



Runway Growth Finance Corp. Reports First Quarter 2022 Financial Results

May 5, 2022

Achieves Record Total and Net Investment Income of \$19.3 and \$12.5 Million, Respectively

Increases Core Leverage Ratio of Portfolio to 26.1%

Grows Investment Portfolio to Record \$754.3 Million

Conference Call Today, Thursday, May 5 at 6:00 p.m. ET

WOODSIDE, Calif., May 05, 2022 (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 first quarter ended March 31, 2022.

First Quarter 2022 Highlights

- Total investment income of \$19.3 million
- Net investment income of \$12.5 million, or \$0.30 per share
- Total investment portfolio of \$754.3 million at fair value as of March 31, 2022
- Net asset value of \$14.45 per share as of March 31, 2022
- Dollar-weighted annualized yield on debt investments of 12.2% for the quarter
- Seven investments completed totaling \$135.0 million in new commitments including \$83.5 million in funded loans
- Aggregate proceeds of \$8.4 million received from principal repayments inclusive of interest, fees and proceeds from the exercise and sale of warrants
- Declared second quarter dividend of \$0.30 per share, up 11% quarter over quarter
- Subsequent to quarter end, amended, extended and upsized KeyBank facility borrowing capacity to \$225 million

"Runway Growth had a record start to 2022, marked by continued strategic execution and robust portfolio growth," said David Spreng, Founder and CEO of Runway Growth. "We made significant progress increasing leverage, which is fundamental to increasing return on equity for shareholders. Our credit quality continues to be very strong and improved for a third consecutive quarter, which we believe differentiates our portfolio as the lowest risk portfolio in the venture debt space while providing a stable and attractive return for our shareholders."

Spreng continued, "The recent volatility in the equity capital markets combined with other macroeconomic headwinds has created a unique opportunity for the venture lending industry, and we will continue our credit-first approach as we pursue these opportunities. We have substantial availability under our revolving credit facility and intend to further increase its size to enhance our available capital, positioning Runway Growth to meet the increasing demand from late- and growth-stage companies for non-dilutive expansion capital."

First Quarter 2022 Operating Results

Total investment income for the quarter ended March 31, 2022, was \$19.3 million, compared to \$16.4 million for the quarter ended March 31, 2021. The year-over-year improvement is primarily due to an increase in interest income on investments resulting from the new loans originated.

Net investment income for the quarter ended March 31, 2022 was \$12.5 million, or \$0.30 per share, compared to \$11.5 million, or \$0.36 per share, for the quarter ended March 31, 2021.

The Company's dollar-weighted annualized yield on average debt investments for the quarter ended March 31, 2022 and 2021 was 12.2% and 13.5%, 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 March 31, 2022 were \$6.8 million, compared to \$4.9 million for the quarter ended March 31, 2021. The increase was driven by an increase in debt financing fees due to the Company's increased leverage and fees incurred pertaining to amendments to the KeyBank credit facility that have resulted in more favorable terms.

Net realized loss on investments for the quarter ended March 31, 2022, was \$0.4 million, compared to \$0.2 million for the quarter ended March 31, 2021.

For the quarter ended March 31, 2022, net change in unrealized depreciation on investments was \$9.2 million, compared to a net

change in unrealized depreciation on investments of \$1.9 million for the prior year period, due to the decline in value of our equity portfolio.

Portfolio and Investment Activity

As of March 31, 2022, Runway Growth's investment portfolio had an aggregate fair value of approximately \$754.3 million and was comprised of approximately \$711.6 million in term loans, of which 98% were senior secured loans, and \$42.7 million in warrants and equity-related investments in 40 portfolio companies.

During the first quarter of 2022, Runway Growth originated seven investments totaling \$135.0 million in commitments and \$83.5 million in funded loans, including two investments in new portfolio companies and five new investments in existing portfolio companies.

Total portfolio investment activity for the three months ended March 31, 2022 and 2021 was as follows:

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	(unaudited)
Beginning Investment Portfolio	\$ 729,516,274	\$ 621,826,650
Purchases of Investments ⁽¹⁾	86,856,674	54,844,031
Purchases of U.S. Treasury Bills	—	24,999,969
Amortization of Fixed Income Premiums or Accretion of Discounts	2,824,612	2,171,173
Sales or Repayments of Investments	(9,878,071)	(14,500,000)
Scheduled Principal Payments of Investments	(423,570)	(2,066,442)
Sales and Maturities of U.S. Treasury Bills	(44,999,747)	(69,999,183)
Realized Gain (Loss) on Investments	(371,262)	(217,427)
Net Change in Unrealized Appreciation (Depreciation) on Investments	(9,235,540)	(1,911,181)
Ending Investment Portfolio	\$ 754,289,370	\$ 615,147,590

1. Includes PIK interest.

Net Asset Value

As of March 31, 2022, NAV per share was \$14.45, compared to \$14.65 as of December 31, 2021. Total net assets at the end of the first quarter of 2022 were \$597.5 million, compared to \$606.2 million at the end of the prior period.

For the quarter ended March 31, 2022, net increase in net assets resulting from operations was \$2.9 million, or \$0.07 per share, compared to \$9.4 million, or \$0.30 per share, for the quarter ended March 31, 2021.

Liquidity and Capital Resources

As of March 31, 2022, the Company had approximately \$132.5 million in available liquidity, including \$3.5 million in unrestricted cash and cash equivalents and \$129.0 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.

The Company ended the quarter with a core leverage ratio of approximately 26.1%, compared to 13.4% for the quarter ended December 31, 2021.

Recent Developments

On April 20, 2022, the Company amended its revolving credit facility with KeyBank to, among other things, extend the reinvestment period to April 20, 2025, extend the maturity date to April 20, 2026, calculate the interest rate based on SOFR, increase the maximum borrowing capacity from \$215 million to \$225 million, and increase the accordion amount from a \$350 million to a \$500 million maximum aggregate commitment.

On April 29, 2022, the Company's board of directors declared a regular quarterly distribution of \$0.30 per share for the second quarter of 2022, payable on May 24, 2022 to stockholders of record as of May 10, 2022. This dividend represents an increase of 11.0% over the dividend declared in the prior quarter.

Conference Call

Runway Growth will hold a conference call to discuss its first quarter 2022 financial results at 3:00 p.m. PT (6:00 p.m. ET) on Thursday, May 5, 2022.

To participate in the conference call, please dial (844) 467-7753 and reference conference ID 5457314. A live 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- and growth-stage 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, as amended. 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, as well as market volatility resulting from the conflict between Russia and Ukraine and the sanctions and other restrictive actions taken by the U.S. and other countries against Russia. 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. Statements of Assets and Liabilities

	March 31, 2022 (unaudited)	December 31, 2021
Assets		
Investments at fair value:		
Non-control/non-affiliate investments at fair value (cost of \$717,860,031 and \$647,448,895, respectively)	\$ 720,631,899	\$ 655,384,403
Affiliate investments at fair value (cost of \$5,051,235 and \$0, respectively)	2,894,693	—
Control investments at fair value (cost of \$38,421,361 and \$34,873,847, respectively)	30,762,778	29,130,371
Investment in U.S. Treasury Bills at fair value (cost of \$0 and \$45,001,250, respectively)	—	45,001,500
Total investments at fair value (cost of \$761,332,627 and \$727,323,992, respectively)	754,289,370	729,516,274
Cash and cash equivalents	3,510,311	4,696,693
Accrued interest receivable	3,153,903	2,368,680
Other accounts receivable	466,588	816,065
Prepaid and deferred expenses	677,472	949,768
Total assets	762,097,644	738,347,480
Liabilities		
Debt:		
Credit facilities	86,000,000	61,000,000
2026 Senior Notes	70,000,000	20,000,000
Deferred debt costs (net of accumulated amortization of \$1,006,847 and \$855,295, respectively)	(1,878,658)	(1,511,540)
Total debt, less unamortized deferred debt costs	154,121,342	79,488,460
Deferred revenue	3,184,932	—

Reverse repurchase agreement	—	44,774,963
Accrued incentive fees	4,860,738	6,010,250
Due to affiliate	194,748	221,243
Interest payable	923,875	249,247
Accrued expenses and other liabilities	1,346,317	1,408,826
Total liabilities	164,631,952	132,152,989

Commitments and contingencies (Note 3)

Net assets

Common stock, \$0.01 par value; 100,000,000 shares authorized; 41,348,832 and 41,380,614 shares issued and outstanding, respectively	413,488	413,806
Additional paid-in capital	605,638,766	606,047,671
Distributable (losses)	(8,586,562)	(266,986)
Total net assets	\$ 597,465,692	\$ 606,194,491
Net asset value per share	\$ 14.45	\$ 14.65

Runway Growth Finance Corp.
Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Investment income		
From non-control/non-affiliate investments:		
Interest income	\$ 16,762,673	\$ 15,020,565
Payment in-kind interest income	1,006,233	944,031
Other income	189,984	114,292
Interest income from U.S. Treasury Bills	—	10
Dividend income	385,418	343,755
From affiliate investments:		
Payment in-kind interest income	89,602	—
From control investments:		
Interest income	494,322	—
Payment in-kind interest income	330,411	—
Other income from non-investment sources	255	120
Total investment income	19,258,898	16,422,773
Operating expenses		
Management fees	2,559,936	2,069,209
Incentive fees	1,343,996	975,704
Interest expense	873,486	727,915
Professional fees	359,806	321,592
Overhead allocation expense	236,972	197,384
Insurance expense	268,618	23,275
Administration fee	168,573	148,100
Debt financing fees	705,965	289,985
Directors' fees	88,500	64,750
Tax expense	250	—
Other expenses	192,903	123,127
Total operating expenses	6,799,005	4,941,041
Net investment income	12,459,893	11,481,732
Realized and unrealized gain (loss) on investments		
Realized gain (loss) on non-control/non-affiliate investments, including U.S. Treasury Bills	(371,262)	(199,223)
Net change in unrealized appreciation (depreciation) on non-control/non-affiliate investments, including U.S. Treasury Bills	(4,154,673)	(2,438,265)
Net change in unrealized appreciation (depreciation) on affiliate investments	(3,165,759)	—

Net change in unrealized appreciation (depreciation) on control investments	(1,915,108)	527,084
Net realized and unrealized gain (loss) on investments	(9,606,802)	(2,110,404)
Net increase in net assets resulting from operations	\$ 2,853,091	\$ 9,371,328
Net increase in net assets resulting from operations per common share	\$ 0.07	\$ 0.30
Net investment income per common share	\$ 0.30	\$ 0.36
Weighted-average shares outstanding	41,375,187	31,505,254