



Runway Growth Finance Corp. Reports Third Quarter 2021 Financial Results

November 4, 2021

Raised Gross Proceeds Totaling \$100 Million with Initial Public Offering on October 25, 2021

Reports Net Investment Income of \$10.7 Million for the Third Quarter

Conference Call Today, Thursday, November 4 at 4:30 p.m. ET

WOODSIDE, Calif., Nov. 04, 2021 (GLOBE NEWSWIRE) -- Runway Growth Finance Corp. (Nasdaq: RWAY) ("Runway Growth" or the "Company"), a leading provider of flexible capital solutions to late- and growth-stage companies seeking an alternative to raising equity, today announced its financial results for the quarter ended September 30, 2021.

Third Quarter 2021 Highlights

- Raised total gross proceeds of approximately \$100 million with initial public offering in October 2021
- Net investment income ("NII") of \$10.7 million, or \$0.32 per share
- Annualized portfolio yield on debt investments of 15.3% for the quarter
- Funded six investments totaling \$101.3 million across two new and four existing portfolio companies
- Received aggregate proceeds of \$104.7 million from principal repayments, including normal amortization and prepayments
- Inaugural quarterly dividend as a public company of \$0.25 per share payable on November 22, 2021, the Company's fifteenth consecutive quarterly dividend

Year-to-Date Highlights

- Total investment portfolio of \$646.4 million at fair value
- Net investment income of \$33.6 million, or \$1.04 per share
- Net asset value of \$504.2 million, or \$14.60 per share
- Funded investments totaling \$237.1 million: \$140.1 million in nine new portfolio companies and \$97.0 million in ten existing portfolio companies
- Total loan commitments and investment fundings of \$1.2 billion and \$1.0 billion, respectively, since Runway Growth's inception

"We are thrilled to be entering the next phase of Runway Growth's strategy as a publicly-traded, pure-play growth lending platform," said David Spreng, Founder, CEO and Chief Investment Officer of Runway Growth. "We continued to capitalize on a favorable market backdrop, achieving strong year-over-year NII growth. On a sequential basis, we were pleased to maintain the scale of our investment portfolio, despite heightened prepayment activity, as well as our solid NAV levels."

Spreng continued, "Runway Growth is poised to finish 2021 from a position of strength and hit the ground running in 2022. We see strong origination trends across both sponsored and non-sponsored opportunities in a rapidly expanding VC operating environment. Our investment adviser, Runway Growth Capital, continues to add to its senior origination and credit teams to support quality portfolio growth. This is only the beginning for Runway Growth, and as we focus on executing against our long-term strategic vision, we remain equally focused on the success of our borrowers and growing return on equity through investment portfolio expansion."

Third Quarter 2021 Operating Results

Total investment income for the quarter ended September 30, 2021 was \$18.6 million, compared to \$14.2 million for the quarter ended September 30, 2020. The year-over-year improvement is primarily due to an increase in interest income on investments resulting from the new loans originated and higher fee income associated with early repayments.

The Company's dollar-weighted annualized yield on average debt investments for the quarter ended September 30, 2021 and 2020 was 15.3% and 14.8%, respectively. The Company calculates the yield on dollar-weighted debt investments for any period measured as (1) total investment-related income during the period divided by (2) the daily average of the fair value of debt investments outstanding during the period.

Total operating expenses for the quarter ended September 30, 2021 were \$7.9 million, compared to \$4.7 million for the quarter ended September 30, 2020. The increase was primarily due to an increase in incentive fees, management fees, credit facility fees, interest expense due to an increase in leverage utilization during the quarter and one-time expenses associated with the initial public offering.

Net investment income for the quarter ended September 30, 2021 was \$10.7 million, or \$0.32 per share, compared to \$9.5 million, or \$0.35 per share, for the quarter ended September 30, 2020.

For the quarter ended September 30, 2021, net realized gain on investments was \$0.7 million, compared to a net realized gain on investments of \$1.1 million, for the quarter ended September 30, 2020.

For the quarter ended September 30, 2021, net change in unrealized depreciation on investments was \$1.2 million, compared to a net change in unrealized appreciation on investments of \$0.2 million for the prior-year period.

Portfolio and Investment Activity

As of September 30, 2021, Runway Growth's investment portfolio had an aggregate fair value of approximately \$586.4 million and was comprised of approximately \$531.6 million in senior secured term loans and \$54.8 million in equity and equity-related investments, including warrants across 32 portfolio companies.

During the third quarter, Runway Growth funded six investments totaling \$101.3 million, including two investments in new portfolio companies, one new investment in an existing portfolio company and three follow-on investments in existing portfolio companies.

Total portfolio investment activity for the three and nine months ended September 30, 2021 and 2020 was as follows:

	Three Months Ended September 30, 2021 (unaudited)	Three Months Ended September 30, 2020 (unaudited)	Nine Months Ended September 30, 2021 (unaudited)	Nine Months Ended September 30, 2020 (unaudited)
Beginning Investment Portfolio	\$ 617,617,043	\$ 455,487,711	\$ 621,826,650	\$ 467,981,699
Purchases of Investments ⁽¹⁾	103,788,319	42,738,800	239,458,881	144,044,139
Purchases of U.S. Treasury Bills	60,000,660	84,998,465	115,000,509	179,998,299
Amortization of Fixed Income Premiums or Accretion of Discounts	1,879,221	2,458,970	5,539,659	6,808,066
Sales or Repayments of Investments	(102,817,182)	(18,170,132)	(197,534,296)	(76,805,766)
Scheduled Principal Payments of Investments	(3,605,000)	(3,797,683)	(5,671,437)	(6,128,394)
Sales and Maturities of U.S. Treasury Bills ⁽²⁾	(29,999,952)	(44,999,250)	(124,999,118)	(194,985,264)
Realized (Loss) on Investments	718,310	1,142,706	(4,094,970)	(5,370,702)
Net Change in Unrealized Appreciation (Depreciation) on Investments	(1,228,382)	243,742	(3,172,841)	4,561,252
Ending Investment Portfolio	<u>\$ 646,353,037</u>	<u>\$ 520,103,329</u>	<u>\$ 646,353,037</u>	<u>\$ 520,103,329</u>

1. Includes PIK interest.

2. Excludes \$25,999,624 in U.S. Treasury Bills sold short for the nine months ended September 30, 2020.

Net Asset Value

As of September 30, 2021, net asset value ("NAV") per share was \$14.60, compared to \$14.61 as of June 30, 2021. Total net assets at the end of the third quarter of 2021 were \$504.2 million, compared to \$477.7 million at the end of the prior period.

For the quarter ended September 30, 2021, net increase in net assets resulting from operations was \$10.2 million, or \$0.31 per share, compared to \$6.7 million, or \$0.21 per share, for the quarter ended June 30, 2021.

Liquidity and Capital Resources

As of September 30, 2021, the Company had approximately \$135.9 million in available liquidity, including unrestricted cash and cash equivalents and \$135.0 million in available borrowing capacity under the Company's credit facility, subject to existing terms, advance rates and regulatory and covenant requirements.

The Company ended the quarter with a debt-to-equity leverage ratio of approximately 16%, compared to 24% for the quarter ended June 30, 2021.

Initial Public Offering

On October 25, 2021, the Company closed its initial public offering of 6,850,000 shares of common stock at a public offering price of \$14.60 per share.

Runway Growth received net proceeds from the offering of approximately \$94.0 million, after deducting underwriting discounts and commissions, but before expenses, and used all of the net proceeds from the offering to pay down its existing indebtedness outstanding under its credit agreement and to make investments in accordance with its investment objectives and for general corporate purposes.

Distributions

On October 28, 2021, the Company's board of directors declared a regular quarterly distribution of \$0.25 per share for the fourth quarter of 2021, payable on November 22, 2021 to stockholders of record as of November 8, 2021.

Conference Call

Runway Growth will hold a conference call to discuss its third quarter 2021 financial results at 1:30 p.m. PT (4:30 p.m. ET) on Thursday, November 4, 2021.

To participate in the conference call, please dial (800) 446-1671 and reference conference ID 50245586. A live webcast, as well as supplemental slides to support the webcast, will be available in the investor section of the Company's website at <https://investors.runwaygrowth.com>, and will be archived for 90 days following the call.

About Runway Growth Finance Corp.

Runway Growth is a growing specialty finance company focused on providing flexible capital solutions to late-stage and growth companies seeking an alternative to raising equity. Runway Growth is a closed-end investment fund that has elected to be regulated as a business development company under the Investment Company Act of 1940. Runway Growth is externally managed by Runway Growth Capital LLC, an established registered investment advisor that was formed in 2015 and led by industry veteran David Spreng. For more information, please visit www.runwaygrowth.com.

Forward-Looking Statements

Statements included herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance, condition or results and involve a number of risks and uncertainties, including the impact of COVID-19 and related changes in base interest rates and significant market volatility on our business, our portfolio companies, our industry and the global economy. 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 Runway Growth's filings with the Securities and Exchange Commission. Runway Growth undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this press release.

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Runway Growth Finance Corp. Consolidated Statements of Assets and Liabilities

	September 30, 2021 (Unaudited)	December 31, 2020
Assets		
Investments at fair value:		
Non-control/non-affiliate investments at fair value (cost of \$549,308,847 and \$532,676,057, respectively)	\$ 562,496,579	\$ 541,978,736
Control/affiliate investments at fair value (cost of \$34,978,846 and \$13,911,494, respectively)	23,855,798	9,845,854
Investment in U.S. Treasury Bills at fair value (cost of \$60,000,558 and \$70,001,472, respectively)	60,000,660	70,002,060
Total investments at fair value (cost of \$644,288,251 and \$616,589,023, respectively)	646,353,037	621,826,650
Cash and cash equivalents	936,503	14,886,246
Subscriptions receivable	1,139,528	—
Accrued interest receivable	2,031,720	2,682,405
Other accounts receivable	161,918	359,000
Deferred offering costs	439,929	—
Prepaid and deferred expenses	190,342	137,096
Total assets	651,252,977	639,891,397
Liabilities		
Debt:		
Credit facilities	80,000,000	99,000,000
Deferred credit facility fees (net of accumulated amortization of \$733,251 and \$383,873, respectively)	(1,252,978)	(1,583,230)
Total debt, less unamortized deferred financing costs	78,747,022	97,416,770
Reverse repurchase agreement	59,699,461	69,650,000

Accrued incentive fees	5,971,134	5,007,065
Due to affiliate	227,038	143,515
Interest payable	811,857	468,014
Accrued expenses and other liabilities	1,595,480	962,348
Total liabilities	<u>147,051,992</u>	<u>173,647,712</u>

Commitments and contingencies (Note 3)

Net assets

Common stock, \$0.01 par value; 100,000,000 shares authorized; 34,530,614 and 31,414,051 shares issued and outstanding, respectively	345,306	314,140
Additional paid-in capital	513,082,399	466,872,304
Distributable (losses) earnings	(9,226,720)	(942,759)
Total net assets	<u>\$ 504,200,985</u>	<u>\$ 466,243,685</u>

Net asset value per share	<u>\$ 14.60</u>	<u>\$ 14.84</u>
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Runway Growth Finance Corp. Consolidated Statements of Operations

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Investment income				
From non-control/non-affiliate:				
Interest income	\$ 17,612,993	\$ 12,184,940	\$ 49,863,060	\$ 36,757,088
Payment in-kind interest income	434,464	1,568,799	2,424,022	2,336,646
Other income	101,266	117,882	342,236	682,725
Interest income from U.S. Treasury Bills	117	47	127	17,143
Dividend income	343,755	343,755	1,031,265	1,010,959
Other income from non-investment sources	131	300	390	33,073
From control/affiliate:				
Interest income	113,554	—	113,554	—
Payment in-kind interest income	3,786	—	3,786	—
Total investment income	<u>18,610,066</u>	<u>14,215,723</u>	<u>53,778,440</u>	<u>40,837,634</u>
Operating expenses				
Management fees	2,301,656	1,721,913	6,647,207	5,017,590
Incentive fees	2,686,475	1,650,930	6,498,482	4,871,906
Interest expense	812,852	407,701	2,302,582	595,195
Professional fees	505,545	198,217	1,151,610	919,390
Overhead allocation expense	249,141	161,553	655,260	507,536
Administration fee	179,500	132,715	420,360	378,395
Facility fees	738,087	132,083	1,447,288	510,805
Directors' fees	67,750	60,250	201,750	188,250
Tax expense	—	—	41	1,319
Other expenses	327,936	227,781	890,530	807,240
Total operating expenses	<u>7,868,942</u>	<u>4,693,143</u>	<u>20,215,110</u>	<u>13,797,626</u>
Net investment income	<u>10,741,124</u>	<u>9,522,580</u>	<u>33,563,330</u>	<u>27,040,008</u>

**Realized and unrealized gain
(loss) on investments**

Realized gain (loss) on non-control/non-affiliate investments, including U.S. Treasury Bills	718,310	1,142,706	(4,076,766)	(5,370,702)
Net change in unrealized appreciation (depreciation) on non-control/non-affiliate investments, including U.S. Treasury Bills	(6,857,594)	243,742	(10,979,143)	4,561,255
Net change in unrealized appreciation on control/affiliate investments	5,629,212	—	7,806,302	—
Net realized and unrealized gain (loss) on investments	<u>(510,072)</u>	<u>1,386,448</u>	<u>(7,249,607)</u>	<u>(809,447)</u>
Net increase in net assets resulting from operations	<u>\$ 10,231,052</u>	<u>\$ 10,909,028</u>	<u>\$ 26,313,723</u>	<u>\$ 26,230,561</u>
Net increase in net assets resulting from operations per common share	\$ 0.31	\$ 0.40	\$ 0.81	\$ 0.99
Net investment income per common share	\$ 0.32	\$ 0.35	\$ 1.04	\$ 1.02
Weighted-average shares outstanding	33,160,481	27,271,559	32,360,107	26,603,966