Runway Growth Finance Corp. Reports First Quarter 2023 Financial Results

May 9, 2023

Delivered Total and Net Investment Income of $39.3 and $18.2 Million, Respectively

Increased Core Leverage Ratio of Portfolio to 104%

Investment Portfolio of $1.1 Billion

Conference Call Today, Tuesday, May 9 at 5:00 p.m. ET

WOODSIDE, Calif., May 09, 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 first quarter ended March 31, 2023.

First Quarter 2023 Highlights

- Total investment income of $39.3 million
- Net investment income of $18.2 million, or $0.45 per share
- Net asset value of $14.07 per share
- Dollar-weighted annualized yield on debt investments of 15.2% for the quarter
- Seven investments completed in existing portfolio companies, representing $12.9 million in funded loans
- Aggregate proceeds of $10.2 million received from principal repayments
- Declared second quarter 2023 regular dividend of $0.40 per share
- Declared second quarter 2023 supplemental dividend of $0.05 per share

"Runway Growth demonstrated the power of its weatherproof portfolio focused on the latest-stage companies in recession resistant industries during the first quarter of 2023," said David Spreng, Founder and CEO of Runway Growth. "Runway's model is powered by our seasoned team members, who have the deep sector knowledge and experience to operate in this period of macroeconomic volatility. Our team has built what we believe to be the most stable portfolio in the venture debt space, and we are confident in our ability to grow earnings and strategically expand our portfolio in the quarters to come."

Spreng continued, "Our concentration in senior secured and first lien loans is key to our ability to minimize losses, protect our investors, and position Runway Growth as a preferred lender. Our team remains focused on delivering attractive risk-adjusted returns for our shareholders."

First Quarter 2023 Operating Results
Total investment income for the quarter ended March 31, 2023 was $39.3 million, compared to $19.2 million for the quarter ended March 31, 2022.

Net investment income for the quarter ended March 31, 2023 was $18.2 million, or $0.45 per share, compared to $12.5 million, or $0.30 per share, for the quarter ended March 31, 2022.

The Company's dollar-weighted annualized yield on average debt investments for the quarter ended March 31, 2023 was 15.2%. 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, 2023 were $21.1 million, compared to $6.8 million for the quarter ended March 31, 2022. The increase was driven by growing management fees, incentive fees and interest expenses.

Net realized loss on investments for the quarter ended March 31, 2023 was $1.2 million, compared to $0.4 million for the quarter ended March 31, 2022.

For the quarter ended March 31, 2023, net change in unrealized depreciation on investments was $5.1 million, compared to $9.2 million for the comparable prior year period.

Portfolio and Investment Activity
As of March 31, 2023, Runway Growth's investment portfolio had an aggregate fair value of approximately $1,125 million and was comprised of approximately $1,074 million in term loans, 99% of which are senior secured loans, and $51 million in warrants and equity-related investments in 49 portfolio companies.

During the first quarter of 2023, Runway Growth completed seven investments in existing portfolio companies, representing $12.9 million in funded loans.

Total portfolio investment activity for the three months ended March 31, 2023 was as follows:

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	(unaudited)
Beginning Investment Portfolio	$ 1,126,309	$ 729,516
Purchases of Investments	12,871	85,520
Purchases of U.S. Treasury Bills	34,974	—
PIK interest	3,755	1,337
Sales or Repayments of Investments	(10,192)	(9,878)
Scheduled Principal Payments of Investments	(4,007)	(424)
Sales and Maturities of U.S. Treasury Bills	—	(45,000)
Net realized Gain (Loss) on Investments	(1,178)	(371)
Net Change in Unrealized Appreciation (Depreciation) on Investments	(5,084)	(9,235)
Amortization of Fixed Income Premiums or Accretion of Discounts	2,868	2,825
Ending Investment Portfolio	**$ 1,160,316**	**$ 754,290**

Net Asset Value
As of March 31, 2023, net asset value ("NAV") per share was $14.07, compared to $14.22 as of December 31, 2022. Total net assets at the end of the first quarter of 2023 was $569.8 million, down 5% from $597.5 million in the prior year period.

For the quarter ended March 31, 2023, net increase in net assets resulting from operations was $12.0 million, or $0.30 per share, compared to a net increase of $2.9 million, or $0.07 per share, for the quarter ended March 31, 2022.

Liquidity and Capital Resources
As of March 31, 2023, the Company had approximately $131.3 million in available liquidity, including unrestricted cash and cash equivalents, and $128.0 million in available borrowing capacity under the Company's credit facility, subject to existing terms, advance rates and regulatory and covenant requirements. During first quarter 2023, the Company increased its credit facility pursuant to the accordion feature by $75 million to a total of $500 million, subject to the terms and conditions as reflected in the credit facility agreement.

The Company ended the quarter with a core leverage ratio of approximately 104%, compared to 97% for the quarter ended December 31, 2022.

Distributions
On May 2, 2023, the Company's board of directors declared a regular quarterly distribution of $0.40 per share for the second quarter of 2023, payable on May 31, 2023, to stockholders of record as of May 15, 2023. In addition, the Board of Directors declared a supplemental dividend of $0.05 per share for the second quarter of 2023 that is also payable on May 31, 2023, to stockholders of record as of May 15, 2023.

Conference Call
Runway Growth will hold a conference call to discuss its first quarter ended March 31, 2023 financial results at 2:00 p.m. PT (5:00 p.m. ET) on Tuesday, May 9, 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.

Important Disclosures
Strategies described involve special risks that should be evaluated carefully before a decision is made to invest. Not all of the risks and other significant aspects of these strategies are discussed herein. Please see a more detailed discussion of these risk factors and other related risks in the Company's most recent annual Form 10-K report in the section entitled "Risk Factors", which may be obtained on the Company's website www.runwaygrowth.com or the SEC's website www.sec.gov.

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

	March 31, 2023 (unaudited)	December 31, 2022
Assets		
Investments at fair value:		
Non-control/non-affiliate investments at fair value (cost of $1,080,015 and $1,126,879, respectively)	$ 1,066,654	$ 1,114,935
Affiliate investments at fair value (cost of $55,528 and $4,551, respectively)	47,075	2,084
Control investments at fair value (cost of $19,172 and $19,172, respectively)	11,613	9,290
Investment in U.S. Treasury Bills at fair value (cost of $34,978 and $0, respectively)	34,974	—
Total investments at fair value (cost of $1,189,693 and $1,150,602, respectively)	1,160,316	1,126,309
Cash and cash equivalents	3,271	5,761
Accrued interest receivable	9,212	8,766
Other assets	654	930
Total assets	1,173,453	1,141,766
Liabilities		
Debt:		
Credit facilities	372,000	337,000
2026 Notes	70,000	70,000
2027 Notes	152,250	152,250
Unamortized deferred debt costs	(10,327)	(10,293)
Total debt, less unamortized deferred debt costs	583,923	548,957
Incentive fees payable	9,572	8,808
Interest payable	8,341	6,221
Accrued expenses and other liabilities	1,810	1,728
Total liabilities	603,646	565,714
Commitments and contingencies (Note 3)		
Net assets		
Common stock, par value	414	414
Additional paid-in capital	605,774	605,774
Distributable (losses)	(25,565)	(19,320)
Treasury Stock	(10,816)	(10,816)

Total net assets	$ 569,807	$ 576,052
Shares of common stock outstanding ($0.01 par value, 100,000,000 shares authorized)	40,509,269	40,509,269
Net asset value per share	$ 14.07	$ 14.22

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

	Three Months Ended March 31,	
	2023	**2022**
Investment income	(unaudited)	(unaudited)
From non-control/non-affiliate investments:		
Interest income	$ 34,853	$ 16,536
Payment in-kind interest income	3,796	1,006
Dividend income	324	385
Fee Income	45	391
From affiliate investments:		
Interest income	292	—
Payment in-kind interest income	—	90
From control investments:		
Interest income	—	494
Payment in-kind interest income	—	330
Total investment income	39,310	19,232
Operating expenses		
Management fees	3,959	2,560
Incentive fees	4,563	1,344
Interest and other debt financing expenses	10,920	1,579
Professional fees	533	394
Overhead allocation expense	345	237
Insurance expense	268	269
Administration fee	162	169
Directors' fees	84	89
Tax expense	50	—
Other expenses	180	132
Total operating expenses	21,064	6,773
Net investment income	18,246	12,459
Realized and unrealized gain (loss) on investments		
Realized gain (loss) on non-control/non-affiliate investments, including U.S. Treasury Bills	(1,178)	(371)
Net realized gain (loss) on investments	(1,178)	(371)
Net change in unrealized appreciation (depreciation) on non control/non-affiliate investments, including U.S. Treasury Bills	(1,421)	(4,154)
Net change in unrealized appreciation (depreciation) on affiliate investments	(5,986)	(3,166)
Net change in unrealized appreciation (depreciation) on control investments	2,323	(1,915)
Net change in unrealized appreciation (depreciation) on investments and U.S. Treasury Bills	(5,084)	(9,235)
		—

Net realized and unrealized gain on investments		(6,262)		(9,606)
Net increase in net assets resulting from operations	$	11,984	$	2,853
Net increase in net assets resulting from operations per common share	$	0.30	$	0.07
Net investment income per common share	$	0.45	$	0.30
Weighted-average shares outstanding		40,509,269		41,375,187