Runway Growth Finance Corp. Reports Fourth Quarter and Fiscal Year Ended 2021 Financial Results

March 3, 2022

Reports Quarterly and Annual Investment Income of $17.6 and $71.4 Million, Respectively

Record Quarterly Origination Volume of $216 Million

Conference Call Today, Thursday, March 3 at 6:00 p.m. ET

WOODSIDE, Calif., March 03, 2022 (GLOBE NEWSWIRE) -- Runway Growth Finance Corp. (Nasdaq: RWAY) ("Runway Growth" or the "Company"), a leading provider of flexible capital solutions to late-stage and growth companies seeking an alternative to raising equity, today announced its financial results for the fourth quarter and fiscal year ended December 31, 2021.

Fourth Quarter 2021 Highlights

- Net investment income ("NII") of $10.9 million, or $0.28 per share
- Annualized portfolio yield on debt investments of 14.0% for the quarter
- Six investments funded totaling $188.9 million across three new and three existing portfolio companies
- Aggregate proceeds of $94.1 million received from principal repayments, including normal amortization and prepayments
- $70 million raised through issuance of 4.25% unsecured senior notes due 2026; $20 million closed in December 2021, remaining $50 million closed in February 2022

2021 Fiscal Year Highlights

- Total investment portfolio at 12/31/2021 of $729.5 million at fair value
- NII of $44.5 million, or $1.12 per share
- Net asset value ("NAV") at 12/31/2021 of $606.2 million, or $14.65 per share
- Total investment fundings of $424.1 million: $239.5 million in 11 new portfolio companies and $184.6 million in 16 existing portfolio companies
- Total loan commitments and investment fundings of $1.45 billion and $1.18 billion, respectively, since Runway Growth's inception
- No credit losses and industry-leading low loss ratio of 20 basis points per year on a gross basis and 1 basis point per year on a net basis, based on cumulative commitments

"Runway Growth's strong financial results, record originations and industry leading low credit losses underscores the power of our proprietary underwriting process and disciplined approach to capital deployment," said David Spreng, Founder and CEO of Runway Growth. "2021 was a monumental year for Runway Growth as we entered the public market with a differentiated approach, targeting late-and growth-stage businesses through bespoke financing solutions to offer investors consistent yield while maximizing returns."

Spreng continued, "Runway Growth was conceived to be cycle resistant, so as we look into 2022 we will not only benefit from the rising rate environment, but we will thrive and continue to capitalize on industry tailwinds created from the historically strong momentum in the growth debt landscape. Further, Runway Growth is well positioned financially with $158.7 million in available liquidity placing us in an opportunistic position to cover unfunded commitments while expanding the platform. Our path is clear, and we have the utmost confidence that Runway will continue to execute against its overall strategy to thoughtfully deploy leverage to drive portfolio growth, empower management teams we believe in, while delivering long-term value to our shareholders."

Fourth Quarter 2021 Operating Results

Total investment income for the quarter ended December 31, 2021, was $17.6 million, compared to $16.8 million for the quarter ended December 31, 2020. The year-over-year improvement is primarily due to an increase in interest income on investments resulting from the new loans originated.

The Company's dollar-weighted annualized yield on average debt investments for the quarter ended December 31, 2021 and 2020 was 14.0% and 15.6%, 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 December 31, 2021 were $6.7 million, compared to $5.8 million for the quarter ended December 31, 2020. The increase was driven primarily by portfolio growth related expenses and costs associated with

becoming a public company.

Net investment income for the quarter ended December 31, 2021 was $10.9 million, or $0.28 per share, compared to $11.0 million, or $0.38 per share, for the quarter ended December 31, 2020.

For the quarter ended December 31, 2021, net realized gain on investments was up $8.2 million, compared to the fourth quarter ended December 31, 2020, driven by the liquidation of our common stock holdings in Ouster, Inc. for total proceeds of $8.8 million.

For the quarter ended December 31, 2021, net change in unrealized appreciation on investments was $0.1 million, compared to a net change in unrealized appreciation on investments of $9.7 million for the prior-year period, due to adjustments to the equity portfolio.

Portfolio and Investment Activity
As of December 31, 2021, Runway Growth's investment portfolio had an aggregate fair value of approximately $729.5 million and was comprised of approximately $635.9 million in term loans, 98% senior secured, and $48.6 million in warrants and equity-related investments in 39 portfolio companies.

During the fourth quarter of 2021, Runway Growth originated six investments totaling $216.1 million, including three investments in new portfolio companies and three new investments in existing portfolio companies.

Total portfolio investment activity for the three and twelve months ended December 31, 2021 and 2020 was as follows:

	Three Months Ended December 31,		Fiscal Year Ended December 31,	
	2021	2020	2021	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Beginning Investment Portfolio	$ 646,353,037	$ 520,103,329	$ 621,826,650	$ 467,981,699
Purchases of Investments[(1)]	187,978,307	132,178,403	427,437,188	276,222,542
Purchases of U.S. Treasury Bills	95,001,278	96,001,713	210,001,787	276,000,012
Amortization of Fixed Income Premiums or Accretion of Discounts	2,202,658	2,447,666	7,742,317	9,255,732
Sales or Repayments of Investments	(100,290,815)	(30,805,095)	(297,825,111)	(107,610,861)
Scheduled Principal Payments of Investments	(105,000)	3,179,492	(5,776,437)	(2,948,902)
Sales and Maturities of U.S. Treasury Bills	(109,999,821)	(110,998,491)	(234,998,939)	(305,983,755)
Realized Gain (Loss) on Investments	8,249,133	23,293	4,154,163	(5,347,409)
Net Change in Unrealized Appreciation (Depreciation) on Investments	127,497	9,696,340	(3,045,344)	14,257,592
Ending Investment Portfolio	$ 729,516,274	$ 621,826,650	$ 729,516,274	$ 621,826,650

1. Includes PIK interest.

Net Asset Value
As of December 31, 2021, NAV per share was $14.65, compared to $14.60 as of September 30, 2021. Total net assets at the end of the fourth quarter of 2021 were $606.2 million, compared to $504.2 million at the end of the prior period.

For the quarter ended December 31, 2021, net increase in net assets resulting from operations was $19.3 million, or $0.49 per share, compared to $10.2 million, or $0.31 per share, for the quarter ended September 30, 2021.

Liquidity and Capital Resources
As of December 31, 2021, the Company had approximately $158.7 million in available liquidity, including unrestricted cash and cash equivalents and $154.0 million in available borrowing capacity under the Company's credit facility, subject to existing terms, advance rates and regulatory and covenant requirements, excluding the deferred closing of the 4.25% unsecured notes. On December 10, 2021, Runway Growth agreed to issue $70 million of 4.25% Senior Notes due 2026 (the "2026 Senior Notes") pursuant to a Master Note Purchase Agreement to further strengthen the Company's liquidity position and fund portfolio growth. The first closing of $20 million 2026 Senior Notes closed on December 10, 2021 and the second closing of $50 million 2026 Senior Notes occurred on February 10, 2022.

The Company ended the quarter with a debt-to-equity leverage ratio of approximately 13.4%, compared to 16.0% for the quarter ended September 30, 2021.

Distributions
On February 24, 2022, the Company's board of directors declared a regular quarterly distribution of $0.27 per share for the first quarter of 2022, payable on March 22, 2022 to stockholders of record as of March 8, 2022. This dividend represents an increase

of 8.0% over the dividend declared in the prior quarter.

Recent Developments
On February 10, 2022, Runway Growth announced the $50 million second closing of its $70 million private placement of 2026 Senior Notes. The 2026 Senior Notes bear an interest rate of 4.25% per year, payable semiannually, and will mature on December 10, 2026.

On February 24, 2022, Runway Growth's board of directors approved a share repurchase program. Under the share repurchase program, Runway Growth may repurchase up to $25.0 million in the aggregate of its common stock in the open market until the earlier of (i) February 23, 2023 or (ii) the repurchase of $25.0 million in aggregate amount of the common stock.

Conference Call
Runway Growth will hold a conference call to discuss its fourth quarter and fiscal year ended December 31, 2021 financial results at 3:00 p.m. PT (6:00 p.m. ET) on Thursday, March 3, 2022.

To participate in the conference call, please dial (844) 467-7753 and reference conference ID 3790578. 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

	December 31, 2021	December 31, 2020
Assets		
Investments at fair value:		
Non-control/non-affiliate investments at fair value (cost of $647,448,895 and $532,676,057, respectively)	$ 655,384,403	$ 541,978,736
Control/affiliate investments at fair value (cost of $34,873,846 and $13,911,494, respectively)	29,130,371	9,845,854
Investment in U.S. Treasury Bills at fair value (cost of $45,001,250 and $70,001,472, respectively)	45,001,500	70,002,060
Total investments at fair value (cost of $727,323,991 and $616,589,023, respectively)	729,516,274	621,826,650
Cash and cash equivalents	4,696,693	14,886,246
Accrued interest receivable	2,368,680	2,682,405
Other accounts receivable	816,065	359,000
Prepaid and deferred expenses	949,768	137,096
Total assets	738,347,480	639,891,397
Liabilities		
Debt:		

Credit facilities	61,000,000	99,000,000
2026 Senior Notes	20,000,000	—
Deferred debt costs (net of accumulated amortization of $850,717 and $383,873, respectively)	(1,511,540)	(1,583,230)
Total debt, less unamortized deferred financing costs	79,488,460	97,416,770
Reverse repurchase agreement	44,774,963	69,650,000
Accrued incentive fees	6,010,250	5,007,065
Due to affiliate	221,243	143,515
Interest payable	249,247	468,014
Accrued expenses and other liabilities	1,408,826	962,348
Total liabilities	132,152,989	173,647,712
Commitments and contingencies (Note 3)		
Net assets		
Common stock, $0.01 par value; 100,000,000 shares authorized; 41,380,614 and 31,414,051 shares issued and outstanding, respectively	413,806	314,140
Additional paid-in capital	606,047,671	466,872,304
Distributable (losses)	(266,986)	(942,759)
Total net assets	$ 606,194,491	$ 466,243,685
Net asset value per share	$ 14.65	$ 14.84

Consolidated Statements of Operations

	Three Months Ended December 31,		Fiscal Year Ended December 31,	
	2021	**2020**	**2021**	**2020**
Investment income				
From non-control/non-affiliate:				
Interest income	$ 16,314,131	$ 14,834,435	$ 66,176,605	$ 51,591,420
Payment in-kind interest income	567,878	1,353,403	2,991,900	3,690,049
Other income	333,683	256,827	675,920	939,623
Interest income from U.S. Treasury Bills	—	47	713	17,223
Dividend income	364,004	343,755	1,395,269	1,354,714
Other income from non-investment sources	318	200	708	33,274
From control/affiliate:	—	—	—	—
Interest income	—	—	113,554	—
Payment in-kind interest income	—	—	3,786	—
Total investment income	17,580,014	16,788,667	71,358,455	57,626,303
Operating expenses				
Management fees	2,341,713	1,813,976	8,988,920	6,831,566
Incentive fees	2,733,348	2,388,749	9,231,830	7,260,656
Interest expense	251,320	468,953	2,553,901	1,064,150
Professional fees	130,165	237,161	1,281,776	1,156,550
Overhead allocation expense	171,345	170,421	826,605	677,958
Administration fee	159,005	137,496	579,365	515,891
Facility fees	145,797	224,868	1,593,085	735,674
Directors' fees	91,729	60,250	293,479	248,500
Tax expense	818	—	859	1,319
Other expenses	626,419	257,080	1,516,947	1,064,322
Total operating expenses	6,651,659	5,758,954	26,866,767	19,556,586
Net investment income	10,928,355	11,029,713	44,491,688	38,069,717
Realized and unrealized gain (loss) on investments				

Realized gain (loss) on non-control/non-affiliate investments, including U.S. Treasury Bills	8,249,131	23,293	4,172,366	(5,347,409)
Net change in unrealized appreciation (depreciation) on non-control/non-affiliate investments, including U.S. Treasury Bills	(5,252,072)	9,409,209	(16,231,219)	13,970,465
Net change in unrealized appreciation on control/affiliate investments	5,379,573	287,127	13,185,875	287,127
Net realized and unrealized gain on investments	8,376,632	9,719,629	1,127,022	8,910,183
Net increase in net assets resulting from operations	$ 19,304,987	$ 20,749,342	$ 45,618,710	$ 46,979,900
Net increase in net assets resulting from operations per common share	$ 0.49	$ 0.72	$ 1.15	$ 1.70
Net investment income per common share	$ 0.28	$ 0.38	$ 1.12	$ 1.38
Weighted-average shares outstanding	39,593,658	28,953,228	39,593,658	27,617,425