Runway Growth Finance Corp. Reports Third Quarter 2022 Financial Results

November 3, 2022

Delivered Record Total and Net Investment Income of $27.3 and $14.5 Million, Respectively
Increased Core Leverage Ratio of Portfolio to 60%
Grew Investment Portfolio to Record $910.2 Million
Conference Call Today, Thursday, November 3 at 6:00 p.m. ET

WOODSIDE, Calif., Nov. 03, 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 third quarter ended September 30, 2022.

Third Quarter 2022 Highlights

- Total investment income of $27.3 million
- Net investment income of $14.5 million, or $0.36 per share
- Total investment portfolio of $910.2 million at fair value
- Net asset value of $14.12 per share
- Dollar-weighted annualized yield on debt investments of 14.4% for the quarter
- Nine investments completed in new and existing portfolio companies totaling $216.0 million in new commitments including $161.0 million in funded loans
- Aggregate proceeds of $55.0 million received from principal repayments
- Declared fourth quarter dividend of $0.36 per share, up 9% quarter over quarter

"Runway Growth delivered its third consecutive record quarter, driven by our team's disciplined execution against our strategic initiatives," said David Spreng, Founder and CEO of Runway Growth. "Our success speaks to the value of our credit-driven investment process, which provides the downside protection of debt with the potential for the upside of equity."

Spreng continued, "Runway Growth's weatherproof platform is well positioned with the strongest pipeline we have seen to date. We will continue to serve companies that are embracing venture debt as a vehicle for growth. As we approach year end, the Runway team remains focused on generating prudent portfolio growth through deploying leverage to enhance long-term shareholder value."

Third Quarter 2022 Operating Results

Total investment income for the quarter ended September 30, 2022 was $27.3 million, compared to $18.6 million for the quarter ended September 30, 2021. This year-over-year growth demonstrates the demand for the company's creative financing solutions.

Net investment income for the quarter ended September 30, 2022 was $14.5 million, or $0.36 per share, compared to $10.7 million, or $0.32 per share, for the quarter ended September 30, 2021.

The Company's dollar-weighted annualized yield on average debt investments for the quarter ended September 30, 2022 was 14.4%. 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, 2022 were $12.8 million, compared to $7.9 million for the quarter ended September 30, 2021. The increase was driven by growing management fees, incentive fees, interest expenses as well as expenses related to being a public company.

Net realized gain on investments for the quarter ended September 30, 2022 was $0.4 million, compared to a net realized gain of $0.7 million for the quarter ended September 30, 2021.

For the quarter ended September 30, 2022, net change in unrealized depreciation on investments was $3.2 million, compared to a net change in unrealized depreciation on investments of $1.2 million for the comparable prior year period, due to the decline in fair value of the company's loan to Pivot3 and public equity holding in FiscalNote.

Portfolio and Investment Activity

As of September 30, 2022, Runway Growth's investment portfolio had an aggregate fair value of approximately $910.2 million and was comprised of approximately $875.9 million in term loans, 98% of which are senior secured loans, and $34.2 million in warrants and equity-related investments in 43 portfolio companies.

During the third quarter of 2022, Runway Growth originated nine investments totaling $216.0 million in commitments, including $161.0 million in funded loans, as well as two investments in new portfolio companies and seven new investments in existing portfolio companies.

Total portfolio investment activity for the three and nine months ended September 30, 2022, and 2021 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Beginning Investment Portfolio	$ 807,728,604	$ 617,617,043	$ 729,516,274	$ 621,826,650
Purchases of Investments[1]	160,562,001	103,788,323	399,164,647	239,458,881
Purchases of U.S. Treasury Bills	—	60,000,660	—	115,000,509
Amortization of Fixed Income Premiums or Accretion of Discounts	1,004,909	1,879,221	4,575,984	5,539,659
Sales or Repayments of Investments	(56,351,393)	(102,817,182)	(143,144,652)	(197,534,296)
Scheduled Principal Payments of Investments	—	(3,605,000)	(7,265,675)	(5,671,437)
Sales and Maturities of U.S. Treasury Bills	—	(29,999,956)	(44,999,747)	(124,999,118)
Realized Gain (Loss) on Investments	406,917	718,310	939,377	(4,094,970)
Net Change in Unrealized Appreciation (Depreciation) on Investments	(3,182,093)	(1,228,382)	(28,617,263)	(3,172,841)
Ending Investment Portfolio	**$ 910,168,945**	**$ 646,353,037**	$ **910,168,945**	$ **646,353,037**

1. Includes PIK interest.

Net Asset Value

As of September 30, 2022, net asset value (“NAV’”) per share was $14.12, compared to $14.14 as of June 30, 2022. Total net assets at the end of the third quarter of 2022 were $573.7 million, up 14% from $504.2 million in the prior year period.

For the quarter ended September 30, 2022, net increase in net assets resulting from operations was $11.7 million, or $0.29 per share, compared to a net increase of $10.2 million, or $0.31 per share, for the quarter ended September 30, 2021.

Liquidity and Capital Resources

As of September 30, 2022, the Company had approximately $255.8 million in available liquidity, including unrestricted cash and cash equivalents, and $250 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 core leverage ratio of approximately 60.0, compared to 40.2% for the quarter ended June 30, 2022.

Distributions

On October 27, 2022, the Company’s board of directors declared a regular quarterly distribution of $0.36 per share for the fourth quarter of 2022, payable on November 22, 2022, to stockholders of record as of November 8, 2022. This dividend represents an increase of 9% over the dividend declared in the prior quarter.

Conference Call
Runway Growth will hold a conference call to discuss its third quarter 2022 financial results at 3:00 p.m. PT (6:00 p.m. ET) on Thursday, November 3, 2022. To participate in the conference call or webcast, participants should register online at the Runway Investor Relations website. The earnings call can also be accessed through the following links:

- Conference Call
- Webcast

A live webcast will be available in the investor section of the Company’s website , 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. 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.

IR Contacts:
Stefan Norbom, Prosek Partners, snorbom@prosek.com
Thomas B. Raterman, Chief Financial Officer and Chief Operating Officer, tr@runwaygrowth.com

Runway Growth Finance Corp.
Statements of Assets and Liabilities

	September 30, 2022	December 31, 2021
	(unaudited)	
Assets		
Investments at fair value:		
Non-control/non-affiliate investments at fair value (cost of $910,870,337 and $647,448,895, respectively)	$ 903,521,674	$ 655,384,403
Affiliate investments at fair value (cost of $4,551,235 and $0, respectively)	2,180,230	—
Control investments at fair value (cost of $21,172,353 and $34,873,846, respectively)	4,467,041	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 $936,593,925 and $727,323,991, respectively)	910,168,945	729,516,274
Cash and cash equivalents	5,774,074	4,696,693
Accrued interest receivable	4,402,598	2,368,680
Other accounts receivable	1,823,611	816,065
Prepaid expenses	99,507	949,768
Total assets	**922,268,735**	**738,347,480**
Liabilities		
Debt:		
Credit facilities, net	170,009,357	59,864,489
2026 Notes, net	69,130,314	19,623,971
2027 Notes, net	97,405,095	—
Total debt, less unamortized deferred debt costs	336,544,766	79,488,460
Reverse repurchase agreement	—	44,774,963
Accrued incentive fees	7,188,966	6,010,250
Due to affiliate	261,180	221,243
Interest payable	3,195,407	249,247
Accrued expenses and other liabilities	1,418,045	1,408,826
Total liabilities	**348,608,364**	**132,152,989**
Net assets		
Common stock, par value	413,806	413,806
Additional paid-in capital	606,063,671	606,047,671
Distributable (losses)	(23,515,173)	(266,986)
Treasury stock	(9,301,933)	—
Total net assets	**$ 573,660,371**	**$ 606,194,491**
Shares of common stock outstanding ($0.01 par value, 100,000,000 shares authorized)	40,635,858	41,380,614
Net asset value per share	$ 14.12	$ 14.65

Runway Growth Finance Corp.
Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Investment income				
From non-control/non-affiliate investments:				
Interest income	$ 25,365,328.00	$ 16,732,069.00	$ 61,749,677.00	$ 47,542,136.00
Payment in-kind interest income	1,199,498.00	434,464.00	3,248,563.00	2,424,022.00
Dividend income	317,674.00	343,755.00	1,020,766.00	1,031,265.00
Fee income	445,399.00	982,190.00	1,519,292.00	2,663,160.00
From affiliate investments:				
Interest income	—	—	4,654	—
Payment in-kind interest income	—	—	96,291	—
Fee income	—	—	8,311	—
From control investments:				
Interest income	—	113,554	1,112,421	113,554
Payment in-kind interest income	—	3,786	2,984,450	3,786
Other income	805	248	1,268	517
Total investment income	**27,328,704**	**18,610,066**	**71,745,693**	**53,778,440**
Operating expenses				
Management fees	3,065,581	2,301,656	8,487,820	6,647,207
Incentive fees	3,625,686	2,686,475	8,590,821	6,498,482
Interest expense	3,588,289	812,852	6,070,906	2,302,582
Professional fees	720,115	612,854	1,968,036	1,433,360
Overhead allocation expense	258,191	249,141	713,457	655,260
Insurance expense	268,806	23,087	806,042	69,638
Administration fee	161,245	179,500	497,896	420,360
Debt financing fees	794,124	738,087	2,226,658	1,447,288
Directors' fees	90,727	67,750	261,727	201,750
Tax expense	—	—	1,073	41
Other expenses	258,991	197,540	685,841	539,142
Total operating expenses	12,831,755	7,868,942	30,310,277	20,215,110
Net investment income	**14,496,949**	**10,741,124**	**41,435,416**	**33,563,330**
Realized and unrealized gain (loss) on investments				
Realized gain (loss) on non control/non-affiliate investments, including U.S. Treasury Bills	406,917	718,310	939,442	(4,076,766)
Realized gain (loss) on control investments	—	—	(65)	—
Net realized gain (loss) on investments	406,917	718,310	939,377	(4,076,766)
Net change in unrealized appreciation (depreciation) on non-control/non-affiliate investments, including U.S. Treasury Bills	(1,956,044)	(6,857,594)	(14,275,206)	(10,979,143)
Net change in unrealized appreciation (depreciation) on affiliate investments	(171,789)	—	(3,380,221)	—
Net change in unrealized appreciation (depreciation) on control investments	(1,054,260)	5,629,212	(10,961,836)	7,806,302
Net change in unrealized appreciation (depreciation) on investments and U.S. Treasury Bills	**(3,182,093)**	**(1,228,382)**	**(28,617,263)**	**(3,172,841)**
Net increase (decrease) in net assets resulting from operations	**$ 11,721,773**	**10,231,052**	**$ 13,757,530**	**$ 26,313,723**
Net increase in net assets resulting from operations per common share	$ 0.29	0.31	$ 0.33	$ 0.81

Net investment income per common share	$ 0.36	0.32	$ 1.01	$ 1.04
Weighted-average shares outstanding	40,774,154	33,160,481	41,119,467	32,360,107