



Runway Growth Finance Corp. Reports Fourth Quarter and Fiscal Year Ended 2022 Financial Results

March 2, 2023

Delivered Record Quarterly and Annual Net Investment Income of \$18.4 and \$59.8 Million, Respectively

Increased Core Leverage Ratio of Portfolio to 97%

Grew Investment Portfolio to Record \$1.1 Billion

Conference Call Today, Thursday, March 2 at 6:00 p.m. ET

WOODSIDE, Calif., March 02, 2023 (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 fourth quarter and fiscal year ended December 31, 2022.

Fourth Quarter 2022 Highlights

- Total investment income of \$36.8 million
- Net investment income of \$18.4 million, or \$0.45 per share
- Net asset value of \$14.22 per share
- Dollar-weighted annualized yield on debt investments of 15.5% for the quarter
- 12 investments completed in new and existing portfolio companies totaling \$327.0 million in new commitments including \$232.6 million in funded loans
- Aggregate proceeds of \$16.0 million received from principal repayments
- Declared first quarter 2023 dividend of \$0.40 per share, up 11% quarter over quarter
- Declared a first quarter 2023 supplemental dividend of \$0.05 per share

2022 Fiscal Year Highlights

- Total investment portfolio at year-end 2022 of \$1.1 billion at fair value
- Net investment income of \$59.8 million, or \$1.46 per share
- Net asset value ("NAV") at 12/31/2022 of \$576.1 million, or \$14.22 per share
- Total investment fundings of \$628.8 million: \$401.1 million in 14 new portfolio companies and \$227.7 million in 12 existing portfolio companies
- No credit losses and industry-leading low credit loss ratio of 6 basis points per year on a gross basis and 1 basis point per year on a net (debt and equity) basis, based on cumulative commitments

"Runway Growth delivered its fifth consecutive record quarter, which we believe validates our investment strategy in high quality, late-stage companies," said David Spreng, Founder and CEO of Runway Growth. "During 2022, Runway continued to prudently deploy leverage achieving its objective range, to unlock increasingly attractive shareholder returns while fueling minimally dilutive growth for our portfolio companies."

Spreng continued, "Runway Growth's success speaks to the value of our differentiated and durable model that offers sustainable yield despite market volatility. Increasingly, later-stage companies are turning to Runway Growth to embrace debt as minimally dilutive growth capital as the cost differential between equity expands. Looking to 2023, our funnel remains robust and Runway Growth is confident in our disciplined strategy to drive earnings and long-term shareholder value."

Fourth Quarter 2022 Operating Results

Total investment income for the quarter ended December 31, 2022 was \$36.8 million, compared to \$17.6 million for the quarter ended December 31, 2021. The year-over-year improvement is primarily due to portfolio growth and an increase in interest income on investments resulting from the new loans originated.

Net investment income for the quarter ended December 31, 2022 was \$18.4 million, or \$0.45 per share, compared to \$10.9 million, or \$0.28 per share, for the quarter December 31, 2021.

The Company's dollar-weighted annualized yield on average debt investments for the quarter ended December 31, 2022 was 15.5%. 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, 2022 were \$18.4 million, compared to \$6.7 million for the quarter ended December 31, 2021. The increase was driven by growing management fees, incentive fees and interest expenses.

Net realized loss on investments for the quarter ended December 31, 2022 was \$2.0 million, compared to a net realized gain of \$8.2 million for the quarter ended December 31, 2021.

For the quarter ended December 31, 2022, net change in unrealized appreciation on investments was \$2.1 million, compared to \$0.1 million for the

comparable prior year period, due to the increase in fair value of our equity portfolio.

Portfolio and Investment Activity

As of December 31, 2022, Runway Growth's investment portfolio had an aggregate fair value of approximately \$1,126 million and was comprised of approximately \$1,094 million in term loans, 99% of which are senior secured loans, and \$32.5 million in warrants and equity-related investments in 43 portfolio companies.

During the fourth quarter of 2022, Runway Growth originated 12 investments totaling \$327.0 million in commitments, including \$232.6 million in funded loans, as well as six investments in new portfolio companies and six new investments in existing portfolio companies.

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

	Three Months Ended December 31,		Fiscal Year Ended December 31,	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Beginning Investment Portfolio	\$ 910,169	\$ 646,353	\$ 729,516	\$ 621,827
Purchases of Investments	229,883	187,410	622,719	424,441
Purchases of U.S. Treasury Bills	—	95,002	—	210,002
PIK interest	2,326	568	8,655	2,996
Amortization of Fixed Income Premiums or Accretion of Discounts	2,287	2,202	6,863	7,742
Sales or Repayments of Investments	(16,000)	(100,291)	(159,144)	(297,825)
Scheduled Principal Payments of Investments	(2,488)	(105)	(9,754)	(5,777)
Sales and Maturities of U.S. Treasury Bills	—	(110,000)	(45,000)	(234,999)
Net realized Gain (Loss) on Investments	(2,000)	8,249	(1,061)	4,154
Net Change in Unrealized Appreciation (Depreciation) on Investments	2,132	128	(26,485)	(3,045)
Ending Investment Portfolio	\$ 1,126,309	\$ 729,516	\$ 1,126,309	\$ 729,516

Net Asset Value

As of December 31, 2022, net asset value ("NAV") per share was \$14.22, compared to \$14.12 as of September 30, 2022. Total net assets at the end of the fourth quarter of 2022 were \$576.1 million, down 5% from \$606.2 million in the prior year period.

For the quarter ended December 31, 2022, net increase in net assets resulting from operations was \$18.5 million, or \$0.46 per share, compared to a net increase of \$19.3 million, or \$0.49 per share, for the quarter ended December 31, 2021.

Liquidity and Capital Resources

As of December 31, 2022, the Company had approximately \$93.8 million in available liquidity, including unrestricted cash and cash equivalents, and \$88 million in available borrowing capacity under the Company's credit facility, subject to existing terms, advance rates and regulatory and covenant requirements. Subsequent to quarter end, we increased our credit facility by \$50 million, bringing our total available liquidity to \$143.8 million, including unrestricted cash and cash equivalents, and borrowing capacity of 138 million under our credit facility and our aggregate facility commitment to \$475 million.

The Company ended the quarter with a core leverage ratio of approximately 97%, compared to 60% for the quarter ended September 30, 2022.

Distributions

On February 23, 2023, the Company's board of directors declared a regular quarterly distribution of \$0.40 per share for the first quarter of 2023, payable on March 21, 2023, to stockholders of record as of March 7, 2023. This dividend represents an increase of 11% over the dividend declared in the prior quarter. In addition, the Board of Directors declared a supplemental dividend of \$0.05 per share for the first quarter of 2023 that is also payable on March 21, 2023, to stockholders of record as of March 7, 2023. Runway Growth intends to declare and pay a similar supplemental dividend for each subsequent fiscal quarter during 2023, subject to future approval by the Board of Directors.

Conference Call

Runway Growth will hold a conference call to discuss its fourth quarter and fiscal year ended December 31, 2022 financial results at 3:00 p.m. PT (6:00 p.m. ET) on Thursday, March 2, 2023. 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.
Consolidated Statements of Assets and Liabilities
(In thousands, except share and per share data)

	December 31, 2022	December 31, 2021
Assets		
Investments at fair value:		
Non-control/non-affiliate investments at fair value (cost of \$1,126,879 and \$647,449, respectively)	\$ 1,114,935	\$ 655,384
Affiliate investments at fair value (cost of \$4,551 and \$0, respectively)	2,084	—
Control investments at fair value (cost of \$19,172 and \$34,874, respectively)	9,290	29,131
Investment in U.S. Treasury Bills at fair value (cost of \$0 and \$45,001, respectively)	—	45,001
Total investments at fair value (cost of \$1,150,602 and \$727,324, respectively)	1,126,309	729,516
Cash and cash equivalents	5,761	4,697
Accrued interest receivable	6,741	2,369
Other assets	2,955	1,766
Total assets	1,141,766	738,348
Liabilities		
Debt:		
Credit facilities	337,000	61,000
2026 Notes	70,000	20,000
2027 Notes	152,250	—
Unamortized deferred debt costs	(10,293)	(1,511)
Total debt, less unamortized deferred debt costs	548,957	79,489
Reverse repurchase agreement	—	44,775
Incentive fees payable	8,808	6,010
Interest payable	6,221	249
Accrued expenses and other liabilities	1,728	1,630
Total liabilities	565,714	132,153
Commitments and contingencies (Note 3)		
Net assets		
Common stock, par value	414	414
Additional paid-in capital	605,774	606,048
Distributable (losses)	(19,320)	(267)
Treasury Stock	(10,816)	—
Total net assets	\$ 576,052	\$ 606,195
Shares of common stock outstanding (\$0.01 par value, 100,000,000 shares authorized)	40,509,269	41,380,614
Net asset value per share	\$ 14.22	\$ 14.65

Runway Growth Finance Corp.
Consolidated Statements of Operations
(In thousands, except share and per share data)

Three Months Ended December		Fiscal Year Ended December	
31,		31,	
2022	2021	2022	2021

Investment income

From non-control/non-affiliate investments:

Interest income	\$ 33,515	\$ 15,684	\$ 95,264	\$ 63,226
Payment in-kind interest income	2,310	568	5,558	2,992
Dividend income	318	364	1,338	1,395
Fee Income	664	964	2,184	3,627

From affiliate investments:

Interest income	—	—	5	—
Payment in-kind interest income	—	—	96	—
Fee Income	—	—	8	—

From control investments:

Interest income	—	—	1,112	113
Payment in-kind interest income	—	—	2,985	4
Other income	—	—	2	1

Total investment income

	<u>36,807</u>	<u>17,580</u>	<u>108,552</u>	<u>71,358</u>
--	---------------	---------------	----------------	---------------

Operating expenses

Management fees	3,394	2,342	11,882	8,989
Incentive fees	4,592	2,733	13,183	9,232
Interest expense	7,685	251	13,756	2,554
Professional fees	745	329	2,815	1,844
Overhead allocation expense	307	172	1,020	827
Insurance expense	210	270	1,016	339
Administration fee	160	159	658	579
Debt financing fees	779	150	3,005	1,638
Directors' fees	91	92	352	293
Tax expense	290	—	291	1
Other expenses	194	154	778	570

Total operating expenses

	<u>18,447</u>	<u>6,652</u>	<u>48,756</u>	<u>26,866</u>
--	---------------	--------------	---------------	---------------

Net investment income

	<u>18,360</u>	<u>10,928</u>	<u>59,796</u>	<u>44,492</u>
--	---------------	---------------	---------------	---------------

Realized and unrealized gain (loss) on investments

Realized gain (loss) on non-control/non-affiliate investments, including U.S. Treasury Bills

	—	8,249	939	4,172
--	---	-------	-----	-------

Realized gain (loss) on control investments

	<u>(2,000)</u>	<u>—</u>	<u>(2,000)</u>	<u>—</u>
--	----------------	----------	----------------	----------

Net realized gain (loss) on investments

	<u>(2,000)</u>	<u>8,249</u>	<u>(1,061)</u>	<u>4,172</u>
--	----------------	--------------	----------------	--------------

Net change in unrealized appreciation (depreciation) on non control/non-affiliate investments, including U.S. Treasury Bills

	<u>(4,594)</u>	<u>(5,252)</u>	<u>(18,870)</u>	<u>(16,231)</u>
--	----------------	----------------	-----------------	-----------------

Net change in unrealized appreciation (depreciation) on affiliate investments

	<u>(97)</u>	<u>—</u>	<u>(3,476)</u>	<u>—</u>
--	-------------	----------	----------------	----------

Net change in unrealized appreciation (depreciation) on control investments

	<u>6,823</u>	<u>5,380</u>	<u>(4,139)</u>	<u>13,186</u>
--	--------------	--------------	----------------	---------------

Net change in unrealized appreciation (depreciation) on investments and U.S. Treasury Bills

	<u>2,132</u>	<u>128</u>	<u>(26,485)</u>	<u>(3,045)</u>
--	--------------	------------	-----------------	----------------

Net realized and unrealized gain on investments

	<u>132</u>	<u>8,377</u>	<u>(27,546)</u>	<u>1,127</u>
--	------------	--------------	-----------------	--------------

Net increase in net assets resulting from operations

	<u>\$ 18,492</u>	<u>\$ 19,305</u>	<u>\$ 32,250</u>	<u>\$ 45,619</u>
--	------------------	------------------	------------------	------------------

Net increase in net assets resulting from operations per common share

	\$ 0.46	\$ 0.49	\$ 0.79	\$ 1.33
--	---------	---------	---------	---------

Net investment income per common share

	\$ 0.45	\$ 0.28	\$ 1.46	\$ 1.30
--	---------	---------	---------	---------

Weighted-average shares outstanding

	40,531,403	39,593,658	40,971,242	34,183,358
--	------------	------------	------------	------------