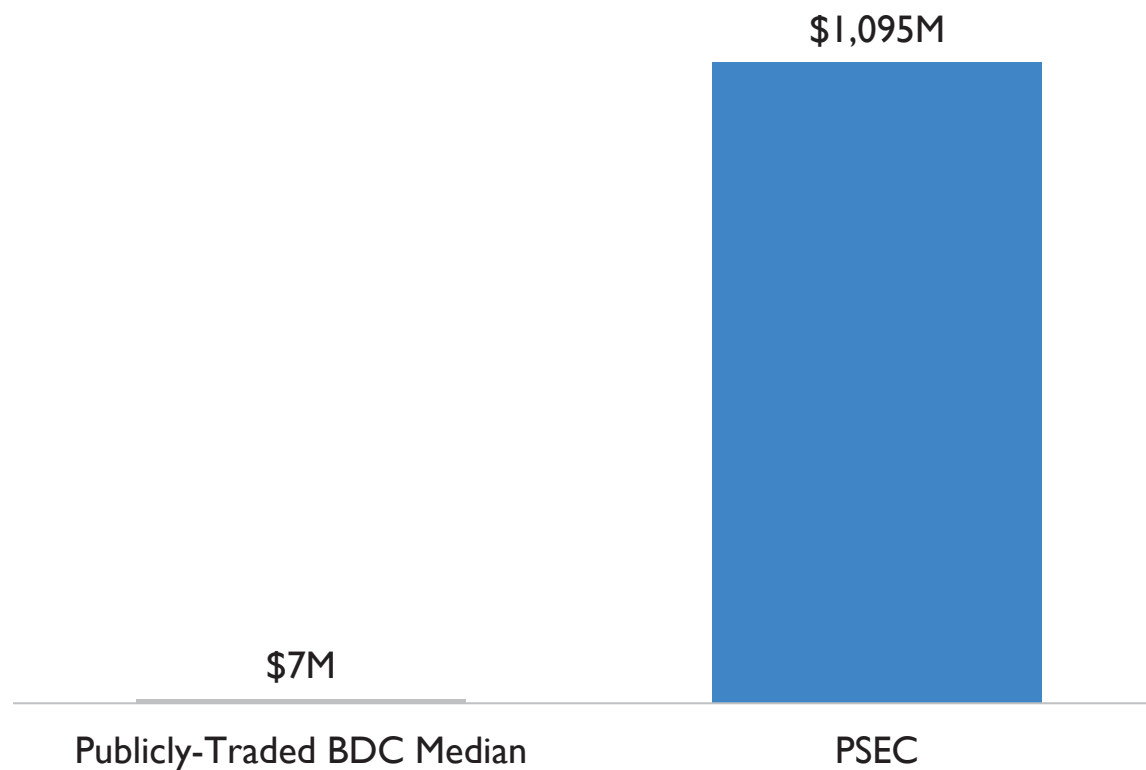
SENIOR MANAGEMENT IS A SIGNIFICANT INVESTOR IN PSEC



Source: For PSEC as of 12/31/2022 and includes 9.0% share ownership through the John and Daria Barry Foundation. PSEC senior management has not sold any of such investments in PSEC. PSEC analysis of S&P Capital IQ data for 49 listed BDC peers as of 1/20/2023.

SENIOR MANAGEMENT IS A SIGNIFICANT INVESTOR IN PSEC

Insider Ownership – Based on NAV



Source: For PSEC as of 12/31/2022 and includes 9.0% share ownership through the John and Daria Barry Foundation. PSEC senior management has not sold any of such investments in PSEC. PSEC analysis of S&P Capital IQ data for 49 listed BDC peers as of 1/20/2023. Peers based on insider ownership percentages multiplied by NAV as of 9/30/2022; data may be materially different for the quarter ending 12/31/2022.

APPENDIX

FINANCIAL HIGHLIGHTS

In thousands, except per share data

Statement of Operations	Quarter ended December 31, 2022	Quarter ended September 30, 2022	Quarter ended June 30, 2022	Quarter ended March 31, 2022	Quarter ended December 31, 2021
Total investment income	\$212,916	\$202,674	\$184,623	\$181,431	\$175,376
Total operating expenses	106,212	103,408	94,654	94,426	89,819
Net investment income	106,704	99,266	89,969	87,005	85,557
Net realized and unrealized gain (loss) on investments & extinguishment of debt	(34,427)	(191,705)	(137,425)	77,291	168,056
Net increase (decrease) in net assets resulting from operations attributable to common stockholders	55,623	(105,199)	(56,643)	157,157	246,411
Net increase (decrease) in net assets resulting from operations per common share (basic and diluted)	0.14 0.13	(0.27) (0.27)	(0.14) (0.14)	0.40 0.38	0.63 0.61
Net investment income per common share	0.27	0.25	0.23	0.22	0.22
Distributions per common share	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18
Statement of Assets and Liabilities	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Total investments at fair value	\$7,770,336	\$7,582,665	\$7,602,510	\$7,429,931	\$7,002,846
Cash and cash equivalents	70,086	43,399	35,364	36,402	45,026
Total assets	7,890,413	7,662,216	7,663,423	7,495,685	7,074,649
Revolving credit facility borrowings	754,305	799,851	839,464	699,440	472,608
Total liabilities	2,716,469	2,754,536	2,852,224	2,694,790	2,493,860
Total equity	5,173,944	4,907,680	4,811,199	4,800,895	4,580,789
Net asset value per common share	\$9.94	\$10.01	\$10.48	\$10.81	\$10.60

Source: Company filings. Total equity is inclusive of preferred stock. Total liabilities excludes preferred stock.

PUBLICLY TRADED BDCs

TOPIC	KEY CHARACTERISTICS
INVESTMENT STRATEGY	<ul style="list-style-type: none"> ▶ Current-yielding credit investments primarily in middle-market companies ▶ To a lesser extent, other current-yielding investments
REGULATION	<ul style="list-style-type: none"> ▶ Regulated as a Business Development Company (“BDC”) under Investment Company Act of 1940 ▶ Generally BDCs elect to be treated as a Regulated Investment Company (“RIC”) for U.S. federal income tax purposes
INVESTMENTS LIMITATIONS	<ul style="list-style-type: none"> ▶ Generally, at least 70% of a BDC’s assets must be investments in U.S. non-financial sector operating companies that either have (a) no class of securities listed on a national securities exchange (i.e., private) or (b) a market cap less than \$250 million
LEVERAGE LIMITATION ⁽¹⁾	<ul style="list-style-type: none"> ▶ 2:1 debt-to-equity ratio (i.e. gross asset coverage must be at least 150%)
DIVERSIFICATION REQUIREMENTS ⁽²⁾	<ul style="list-style-type: none"> ▶ At least 50% of a BDC’s assets must consist of securities of an issuer in which the BDC owns less than 10% of the voting stock and in which the investment is less than 5% of the value of the BDC’s assets
INCOME RESTRICTIONS ⁽²⁾	<ul style="list-style-type: none"> ▶ At least 90% of BDC income must be from investment sources such as interest, dividends, and gains / losses associated with investments in equity, debt, or other securities
DISTRIBUTION REQUIREMENTS ⁽²⁾	<ul style="list-style-type: none"> ▶ Must distribute at least 90% of taxable income to avoid U.S. federal income tax on all taxable income ▶ Not subject to U.S. federal income tax on the income and net capital gains distributed to stockholders (provided that the above distribution requirement is met)
VALUATION	<ul style="list-style-type: none"> ▶ Must mark portfolio to fair value on a quarterly basis for GAAP⁽³⁾ purposes

(1) Effective 3/23/2018, the Small Business Credit Availability Act permits a BDC to change its asset coverage ratio from 200% to 150%.

(2) Above criteria apply to BDCs that elect RIC treatment for U.S. federal income tax purposes.

(3) GAAP is defined as Generally Accepted Accounting Principles.

MIDDLE-MARKET LOAN PORTFOLIO COMPANY WEIGHTED AVERAGE EBITDA AND NET LEVERAGE

Middle-Market Loan Portfolio Company Weighted Average Net Leverage ("Middle-Market Portfolio Net Leverage") and Middle-Market Loan Portfolio Company Weighted Average EBITDA ("Middle-Market Portfolio EBITDA") provide clarity into the underlying capital structure of PSEC's middle-market loan portfolio investments and the likelihood that PSEC's overall portfolio will make interest payments and repay principal.

Middle-Market Portfolio Net Leverage reflects the net leverage of each of PSEC's middle-market loan portfolio company debt investments, weighted based on the current fair market value of such debt investments. The net leverage for each middle-market loan portfolio company is calculated based on PSEC's investment in the capital structure of such portfolio company, with a maximum limit of 10.0x adjusted EBITDA. This calculation excludes debt subordinate to PSEC's position within the capital structure because PSEC's exposure to interest payment and principal repayment risk is limited beyond that point. Additionally, subordinated structured notes, other structured credit, real estate investments, investments for which EBITDA is not available, and equity investments, for which principal repayment is not fixed, are also not included in the calculation. The calculation does not exceed 10.0x adjusted EBITDA for any individual investment because 10.0x captures the highest level of risk to PSEC. Middle-Market Portfolio Net Leverage provides PSEC with some guidance as to PSEC's exposure to the interest payment and principal repayment risk of PSEC's overall debt portfolio. PSEC monitors its Middle-Market Portfolio Net Leverage on a quarterly basis.

Middle-Market Portfolio EBITDA is used by PSEC to supplement Middle-Market Portfolio Net Leverage and generally indicates a portfolio company's ability to make interest payments and repay principal. Middle-Market Portfolio EBITDA is calculated using the EBITDA of each of PSEC's middle-market loan portfolio companies, weighted based on the current fair market value of the related investments. The calculation provides PSEC with insight into profitability and scale of the portfolio companies within our overall debt investments.

These calculations include addbacks that are typically negotiated and documented in the applicable investment documents, including but not limited to transaction costs, share-based compensation, management fees, foreign currency translation adjustments and other nonrecurring transaction expenses.

Together, Middle-Market Portfolio Net Leverage and Middle-Market Portfolio EBITDA assist PSEC in assessing the likelihood that PSEC will timely receive interest and principal payments. However, these calculations are not meant to substitute for an analysis of PSEC's our underlying portfolio company debt investments, but to supplement such analysis.

NON-CYCLICAL INVESTMENTS

Non-Cyclical investments provide insight into the composition of an investment portfolio. Non-Cyclical investments are calculated as a percentage of a total investment portfolio across the peers described below measured by fair market value.

Non-cyclicals produce or distribute a good or service with recurring demand, and therefore not correlated with the movements of the business cycle. BDC peers use varying industry classifications to define their respective portfolio's. PSEC management views the following industries as non-cyclical:

- PSEC industry classifications: Capital markets, commercial services & supplies, consumer finance, diversified consumer services, diversified financial services, diversified telecommunication services, equity real estate investment trusts (REITs), food products, health care equipment & supplies, health care providers & services, health care technology, interactive media & services, IT services, media, personal products, pharmaceuticals, professional services, software, and structured finance.
- BDC A industry classifications: Commercial services & supplies, diversified consumer services, diversified financial services, diversified telecommunication services, electric utilities, health care equipment & supplies, health care providers & services, health care technology, insurance, IT services, professional services, and software.
- BDC B industry classifications: Beverages, biotechnology, commercial services and supplies, diversified consumer services, diversified financial services, diversified telecommunications services, food and staples retailing, food products, healthcare equipment and supplies, healthcare providers and services, health care technology, household products, insurance, IT services, life sciences tools & services, media, personal products, pharmaceuticals, professional services, software, and water utilities.
- BDC C industry classifications: Advertising and media, buildings and real estate, business services, consumer products, containers and packaging, education, financial services, food and beverage, healthcare equipment and services, healthcare providers and services, healthcare technology, household products, insurance, internet software and services, investment funds and vehicles, and professional services.
- BDC D industry classifications: Software & services, healthcare services, commercial & professional services, insurance services, diversified financials, investment funds and vehicles, consumer services, media & entertainment, food & beverage, and pharmaceuticals, biotechnology & life sciences.
- BDC E industry classifications: Commercial & professional services, consumer durables & apparel, consumer services, Credit Opportunities Partners JV, diversified financials, food & staples retailing, food, beverage & tobacco, health care equipment & services, household & personal products, insurance, media & entertainment, pharmaceuticals, biotechnology & life sciences, real estate, software & services, and telecommunication services.