UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 814-01180

Runway Growth Finance Corp.

(Exact name of registrant as specified in its charter)

Maryland	**47-5049745**
(State of incorporation)	(I.R.S. Employer Identification No.)
205 N. Michigan Ave., Suite 4200 **Chicago, IL**	**60601**
(Address of principal executive offices)	(Zip Code)

(312) 281-6270
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	RWAY	Nasdaq Global Select Market LLC
7.50% Notes due 2027	RWAYL	Nasdaq Global Select Market LLC
8.00% Notes due 2027	RWAYZ	Nasdaq Global Select Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. Refer to the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☐
Emerging growth company ☒	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The issuer had 40,509,269 shares of common stock, $0.01 par value per share, outstanding as of November 7, 2023.

RUNWAY GROWTH FINANCE CORP.
FORM 10-Q FOR THE QUARTER ENDED September 30, 2023

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RUNWAY GROWTH FINANCE CORP.
Statements of Assets and Liabilities
(In thousands, except share and per share data)

	September 30, 2023 (Unaudited)	December 31, 2022
Assets		
Investments at fair value:		
Non-control/non-affiliate investments at fair value (cost of $971,230 and $1,126,879, respectively)	$ 951,779	$ 1,114,935
Affiliate investments at fair value (cost of $55,681 and $4,551, respectively)	47,535	2,084
Control investments at fair value (cost of $17,963 and $19,172, respectively)	11,613	9,290
Total investments at fair value (cost of $1,044,874 and $1,150,602, respectively)	1,010,927	1,126,309
Cash and cash equivalents	14,945	5,761
Interest and fees receivable	8,152	8,766
Other assets	167	930
Total assets	1,034,191	1,141,766
Liabilities		
Debt:		
Credit facility	203,000	337,000
2026 Notes	95,000	70,000
2027 Notes	152,250	152,250
Unamortized deferred debt costs	(9,265)	(10,293)
Total debt, less unamortized deferred debt costs	440,985	548,957
Incentive fees payable	12,779	8,808
Interest payable	8,025	6,221
Accrued expenses and other liabilities	1,911	1,728
Total liabilities	463,700	565,714
Commitments and contingencies (Note 8)		
Net assets		
Common stock, par value	414	414
Additional paid-in capital	605,774	605,774
Distributable earnings (losses)	(24,881)	(19,320)
Treasury stock	(10,816)	(10,816)
Total net assets	$ 570,491	$ 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	$ 14.08	$ 14.22

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Statements of Operations
(Unaudited)
(In thousands, except share and per share data)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Investment income				
From non-control/non-affiliate investments:				
Interest income	$ 35,498	$ 25,365	$ 104,169	$ 61,750
Payment-in-kind interest income	5,195	1,200	15,416	3,249
Dividend income	318	318	961	1,021
Fee income	1,925	153	2,585	1,067
From affiliate investments:				
Interest income	601	—	1,486	5
Payment-in-kind interest income	—	—	—	97
Fee income	15	—	15	8
From control investments:				
Interest income	—	—	—	1,112
Payment-in-kind interest income	—	—	—	2,984
Other income	227	1	352	1
Total investment income	43,779	27,037	124,984	71,294
Operating expenses				
Management fees	4,302	3,066	12,598	8,488
Incentive fees	5,511	3,626	14,994	8,591
Interest and other debt financing expenses	10,442	4,382	32,772	8,297
Professional fees	466	482	1,504	1,677
Administration agreement expenses	449	459	1,647	1,331
Insurance expense	269	268	805	806
Tax expense	—	—	50	1
Other expenses	304	256	656	667
Total operating expenses	21,743	12,539	65,026	29,858
Net investment income	22,036	14,498	59,958	41,436
Net realized and net change in unrealized gain (loss) on investments				
Net realized gain (loss) on non-control/non-affiliate investments	—	407	(1,178)	939
Net realized gain (loss) on investments	—	407	(1,178)	939
Net change in unrealized gain (loss) on non-control/non-affiliate investments	(7,624)	(1,957)	(7,507)	(14,275)
Net change in unrealized gain (loss) on affiliate investments	410	(172)	(5,679)	(3,380)
Net change in unrealized gain (loss) on control investments	—	(1,054)	3,532	(10,962)
Net change in unrealized gain (loss) on investments	(7,214)	(3,183)	(9,654)	(28,617)
Net realized and unrealized gain (loss) on investments	(7,214)	(2,776)	(10,832)	(27,678)
Net increase (decrease) in net assets resulting from operations	$ 14,822	$ 11,722	$ 49,126	$ 13,758
Net investment income per common share (basic and diluted)	$ 0.54	$ 0.36	$ 1.48	$ 1.01
Net increase (decrease) in net assets resulting from operations per common share (basic and diluted)	$ 0.37	$ 0.29	$ 1.21	$ 0.33
Weighted average shares outstanding (basic and diluted)	40,509,269	40,774,154	40,509,269	41,119,467

See notes to financial statements.

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RUNWAY GROWTH FINANCE CORP.
Statements of Changes in Net Assets
(Unaudited)
(In thousands, except share and per share data)

For the Three Months Ended September 30, 2023	Common Stock Shares [1]	Common Stock Amount	Treasury Stock	Paid-in Capital in Excess of Par Value	Accumulated Undistributed Earnings (Losses)	Total Net Assets
Balances at June 30, 2023	40,509,269	$ 414	$ (10,816)	$ 605,774	$ (21,474)	$ 573,898
Net increase (decrease) in net assets resulting from operations	—	—	—	—	14,822	14,822
Issuance of common stock	—	—	—	—	—	—
Acquisition of treasury shares	—	—	—	—	—	—
Refunds (payments) of offering costs	—	—	—	—	—	—
Dividends paid to stockholders	—	—	—	—	(18,229)	(18,229)
Balances at September 30, 2023	40,509,269	$ 414	$ (10,816)	$ 605,774	$ (24,881)	$ 570,491

For the Nine Months Ended September 30, 2023	Common Stock Shares [1]	Common Stock Amount	Treasury Stock	Paid-in Capital in Excess of Par Value	Accumulated Undistributed Earnings (Losses)	Total Net Assets
Balances at December 31, 2022	40,509,269	$ 414	$ (10,816)	$ 605,774	$ (19,320)	$ 576,052
Net increase (decrease) in net assets resulting from operations	—	—	—	—	49,126	49,126
Issuance of common stock	—	—	—	—	—	—
Acquisition of treasury shares	—	—	—	—	—	—
Refunds (payments) of offering costs	—	—	—	—	—	—
Dividends paid to stockholders	—	—	—	—	(54,687)	(54,687)
Balances at September 30, 2023	40,509,269	$ 414	$ (10,816)	$ 605,774	$ (24,881)	$ 570,491

[1] Number of shares is shown net of cumulative treasury stock repurchases of 871,345 shares as of September 30, 2023.

For the Three Months Ended September 30, 2022	Common Stock Shares [1]	Common Stock Amount	Treasury Stock	Paid-in Capital in Excess of Par Value	Accumulated Undistributed Earnings (Losses)	Total Net Assets
Balances at June 30, 2022	40,967,122	$ 414	$ (5,279)	$ 606,064	$ (21,786)	$ 579,413
Net increase (decrease) in net assets resulting from operations	—	—	—	—	11,722	11,722
Issuance of common stock	—	—	—	—	—	—
Acquisition of treasury shares	(331,264)	—	(4,023)	—	—	(4,023)
Refunds (payments) of offering costs	—	—	—	—	—	—
Dividends paid to stockholders	—	—	—	—	(13,451)	(13,451)
Balances at September 30, 2022	40,635,858	$ 414	$ (9,302)	$ 606,064	$ (23,515)	$ 573,661

For the Nine Months Ended September 30, 2022	Common Stock Shares [1]	Common Stock Amount	Treasury Stock	Paid-in Capital in Excess of Par Value	Accumulated Undistributed Earnings (Losses)	Total Net Assets
Balances at December 31, 2021	41,380,614	$ 414	$ —	$ 606,048	$ (267)	$ 606,195
Net increase (decrease) in net assets resulting from operations	—	—	—	—	13,758	13,758
Issuance of common stock	—	—	—	—	—	—
Acquisition of treasury shares	(744,756)	—	(9,302)	—	—	(9,302)
Refunds (payments) of offering costs	—	—	—	16	—	16
Dividends paid to stockholders	—	—	—	—	(37,006)	(37,006)
Balances at September 30, 2022	40,635,858	$ 414	$ (9,302)	$ 606,064	$ (23,515)	$ 573,661

[1] Number of shares is shown net of cumulative treasury stock repurchases of 744,756 shares as of September 30, 2022.

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Statements of Cash Flows
(Unaudited)
(In thousands)

	For the Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities		
Net increase in net assets resulting from operations	$ 49,126	$ 13,758
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchases of investments	(105,527)	(392,820)
Purchases of U.S. Treasury Bills	(34,974)	—
Payment-in-kind interest	(15,334)	(6,345)
Sales or repayments of investments	232,717	150,410
Sales or maturities of U.S. Treasury Bills	35,000	45,000
Net realized (gain) loss on investments	1,178	(939)
Net change in unrealized (gain) loss on investments	9,654	28,617
Amortization of fixed income premiums or accretion of discounts	(7,332)	(4,576)
Amortization of deferred debt costs	2,237	798
Changes in operating assets and liabilities:		
(Increase) decrease in interest and fees receivable	614	(3,242)
(Increase) decrease in other assets	763	1,050
Increase (decrease) in incentive fees payable	3,971	1,179
Increase (decrease) in interest payable	1,804	2,946
Increase (decrease) in accrued expenses and other liabilities	183	50
Net cash provided by (used in) operating activities	174,080	(164,114)
Cash flows from financing activities		
Payments of deferred debt costs	(1,209)	(8,242)
Borrowings under credit facility	121,000	282,000
Repayments under credit facility	(255,000)	(168,000)
Proceeds from 2026 Notes	25,000	50,000
Proceeds from 2027 Notes	—	100,500
Repayments of reverse repurchase agreements	—	(44,775)
Acquisition of treasury shares	—	(9,302)
Dividends paid to stockholders	(54,687)	(37,006)
Refunds (payments) of offering costs	—	16
Net cash (used in) provided by financing activities	(164,896)	165,191
Net increase (decrease) in cash	9,184	1,077
Cash and cash equivalents at beginning of period	5,761	4,697
Cash and cash equivalents at end of period	$ 14,945	$ 5,774
Supplemental and non-cash financing cash flow information:		
Taxes paid	$ 340	$ 1
Interest paid	27,902	3,124
Non-cash portfolio purchases	534	3,381

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments (Unaudited)
September 30, 2023
(In thousands, except share and per share data)

Portfolio Company	Investment Description[(1),(2),(4)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(3)]	Footnotes
Non-Control/Non-Affiliate Investments							
Senior Secured Term Loans							
Application Software							
Circadence Corporation	SOFR+9.50% PIK, 12.26% floor, 7.50% ETP	12/20/2018	12/15/2023	22,282	23,632	19,081	(9) (10)
FiscalNote, Inc.	PRIME+5.00%, 9.00% floor, 1.00% PIK, 5.75% ETP	10/19/2020	7/15/2027	65,750	65,485	64,398	(9) (10) (11) (13)
VTX Intermediate Holdings, Inc. (dba VertexOne)	SOFR+9.00%, 9.50% floor, 10.00% cash cap, 4.50% ETP	12/28/2021	12/28/2026	86,944	87,523	86,701	(9) (10) (11)
Total Application Software - 29.83%*					176,640	170,180	
Data Processing & Outsourced Services							
Elevate Services, Inc.	SOFR+7.50%, 12.78% floor	7/10/2023	7/10/2027	20,000	19,387	19,387	(11)
Interactions Corporation	SOFR+9.26%, 9.76% floor, 3.4375% ETP	6/24/2022	6/15/2027	40,000	39,804	39,804	(10) (11)
ShareThis, Inc.	SOFR+9.25%, 11.86% floor, 3.00% ETP	12/3/2018	7/15/2025	20,213	20,750	20,161	(10) (11)
	SOFR+8.25%, 10.86% floor, 3.00% ETP	8/18/2020	7/15/2025	963	990	960	(10) (11)
Vesta Payment Solutions, Inc.	SOFR+7.00%, 9.00% floor, 3.00% ETP	11/29/2022	11/15/2026	25,000	24,701	24,701	(10) (11)
Total Data Processing & Outsourced Services - 18.41%*					105,632	105,013	
Education Services							
Turning Tech Intermediate, Inc. (dba Echo 360, Inc.)	SOFR+8.50%, 9.00% floor, 13.00% cash cap, 3.00% ETP	6/22/2021	12/14/2025	25,145	25,592	25,592	(9) (10) (11)
Total Education Services - 4.49%*					25,592	25,592	
Electronic Equipment & Instruments							
Brivo, Inc.	SOFR+6.85%, 10.89% floor, 3.00% ETP	10/20/2022	10/20/2027	49,655	49,439	51,284	(10) (11)
Total Electronic Equipment & Instruments - 8.99%*					49,439	51,284	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments (Unaudited) – (continued)
September 30, 2023
(In thousands, except share and per share data)

Portfolio Company	Investment Description(1),(2),(4)	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) (3)	Footnotes
Non-Control/Non-Affiliate Investments							
Senior Secured Term Loans							
Health Care Equipment							
Moximed, Inc.	PRIME+5.25%, 8.75% floor, 3.50% ETP	6/24/2022	7/1/2027	15,000	14,882	14,882	(10) (11)
Total Health Care Equipment - 2.61%*					14,882	14,882	
Health Care Technology							
EBR Systems, Inc.	PRIME+4.90%, 8.90% floor, 4.50% ETP	6/30/2022	6/15/2027	40,000	39,370	39,370	(10) (11) (15)
Mingle Healthcare Solutions, Inc.	SOFR+9.50%, 12.01% floor, .25% PIK, 10.50% ETP	8/15/2018	12/15/2023	4,329	4,953	4,064	(9) (10)
Nalu Medical, Inc.	PRIME+2.70%, 6.70% floor, 2.00% PIK, 4.50% ETP	10/12/2022	10/12/2027	20,379	20,239	20,239	(9) (10) (11)
Route 92 Medical, Inc.	SOFR+8.48%, 8.98% floor, 3.95% ETP	8/17/2021	7/1/2026	16,436	16,273	16,273	(10) (11)
SetPoint Medical Corporation	SOFR+5.75%, 9.00% floor, 4.00% ETP	12/29/2022	12/1/2027	25,000	24,961	24,961	(10) (11)
VERO Biotech LLC	SOFR+9.05%, 9.55% floor, 4.00% ETP	12/29/2020	12/1/2024	40,000	40,766	40,642	(10) (11)
Total Health Care Technology - 25.51%*					146,562	145,549	
Human Resource & Employment Services							
CloudPay, Inc.	PRIME+6.25%, 10.25% floor, 2.00% ETP	9/26/2022	8/17/2027	75,000	74,854	74,854	(7) (8) (10) (11)
Snagajob.com, Inc.	SOFR+8.50%, 9.00% floor, 50% of interest PIK, 2.75% ETP	9/29/2021	9/1/2025	39,399	39,650	37,159	(9) (10)
Total Human Resource & Employment Services - 19.63%*					114,504	112,013	
Internet & Direct Marketing Retail							
Madison Reed, Inc.	PRIME+4.75%, 11.00% floor, 11.00% cash cap, 3.00% ETP	12/16/2022	12/16/2026	10,851	10,687	10,687	(9) (10) (11)
Marley Spoon SE	SOFR+7.50%, 8.26% floor, 1.25% PIK	6/30/2021	6/15/2026	44,841	44,677	44,722	(6) (8) (9) (11)
Total Internet & Direct Marketing Retail - 9.71%*					55,364	55,409	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments (Unaudited) – (continued)
September 30, 2023
(In thousands, except share and per share data)

Portfolio Company	Investment Description[(1),(2),(4)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(3)]	Footnotes
Non-Control/Non-Affiliate Investments							
Senior Secured Term Loans							
Internet Software and Services							
Bombora, Inc.	SOFR+5.00%, 5.76% floor, 3.75% PIK, 2.00% ETP	3/31/2021	3/31/2025	21,958	22,105	22,105	(9) (10) (11)
Skillshare, Inc.	SOFR+6.50%, 10.72% floor, 3.00% ETP	11/8/2022	11/8/2026	30,000	29,644	29,644	(10) (11)
Synack, Inc.	PRIME+4.25%, 8.25% floor	6/30/2022	6/30/2027	36,520	36,453	36,453	(11)
Total Internet Software and Services - 15.46%*					88,202	88,202	
Property & Casualty Insurance							
Kin Insurance, Inc.	PRIME+6.25%, 12.50% floor, 3.00% ETP	9/26/2022	9/15/2026	75,000	74,618	74,618	(10) (11)
Total Property & Casualty Insurance - 13.08%*					74,618	74,618	
System Software							
3PL Central LLC (dba Extensiv)	SOFR+4.50%, 6.50% floor, 2.50% PIK, 2.00% ETP	11/9/2022	11/9/2027	69,952	69,519	69,519	(9) (10) (11)
Total System Software - 12.19%*					69,519	69,519	
Total Senior Secured Term Loans - 159.91%*					920,954	912,261	
Second Lien Term Loans							
System Software							
Dejero Labs Inc.	SOFR+5.00%, 5.50% floor, 5.00% PIK, 3.00% ETP	12/22/2021	12/22/2025	14,101	14,178	14,178	(5) (8) (9) (10) (11)
Total System Software - 2.48%*					14,178	14,178	
Total Second Lien Term Loans - 2.48%*					14,178	14,178	
Preferred Stocks							
Application Software							
Aria Systems, Inc.	Series G Preferred Stock	7/10/2018	—	289,419	250	231	(12)
Total Application Software - 0.04%*					250	231	
Health Care Technology							
CareCloud, Inc.	11% Series A Cumulative Redeemable Perpetual Preferred Stock	1/8/2020	—	462,064	12,132	11,219	(14) (16)
Total Health Care Technology - 1.97%*					12,132	11,219	
Total Preferred Stocks - 2.01%*					12,382	11,450	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments (Unaudited) – (continued)
September 30, 2023
(In thousands, except share and per share data)

Portfolio Company	Investment Description[(1),(2),(4)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(3)]	Footnotes
Non-Control/Non-Affiliate Investments							
Common Stocks							
Application Software							
FiscalNote, Inc.	Common Stock	10/19/2020	—	230,881	438	480	(12) (13) (16)
Total Application Software - 0.08%*					438	480	
Internet & Direct Marketing Retail							
Marley Spoon SE	Common Stock	7/7/2023	—	46,004	410	316	(6) (12) (19)
Total Internet & Direct Marketing Retail - 0.06%*					410	316	
Technology Hardware, Storage & Peripherals							
Quantum Corporation	Common Stock	8/13/2021	—	459,720	2,607	280	(8) (12) (14) (16)
zSpace, Inc.	Common Stock	12/31/2020	—	6,078,499	1,119	—	(12)
Total Technology Hardware, Storage & Peripherals - 0.05%*					3,726	280	
Total Common Stocks - 0.19%*					4,574	1,076	
Warrants							
Advertising							
STN Video Inc.	Class B Non-Voting Stock	6/30/2017	6/30/2027	191,500	246	—	(5) (8) (12)
Total Advertising - 0.00%*					246	—	
Application Software							
3DNA Corp. (dba NationBuilder)	Series C-1 Preferred Stock	12/28/2018	12/28/2028	273,164	104	—	(12)
Aria Systems, Inc.	Series G Preferred Stock	6/29/2018	6/29/2028	2,387,705	1,048	1,909	(12)
Circadence Corporation	Series A-6 Preferred Stock	12/20/2018	12/20/2028	1,538,462	3,630	70	(12)
	Series A-6 Preferred Stock	10/31/2019	10/31/2029	384,615	845	17	(12)
Dtex Systems, Inc.	Series C-Prime Preferred Stock	6/1/2018	6/1/2025	500,000	59	235	(12)
	Series C-Prime Preferred Stock	7/11/2019	7/11/2026	833,333	115	392	(12)
FiscalNote, Inc.	Earnout	7/29/2022	7/29/2027	—	127	45	(12) (13) (18)
Porch Group, Inc.	Earnout	12/23/2020	12/23/2023	—	—	—	(12) (14) (18)
Total Application Software - 0.46%*					5,928	2,668	
Biotechnology							
Mustang Bio, Inc.	Common Stock	3/4/2022	3/4/2032	748,036	315	66	(12) (14)
TRACON Pharmaceuticals, Inc.	Common Stock	9/2/2022	9/2/2032	150,753	226	12	(12) (14)
Total Biotechnology - 0.01%*					541	78	
Computer & Electronics Retail							
Massdrop, Inc.	Series B Preferred Stock	7/22/2019	7/22/2029	848,093	183	—	(12)
Total Computer & Electronics Retail - 0.00%*					183	—	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments (Unaudited) – (continued)
September 30, 2023
(In thousands, except share and per share data)

Portfolio Company	Investment Description[(1),(2),(4)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(3)]	Footnotes
Non-Control/Non-Affiliate Investments							
Warrants							
Data Processing & Outsourced Services							
Elevate Services, Inc.	Series C Preferred Stock	7/10/2023	7/10/2033	248,997	447	423	(12)
Interactions Corporation	Common Stock	6/24/2022	6/24/2032	189,408	219	113	(12)
ShareThis, Inc.	Series D-3 Preferred Stock	12/3/2018	12/3/2028	647,615	2,162	1,085	(12)
Total Data Processing & Outsourced Services - 0.28%*					2,828	1,621	
Electronic Equipment & Instruments							
Brivo, Inc.	Series A-2 Preferred Stock	10/20/2022	10/20/2032	201,000	99	354	(12)
Epic IO Technologies, Inc.	Success fee	12/17/2021	12/17/2024	—	505	489	(12) (18)
Total Electronic Equipment & Instruments - 0.15%*					604	843	
Health Care Equipment							
Moximed, Inc.	Series C Preferred Stock	6/24/2022	6/24/2032	214,285	175	157	(12)
Revelle Aesthetics, Inc.	Series A-2 Preferred Stock	3/30/2022	3/30/2032	115,591	126	102	(12)
Total Health Care Equipment - 0.05%*					301	259	
Health Care Technology							
Allurion Technologies, Inc.	Common Stock	3/30/2021	1/22/2025	132,979	282	36	(12) (13)
	Common Stock	6/14/2022	1/22/2025	46,256	141	2	(12) (13)
	Common Stock	9/15/2022	1/22/2025	46,256	144	2	(12) (13)
	Earnout	8/2/2023	8/1/2028	—	—	112	(12) (13) (18)
EBR Systems, Inc.	Success fee	6/30/2022	6/30/2032	—	605	616	(12) (15) (18)
Mingle Healthcare Solutions, Inc.	Series CC Preferred Stock	8/15/2018	8/15/2028	1,770,973	492	—	(12)
Nalu Medical, Inc.	Series D-2 Preferred Stock	10/12/2022	10/12/2032	91,717	173	81	(12)
Route 92 Medical, Inc.	Success fee	8/17/2021	8/17/2031	—	343	467	(12) (18)
SetPoint Medical Corporation	Series B' Preferred Stock	6/29/2021	6/29/2031	400,000	14	158	(12)
	Series B' Preferred Stock	12/29/2022	12/29/2032	600,000	74	238	(12)
VERO Biotech LLC	Success fee	12/29/2020	12/29/2025	—	377	491	(12) (18)
Total Health Care Technology - 0.39%*					2,645	2,203	
Human Resource & Employment Services							
CloudPay, Inc.	Series B Preferred Stock	6/30/2020	6/30/2030	11,273	218	1,006	(7) (8) (12)
	Series D Preferred Stock	8/17/2021	8/17/2031	6,128	160	169	(7) (8) (12)
	Series D Preferred Stock	6/30/2023	6/30/2033	2,626	68	73	(7) (8) (12)
Snagajob.com, Inc.	Series B-1 Preferred Stock	9/29/2021	9/29/2031	763,269	343	—	(12)
Total Human Resource & Employment Services - 0.22%*					789	1,248	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments (Unaudited) – (continued)
September 30, 2023
(In thousands, except share and per share data)

Portfolio Company	Investment Description[(1),(2),(4)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(3)]	Footnotes
Non-Control/Non-Affiliate Investments							
Warrants							
Internet & Direct Marketing Retail							
Madison Reed, Inc.	Success fee	12/16/2022	N/A	—	143	153	(12) (18)
Total Internet & Direct Marketing Retail - 0.03%*					143	153	
Internet Software and Services							
Bombora, Inc.	Common Stock	3/31/2021	3/31/2031	121,581	175	108	(12)
Fidelis Cybersecurity, Inc.	Common Stock	3/25/2022	3/25/2032	—	79	—	(12) (17)
INRIX, Inc.	Common Stock	7/26/2019	7/26/2029	150,804	522	1,126	(12)
Longtail Ad Solutions, Inc. (dba JW Player)	Common Stock	12/12/2019	12/12/2029	387,596	47	350	(12)
Skillshare, Inc.	Success fee	11/8/2022	11/8/2026	—	301	343	(12) (18)
Synack, Inc.	Common Stock	6/30/2022	6/30/2032	102,363	129	121	(12)
Total Internet Software and Services - 0.36%*					1,253	2,048	
Property & Casualty Insurance							
Kin Insurance, Inc.	Series D-3 Preferred Stock	9/26/2022	9/26/2032	41,576	302	432	(12)
	Series D-3 Preferred Stock	5/5/2023	5/5/2033	11,549	69	—	(12)
	Series D-3 Preferred Stock	8/25/2023	8/25/2033	9,239	55	—	(12)
Total Property & Casualty Insurance - 0.08%*					426	432	
Specialized Consumer Services							
AllClear ID, Inc.	Common Stock	9/1/2017	9/1/2027	523,893	1,053	—	(12)
	Common Stock	10/17/2018	10/17/2028	346,621	697	—	(12)
Credit Sesame, Inc.	Common Stock	1/7/2020	1/7/2030	191,601	425	389	(12)
Total Specialized Consumer Services - 0.07%*					2,175	389	
System Software							
Dejero Labs Inc.	Common Stock	5/31/2019	5/31/2029	333,621	192	230	(5) (8) (12)
Scale Computing, Inc.	Common Stock	3/29/2019	3/29/2029	9,665,667	346	—	(12)
Total System Software - 0.04%*					538	230	
Technology Hardware, Storage & Peripherals							
RealWear, Inc.	Series A Preferred Stock	10/5/2018	10/5/2028	112,451	136	279	(12)
	Series A Preferred Stock	12/28/2018	12/28/2028	22,491	25	56	(12)
	Series A Preferred Stock	6/27/2019	6/27/2029	123,894	381	307	(12)
Total Technology Hardware, Storage & Peripherals - 0.11%*					542	642	
Total Warrants - 2.25%*					19,142	12,814	
Total Non-Control/Non-Affiliate Investments - 166.84%*					971,230	951,779	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments (Unaudited) – (continued)
September 30, 2023
(In thousands, except share and per share data)

Portfolio Company	Investment Description(1),(2),(4)	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) (3)	Footnotes
Affiliate Investments							(20)
Senior Secured Term Loans							
Health Care Technology							
Gynesonics, Inc.	SOFR+8.75%, 8.00% ceiling, 5.00% ETP	3/1/2023	11/30/2026	25,595	25,817	23,641	(10) (11)
Total Health Care Technology - 4.14%*					25,817	23,641	
Total Senior Secured Term Loans - 4.14%*					25,817	23,641	
Preferred Stocks							
Health Care Technology							
Gynesonics, Inc.	Series A-2 Preferred Stock	3/1/2023	—	3,266,668	25,000	21,808	(12)
Total Health Care Technology - 3.82%*					25,000	21,808	
Total Preferred Stocks - 3.82%*					25,000	21,808	
Common Stocks							
Application Software							
Coginiti Corp	Common Stock	3/9/2020	—	1,040,160	4,551	887	(12)
Total Application Software - 0.16%*					4,551	887	
Total Common Stocks - 0.16%*					4,551	887	
Warrants							
Application Software							
Coginiti Corp	Common Stock	3/9/2020	3/9/2030	811,770	—	859	(12)
Total Application Software - 0.15%*					—	859	
Health Care Technology							
Gynesonics, Inc.	Success fee	3/1/2023	3/1/2030	—	313	340	(12) (18)
Total Health Care Technology - 0.06%*					313	340	
Total Warrants - 0.21%*					313	1,199	
Total Affiliate Investments - 8.33%*					55,681	47,535	
Control Investments							(21)
Senior Secured Term Loans							
Data Processing & Outsourced Services							
Pivot3, Inc.	LIBOR+8.50% PIK, 11.00% floor, 4.00% ETP	5/13/2019	10/15/2023	17,389	17,963	11,613	(9) (10) (12)
Total Data Processing & Outsourced Services - 2.03%*					17,963	11,613	
Total Senior Secured Term Loans - 2.03%*					17,963	11,613	
Total Control Investments - 2.03%*					17,963	11,613	
Total Investments - 177.20%*					$ 1,044,874	$ 1,010,927	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments (Unaudited) – (continued)
September 30, 2023

(1) Disclosures of interest rates on notes include cash interest rates and payment-in-kind ("PIK") interest rates, as applicable. Unless otherwise indicated, all of the Company's variable interest rate debt instruments bear interest at a rate that is determined by reference to the 3-Month London Interbank Offered Rate ("LIBOR"), the U.S. Prime Rate, or the 3-month Secured Overnight Financing Rate ("SOFR"). At September 30, 2023, the 3-Month LIBOR was 5.66%, the U.S. Prime Rate was 8.50% and the 3-Month SOFR was 5.40%.

(2) The Company's investments are generally acquired in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and, therefore, except as otherwise noted, are subject to limitation on resale, may be deemed to be "restricted securities" under the Securities Act, and were valued at fair value as determined in good faith by the Company's Board of Directors.

(3) Investments are held at Fair Value net of the Fair Value of Unfunded Commitments. Refer to "Note 8 – Commitments and Contingencies" for additional detail.

(4) All portfolio companies are domiciled in the United States, unless otherwise noted.

(5) Portfolio company is domiciled in Canada.

(6) Portfolio company is domiciled in Germany

(7) Portfolio company is domiciled in United Kingdom.

(8) Investment is not a qualifying investment as defined under Section 55(a) of the Investment Company Act of 1940, as amended. The fair value of non-qualifying assets represent 13.13% of total assets as of September 30, 2023. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets. If at any time qualifying assets do not represent at least 70% of the Company's total assets, the Company will be precluded from acquiring any additional non-qualifying assets until such time as it complies with the requirements of Section 55(a).

(9) Represents a PIK security. PIK interest will be accrued and paid at maturity.

(10) Disclosures of end-of-term payments ("ETP") are one-time payments stated as a percentage of original principal amount.

(11) The investment is an eligible loan investment in the collateral under the Credit Facility (as defined in "Note 7 – Borrowings").

(12) Investments are non-income producing.

(13) Portfolio company is publicly traded and listed on NYSE.

(14) Portfolio company is publicly traded and listed on NASDAQ.

(15) Portfolio company is publicly traded and listed on ASX.

(16) Investment is not a "restricted security" under the Securities Act.

(17) The warrant count is based upon a percentage of ownership of Fidelis Cybersecurity, Inc.

(18) Investment is either a cash success fee payable or earnout of shares based on the consummation of certain trigger events.

(19) Investment is denominated in a foreign currency and is publicly traded on ETR. At each balance sheet date, portfolio company investments denominated in foreign currencies are translated into U.S. dollars using the spot exchange rate on the last business day of the period. Transactions of foreign portfolio company investments, and income related from such investments, are translated into U.S. dollars using relevant rates of exchange on the respective dates of such transactions.

(20) Affiliate portfolio company as defined under the 1940 Act in which the Company owns between 5% and 25% (inclusive) of the investment's voting securities and does not have rights to maintain greater than 50% representation on the board.

(21) Control portfolio company, as defined under the 1940 Act, in which the Company owns more than 25% of the investment's voting securities or has greater than 50% representation on its board.

* Value as a percentage of net assets.

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments
December 31, 2022
(In thousands, except share and per share data)

Portfolio Company	Investment Description[(1),(5),(9)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(2),(6)]	Footnotes
Non-Control/Non-Affiliate Investments							
Senior Secured Term Loans							
Application Software							
Circadence Corporation	SOFR+9.50% PIK, 12.26% floor, 7.50% ETP	12/20/2018	12/15/2023	19,928	21,260	17,083	(4)(8)
Dtex Systems, Inc.	SOFR+9.25%, 9.75% floor, 1.75% ETP	6/1/2021	6/1/2025	10,000	10,033	10,033	(8)
FiscalNote, Inc.	PRIME+5.00%, 9.00% floor, 1.00% PIK, 4.25% ETP	10/19/2020	7/15/2027	65,251	64,466	64,466	(4)(8)
VTX Intermediate Holdings, Inc. (dba VertexOne)	SOFR+9.00%, 9.50% floor, 4.50% ETP	12/28/2021	12/28/2026	85,000	85,000	85,000	(8)
Total Application Software - 30.66%*					180,759	176,582	
Biotechnology							
Mustang Bio, Inc.	SOFR+8.75%, 9.25% floor, 3.50% ETP	3/4/2022	4/15/2027	30,000	29,709	29,709	(8)
TRACON Pharmaceuticals, Inc.	PRIME+5.00%, 8.50% floor, 4.25% ETP	9/2/2022	9/1/2026	10,000	9,795	10,000	(8)
Total Biotechnology - 6.89%*					39,504	39,709	
Data Processing & Outsourced Services							
Interactions Corporation	SOFR+9.26%, 9.76% floor, 3.4375% ETP	6/24/2022	6/15/2027	40,000	39,504	39,504	(8)
ShareThis, Inc.	SOFR+9.25%, 11.86% floor, 3.00% ETP	12/3/2018	7/15/2025	21,000	21,500	21,150	(8)
	SOFR+8.25%, 10.86% floor, 3.00% ETP	8/18/2020	7/15/2025	1,000	1,026	1,007	(8)
Vesta Payment Solutions, Inc.	SOFR+7.00%, 9.00% floor, 3.00% ETP	11/29/2022	11/15/2026	25,000	24,521	24,521	(8)
Total Data Processing & Outsourced Services - 14.96%*					86,551	86,182	
Education Services							
Turning Tech Intermediate, Inc. (dba Echo 360, Inc.)	SOFR+8.50%, 9.00% floor, 13.00% cash cap, 3.00% ETP	6/22/2021	12/14/2025	25,000	25,305	25,305	(4)(8)
Total Education Services - 4.39%*					25,305	25,305	
Electronic Equipment & Instruments							
Brivo, Inc.	SOFR+6.85%, 10.89% floor, 50% of interest PIK, 3.00% ETP	10/20/2022	10/20/2027	44,378	43,912	43,912	(4)(8)
Intellisite Holdings, Inc. (dba Epic IO Technologies, Inc.)	SOFR+9.75%, 10.25% floor, 2.00% ETP	12/17/2021	12/17/2025	34,000	33,639	33,639	
Total Electronic Equipment & Instruments - 13.46%*					77,551	77,551	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments – (continued)
December 31, 2022
(In thousands, except share and per share data)

Portfolio Company	Investment Description[(1),(5),(9)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(2),(6)]	Footnotes
Non-Control/Non-Affiliate Investments							
Senior Secured Term Loans							
Health Care Equipment							
Moximed, Inc.	PRIME+5.25%, 8.75% floor, 3.50% ETP	6/24/2022	7/1/2027	15,000	14,772	14,772	(8)
Revelle Aesthetics, Inc.	PRIME+5.50%, 8.75% floor, 4.00% ETP	3/30/2022	4/1/2027	12,500	12,377	12,377	(8)
Total Health Care Equipment - 4.71%*					27,149	27,149	
Health Care Technology							
Allurion Technologies, Inc.	PRIME+6.44%, 9.50% floor, 3.00% ETP	12/30/2021	12/30/2026	55,000	54,715	54,715	(8)
EBR Systems, Inc.	PRIME+4.90%, 8.90% floor, 4.50% ETP	6/30/2022	6/15/2027	20,000	19,648	19,648	(8)(20)
Gynesonics, Inc.	SOFR+8.75%, 9.25% floor, 3.50% ETP	12/1/2020	12/1/2025	50,000	50,022	50,022	(8)
Mingle Healthcare Solutions, Inc.	SOFR+9.50%, 12.01% floor, .25% PIK, 10.50% ETP	8/15/2018	12/15/2023	4,015	4,615	3,821	(4)(8)
Nalu Medical, Inc.	PRIME+2.70%, 6.70% floor, 2.00% PIK, 4.50% ETP	10/12/2022	10/12/2027	20,071	19,756	19,756	(4)(8)
Route 92 Medical, Inc.	SOFR+8.48%, 8.98% floor, 3.95% ETP	8/17/2021	7/1/2026	13,000	12,843	12,843	(8)
SetPoint Medical Corporation	SOFR+5.75%, 9.00% floor, 4.00% ETP	12/29/2022	12/1/2027	25,000	24,802	24,802	(8)
VERO Biotech LLC	SOFR+9.05%, 9.55% floor, 3.00% ETP	12/29/2020	12/1/2024	40,000	40,308	40,308	(8)
Total Health Care Technology - 39.22%*					226,709	225,915	
Human Resource & Employment Services							
CloudPay, Inc.	PRIME+6.25%, 10.25% floor, 2.00% ETP	9/26/2022	8/17/2027	60,000	59,693	59,693	(3)(8)(12)
Snagajob.com, Inc.	SOFR+8.50%, 9.00% floor, 9.00% cash cap, 2.75% ETP	9/29/2021	9/1/2025	37,609	37,574	36,785	(4)(8)
Total Human Resource & Employment Services - 16.75%*					97,267	96,478	
Internet & Direct Marketing Retail							
Madison Reed, Inc.	PRIME+4.75%, 11.00% floor, 3.00% ETP	12/16/2022	12/16/2026	9,600	9,353	9,353	(8)
Marley Spoon AG	SOFR+8.50%, 1.25% PIK, 9.26% floor	6/30/2021	6/15/2025	46,754	46,500	46,500	(3)(4)(8)(11)
Total Internet & Direct Marketing Retail - 9.70%*					55,853	55,853	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments – (continued)
December 31, 2022
(In thousands, except share and per share data)

Portfolio Company	Investment Description[(1),(5),(9)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(2),(6)]	Footnotes
Non-Control/Non-Affiliate Investments							
Senior Secured Term Loans							
Internet Software and Services							
Bombora, Inc.	SOFR+5.00%, 5.76% floor, 3.75% PIK, 2.00% ETP	3/31/2021	3/31/2025	21,341	21,337	21,337	(4)(8)
Fidelis Cybersecurity, Inc.	SOFR+11.00%, 12.00% floor, 2.39% ETP	5/13/2021	5/13/2024	12,205	12,360	11,857	(8)
	SOFR+11.00%, 12.00% floor, 2.00% ETP	3/25/2022	5/13/2024	8,947	8,986	8,692	(8)
INRIX, Inc.	SOFR+9.00%, 9.76% floor, 2.50% ETP	11/15/2021	11/15/2025	45,000	45,329	45,329	(8)
Skillshare, Inc.	SOFR+6.50%, 10.72% floor, 3.00% ETP	11/8/2022	11/8/2026	25,000	24,414	24,414	(8)
Synack, Inc.	PRIME+4.25%, 8.25% floor	6/30/2022	6/30/2027	35,000	34,906	34,906	(8)
Total Internet Software and Services - 25.44%*					147,332	146,535	
Property & Casualty Insurance							
Kin Insurance, Inc.	PRIME+6.25%, 12.50% floor, 3.00% ETP	9/26/2022	9/15/2026	50,000	49,143	49,143	(8)
Total Property & Casualty Insurance - 8.53%*					49,143	49,143	
System Software							
3PL Central LLC	SOFR+4.50%, 6.50 floor, 2.50% PIK, 2.00% ETP	11/9/2022	11/9/2027	65,163	64,429	64,429	(4)(8)
Total System Software - 11.18%*					64,429	64,429	
Total Senior Secured Term Loans - 185.89%*					1,077,552	1,070,831	
Second Lien Term Loans							
System Software							
Dejero Labs Inc.	SOFR+5.00%, 5.50 floor, 5.00% PIK, 3.00% ETP	12/22/2021	12/22/2025	13,661	13,654	13,654	(3)(4)(8)(10)
Total System Software - 2.37%*					13,654	13,654	
Total Second Lien Term Loans - 2.37%*					13,654	13,654	
Preferred Stocks							
Application Software							
Aria Systems, Inc.	Series G	7/10/2018	N/A	289,419	250	347	(7)
Total Application Software - 0.06%*					250	347	
Health Care Technology							
CareCloud, Inc.	11% Series A Cumulative Redeemable Perpetual	1/8/2020	N/A	462,064	12,132	12,335	(15)(17)
Total Health Care Technology - 2.14%*					12,132	12,335	
Total Preferred Stocks - 2.20%*					12,382	12,682	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments – (continued)
December 31, 2022
(In thousands, except share and per share data)

Portfolio Company	Investment Description[(1),(5),(9)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(2),(6)]	Footnotes
Non-Control/Non-Affiliate Investments							
Common Stocks							
Application Software							
FiscalNote, Inc.		10/19/2020	N/A	230,881	438	1,422	(7)(19)
Total Application Software - 0.25%*					438	1,422	
Technology Hardware, Storage & Peripherals							
Quantum Corporation		8/13/2021	N/A	459,720	2,607	501	(3)(7)(15)(17)
zSpace, Inc.		12/31/2020	N/A	6,078,499	1,119	-	(7)
Total Technology Hardware, Storage & Peripherals - 0.09%*					3,726	501	
Total Common Stocks - 0.34%*					4,164	1,923	
Warrants							
Advertising							
STN Video Inc.	Class B Non-Voting Stock	6/30/2017	6/30/2027	191,500	246	—	(3)(7)
Total Advertising - 0.00%*					246	—	
Application Software							
3DNA Corp. (dba NationBuilder)	Series C-1 Preferred Stock	12/28/2018	12/28/2028	273,164	104	—	(7)
Aria Systems, Inc.	Series G Preferred Stock	6/29/2018	6/29/2028	2,387,705	1,048	2,865	(7)
Circadence Corporation	Series A-6 Preferred Stock	12/20/2018	12/20/2028	1,538,462	3,630	87	(7)
	Series A-6 Preferred Stock	10/31/2019	10/31/2029	384,615	845	22	(7)
Dtex Systems, Inc.	Series C-Prime Preferred Stock	6/1/2018	6/1/2025	500,000	59	214	(7)
	Series C-Prime Preferred Stock	7/11/2019	7/11/2026	833,333	115	356	(7)
FiscalNote, Inc.	Earnout	7/29/2022	7/29/2027	—	127	105	(7)(13)(19)
Porch Group, Inc.	Earnout	12/23/2020	12/23/2023	—	—	—	(7)(13)(15)
Total Application Software - 0.63%*					5,928	3,649	
Biotechnology							
Mustang Bio, Inc.	Common Stock	3/4/2022	3/4/2032	748,036	315	59	(7)
TRACON Pharmaceuticals, Inc.	Common Stock	9/2/2022	9/2/2032	150,753	226	157	(7)(15)
Total Biotechnology - 0.04%*					541	216	
Computer & Electronics Retail							
Massdrop, Inc.	Series B Preferred Stock	7/22/2019	7/22/2029	848,093	183	68	(7)
Total Computer & Electronics Retail - 0.01%*					183	68	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments – (continued)
December 31, 2022
(In thousands, except share and per share data)

Portfolio Company	Investment Description[(1),(5),(9)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(2),(6)]	Footnotes
Non-Control/Non-Affiliate Investments							
Warrants							
Data Processing & Outsourced Services							
Interactions Corporation	Common Stock	6/24/2022	6/24/2032	189,408	219	204	(7)
ShareThis, Inc.	Series D-3 Preferred Stock	12/3/2018	12/3/2028	647,615	2,162	1,728	(7)
Total Data Processing & Outsourced Services - 0.34%*					2,381	1,932	
Electronic Equipment & Instruments							
Brivo, Inc.	Series A-2 Preferred Stock	10/20/2022	10/20/2032	201,000	98	107	(7)
Epic IO Technologies, Inc.	Success fee	12/17/2021	12/17/2024	—	430	456	(7)(13)
Total Electronic Equipment & Instruments - 0.10%*					528	563	
Health Care Equipment							
Moximed, Inc.	Series C Preferred Stock	6/24/2022	6/24/2032	214,285	175	163	(7)
Revelle Aesthetics, Inc.	Series A-2 Preferred Stock	3/30/2022	3/30/3032	115,591	127	121	(7)
Total Health Care Equipment - 0.05%*					302	284	
Health Care Technology							
Allurion Technologies, Inc.	Series C Preferred Stock	3/30/2021	3/30/2031	132,979	283	632	(7)
	Series D-1 Preferred Stock	6/14/2022	3/30/2031	88,440	284	259	(7)
CareCloud, Inc.	Common Stock	1/8/2020	1/8/2023	1,000,000	837	—	(7)
EBR Systems, Inc.	Success fee	6/30/2022	6/30/2032	—	292	305	(7)(13)(20)
Gynesonics, Inc.	Series G Convertible Preferred Stock	11/19/2021	11/19/2031	27,978,115	341	446	(7)
Mingle Healthcare Solutions, Inc.	Series CC Preferred Stock	8/15/2018	8/15/2028	1,770,973	492	—	(7)
Nalu Medical, Inc.	Series D-2 Preferred Stock	10/12/2022	10/12/2032	91,717	173	137	(7)
Route 92 Medical, Inc.	Success fee	8/17/2021	8/17/2031	—	248	297	(7)(13)
SetPoint Medical Corporation	Series B Preferred Stock	6/29/2021	6/29/2031	400,000	14	50	(7)
	Series B Preferred Stock	12/29/2022	12/29/2032	600,000	74	74	(7)
VERO Biotech LLC	Success fee	12/29/2020	12/29/2025	—	377	394	(7)(13)
Total Health Care Technology - 0.45%*					3,415	2,594	
Human Resource & Employment Services							
CloudPay, Inc.	Series B Preferred Stock	6/30/2020	6/30/2030	11,273	218	920	(3)(7)(12)
	Series D Preferred Stock	8/17/2021	8/17/2031	6,129	160	170	(3)(7)(12)
Snagajob.com, Inc.	Series B-1 Preferred Stock	9/29/2021	9/29/2031	763,269	343	220	(7)
Total Human Resource & Employment Services - 0.23%*					721	1,310	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments – (continued)
December 31, 2022
(In thousands, except share and per share data)

Portfolio Company	Investment Description[(1),(5),(9)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(2),(6)]	Footnotes
Non-Control/Non-Affiliate Investments							
Warrants							
Internet & Direct Marketing Retail							
Madison Reed, Inc.	Success fee	12/16/2022	N/A	—	132	133	(7)(13)
Total Internet & Direct Marketing Retail - 0.02%*					132	133	
Internet Software and Services							
Bombora, Inc.	Common Stock	3/31/2021	3/31/2031	121,581	175	248	(7)
Fidelis Cybersecurity, Inc.	Common Stock	3/25/2022	3/25/2032	—	79	100	(7)(16)
INRIX, Inc.	Common Stock	7/26/2019	7/26/2029	150,804	522	2,198	(7)
Longtail Ad Solutions, Inc. (dba JW Player)	Common Stock	12/12/2019	12/12/2029	387,596	47	345	(7)
Skillshare, Inc.	Success fee	11/8/2022	11/8/2026	—	243	225	(7)(13)
Synack, Inc.	Common Stock	6/30/2022	6/30/2032	100,645	127	129	(7)
Total Internet Software and Services - 0.56%*					1,193	3,245	
Property & Casualty Insurance							
Kin Insurance, Inc.	Series D-3 Preferred Stock	9/26/2022	9/26/2032	41,576	302	297	(7)
Total Property & Casualty Insurance - 0.05%*					302	297	
Specialized Consumer Services							
AllClear ID, Inc.	Common Stock	9/1/2017	9/1/2027	870,514	1,750	—	(7)
Credit Sesame, Inc.	Common Stock	1/7/2020	1/7/2030	191,601	425	796	(7)
Total Specialized Consumer Services - 0.14%*					2,175	796	
System Software							
Dejero Labs Inc.	Common Stock	5/31/2019	5/31/2029	333,621	192	191	(3)(7)(10)
Scale Computing, Inc.	Common Stock	3/29/2019	3/29/2029	9,665,667	346	—	(7)
Total System Software - 0.03%*					538	191	
Technology Hardware, Storage & Peripherals							
RealWear, Inc.	Series A Preferred Stock	10/5/2018	10/5/2028	112,451	136	246	(7)
	Series A Preferred Stock	12/28/2018	12/28/2028	22,491	25	49	(7)
	Series A Preferred Stock	6/27/2019	6/27/2029	123,894	381	272	(7)
Total Technology Hardware, Storage & Peripherals - 0.10%*					542	567	
Total Warrants - 2.75%*					19,127	15,845	
Total Non-Control/Non-Affiliate Investments - 193.55%*					1,126,879	1,114,935	

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Schedule of Investments – (continued)
December 31, 2022

Portfolio Company	Investment Description[(1),(5),(9)]	Initial Acquisition Date	Maturity Date	Principal ($) / Shares	Cost ($)	Fair Value ($) [(2),(6)]	Footnotes
Affiliate Investments							(18)
Common Stocks							
Application Software							
Coginiti Corp		3/9/2020	N/A	1,040,160	4,551	1,174	(7)
Total Application Software - 0.20%*					4,551	1,174	
Total Common Stocks - 0.20%*					4,551	1,174	
Warrants							
Application Software							
Coginiti Corp	Common Stock	3/9/2020	3/9/2030	811,770	—	910	(7)
Total Application Software - 0.16%*					—	910	
Total Warrants - 0.16%*					—	910	
Total Affiliate Investments - 0.36%*					4,551	2,084	
Control Investments							(14)
Senior Secured Term Loans							
Data Processing & Outsourced Services							
Pivot3, Inc.	LIBOR+8.50% PIK, 11.00% floor, 4.00% ETP	5/13/2019	1/15/2023	18,598	19,172	9,290	(4)(7)
Total Data Processing & Outsourced Services - 1.61%*					19,172	9,290	
Total Senior Secured Term Loans - 1.61%*					19,172	9,290	
Total Control Investments - 1.61%*					19,172	9,290	
Total Investments - 195.52%*					$ 1,150,602	$ 1,126,309	

(1) Disclosures of interest rates on notes include cash interest rates and payment-in-kind (“PIK”) interest rates, as applicable. Unless otherwise indicated, all of the Company’s variable interest rate debt instruments bear interest at a rate that is determined by reference to the 3-Month London Interbank Offered Rate (“LIBOR”), the U.S. Prime Rate, or the 3-Month Secured Overnight Financing Rate ("SOFR"). At December 31, 2022, the 3-Month LIBOR was 4.77%, the U.S. Prime Rate was 7.50%, and the 3-Month SOFR was 4.79%.

(2) The Company’s investments are generally acquired in private transactions exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”) and, therefore, except as otherwise noted, are subject to limitation on resale, may be deemed to be “restricted securities” under the Securities Act, and were valued at fair value as determined in good faith by the Company’s Board of Directors.

(3) Investment is not a qualifying asset as defined under Section 55(a) of the Investment Company Act of 1940, as amended (the “1940 Act”). Non-qualifying assets at fair value represent 10.65% of total assets as of December 31, 2022. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets. If at any time qualifying assets do not represent at least 70% of the Company’s total assets, the Company will be precluded from acquiring any additional non-qualifying assets until such time as it complies with the requirements of Section 55(a) of the 1940 Act.

(4) Represents a PIK security. PIK interest is accrued and will be paid at maturity.

(5) Disclosures of end-of-term-payments (“ETP”) are one-time payments stated as a percentage of original principal amount.

(6) Investments are held at Fair Value net of the Fair Value of Unfunded Commitments. Refer to "Note 8 – Commitments and Contingencies" for additional detail.

(7) Investments are non-income producing.

(8) The investment is an eligible loan investment in the collateral under the Credit Facility (as defined in "Note 7 – Borrowings").

(9) All portfolio companies are domiciled in the United States, unless otherwise noted.

(10) Portfolio company is domiciled in Canada.

(11) Portfolio company is domiciled in Germany

(12) Portfolio company is domiciled in United Kingdom.

(13) Investment is either a cash success fee payable or earnout of shares based on the consummation of certain trigger events.

(14) Control portfolio company, as defined under the 1940 Act, in which the Company owns more than 25% of the investment’s voting securities or has greater than 50% representation on its board.

(15) Portfolio company is publicly traded and listed on NASDAQ.

(16) The warrant count is based upon a percentage of ownership of Fidelis Cybersecurity, Inc.

(17) Investment is not a "restricted security" under the Securities Act.

(18) Affiliate portfolio company as defined under the 1940 Act in which the Company owns between 5% and 25% (inclusive) of the investment's voting securities and does not have rights to maintain greater than 50% representation on the board.

(19) Portfolio company is publicly traded and listed on NYSE.

(20) Portfolio company is publicly traded and listed on ASX.

* Value as a percentage of net assets.

See notes to financial statements.

RUNWAY GROWTH FINANCE CORP.
Notes to Financial Statements
(Unaudited)

Note 1 – Organization

Runway Growth Finance Corp. (formerly known as Runway Growth Credit Fund Inc.) (the “Company”), is a Maryland corporation that was formed on August 31, 2015. On August 18, 2021, the Company changed its name to “Runway Growth Finance Corp.” from “Runway Growth Credit Fund Inc.” The Company is an externally managed, non-diversified, closed-end investment company that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). In addition, the Company has elected to be treated, currently qualifies, and intends to continue to qualify annually as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

The Company was formed primarily to lend to, and selectively invest in, high growth-potential companies in technology, life sciences, healthcare information and services, business services, select consumer services and products in other high-growth industries in the United States. The Company’s investment objective is to maximize its total return to its stockholders primarily through current income on its loan portfolio, and secondarily through capital appreciation on its warrants and other equity positions. The Company’s investment activities are managed by its external investment adviser, Runway Growth Capital LLC (“RGC”). The Company’s administrator, Runway Administrator Services LLC (the “Administrator”), is a wholly owned subsidiary of RGC and provides administrative services necessary for the Company to operate.

On October 25, 2021, the Company closed its initial public offering ("IPO"), issuing 6,850,000 shares of its common stock at a public offering price of $14.60 per share. Net of underwriting fees and offering costs, the Company received net proceeds of $93.0 million. The Company's common stock began trading on the Nasdaq Global Select Market LLC on October 21, 2021 under the symbol “RWAY”.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim unaudited financial statements of the Company are prepared on the accrual basis of accounting in conformity with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Company is an investment company following the specialized accounting and reporting guidance specified in the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, Financial Services — Investment Companies.

In the opinion of management, all adjustments, all of which were of a normal recurring nature, considered necessary for the fair presentation of financial statements for the interim period have been included. The results of operations for the current interim period are not necessarily indicative of results that ultimately may be achieved for any other interim period or for the year ending December 31, 2023. The interim unaudited financial statements and notes hereto should be read in conjunction with the audited financial statements and notes thereto contained in the Company’s annual report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission (the "SEC") on March 2, 2023.

Certain items in the September 30, 2022 and December 31, 2022 financial statements have been reclassified to conform to the September 30, 2023 presentation with no effect on the net assets on the Statements of Assets and Liabilities, and no net effect on the net increase in net assets resulting from operations on the Statements of Operations.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists solely of funds deposited with financial institutions, while cash equivalents consists of short-term liquid investments in money market funds. Cash and cash equivalents are carried at cost, which approximates fair value. As of September 30, 2023 and December 31, 2022, $7.5 million and $5.6 million were invested in money market funds, respectively. Interest earned in money market funds are recorded in Other income on the Statements of Operations.

Debt and Deferred Debt Costs

The debt of the Company is carried at amortized cost, which is comprised of the principal amount borrowed, net of unamortized debt issuance costs on the Statements of Assets and Liabilities. Debt issuance costs are fees and other direct incremental costs incurred by the Company in relation to debt financing and are recognized as Unamortized deferred debt costs on the Statements of Assets and Liabilities and amortized over the life of the related debt instrument, or the life of the cost respective service if shorter, using the straight-line method, which closely approximates the effective yield method. To the extent there are no outstanding borrowings, the deferred debt costs are presented as an asset on the Statements of Assets and Liabilities.

Amortization of deferred debt costs and interest expense on the outstanding principal balance are recorded in Interest and other deferred financing expenses on the Statements of Operations. Accrued but unpaid interest is included within Interest payable on the Statements of Assets and Liabilities. For more information, refer to “Note 7 – Borrowings.”

Investment Transactions and Related Investment Income

Security transactions, if any, are recorded on a trade-date basis. Realized gains or losses from the repayment or sale of investments are measured using the specific identification method. The amortized cost basis of investments represents the original cost adjusted for the accretion/amortization of discounts and premiums and upfront loan origination fees. The Company reports changes from the prior period in fair value of investments that are measured at fair value as a component of net change in unrealized gain (loss) on investments on the Statements of Operations.

Dividends are recorded on the ex-dividend date. Interest income, if any, adjusted for amortization of market premium and accretion of market discount, is recorded on an accrual basis to the extent that the Company expects to collect such amounts. Original issue discount (“OID”), principally representing the estimated fair value of detachable equity, warrants or contractual success fees obtained in conjunction with the Company’s debt investments, loan origination fees, end of term payments, and market discount or premium are capitalized and accreted or amortized into interest income over the life of the respective security using the effective interest method. Loan origination fees received in connection with the closing of investments are reported as unearned income, which is included as amortized cost of the investment; the unearned income from such fees is accreted into interest income over the contractual life of the loan based on the effective interest method. Upon prepayment of a debt investment, any unamortized loan origination fees, end-of-term payments, and unamortized market discounts are recorded as interest income and any prepayment penalties are recorded as fee income. Upon amending terms of an existing investment, any amendment fees charged are recorded as fee income.

The Company currently holds, and expects to hold in the future, some investments in its portfolio that contain payment-in-kind (“PIK”) interest provisions. PIK interest is computed at the contractual rate specified in each loan agreement and is added to the principal balance of the loan, rather than being paid to the Company in cash, and is recorded as interest income. Thus, the actual collection of PIK interest may be deferred until the time of debt principal repayment. PIK interest, which is a non-cash source of income, is included in the Company’s taxable income and therefore affects the amount of income the Company is required to distribute to stockholders to maintain its qualification as a RIC for U.S. federal income tax purposes, even though the Company has not yet collected the cash. For the three and nine months ended September 30, 2023, approximately 11.9% and 12.3%, respectively, of the Company’s total investment income was attributable to non-cash PIK interest. For the three and nine months ended September 30, 2022, approximately 4.4% and 8.9%, respectively, of the Company’s total investment income was attributable to non-cash PIK interest.

Investments Denominated in Foreign Currency

At each balance sheet date, portfolio company investments denominated in foreign currencies are translated into U.S. dollars using the spot exchange rate on the last business day of the period. Purchases and sales of foreign portfolio company investments, and any income from such investments, are translated into U.S. dollars using the rates of exchange prevailing on the respective dates of such transactions. As of September 30, 2023, the Company held one investment denominated in a foreign currency. As of December 31, 2022, the Company did not hold any investments denominated in a foreign currency.

Although the fair values of foreign portfolio company investments and the fluctuation in such fair values are translated into U.S. dollars using the applicable foreign exchange rates described above, the Company does not isolate the portion of the change in fair value resulting from foreign currency exchange rates fluctuations from the change in fair value of the underlying investment. All fluctuations in fair value are included in Net change in unrealized gain (loss) on investments on the Company's Statements of Operations.

Non-Accrual of Investments

Debt investments are placed on non-accrual status when principal, interest, and other obligations become materially past due or when there is reasonable doubt that principal, interest, or other obligations will be collected in full. At the point of non-accrual, the Company will cease recognizing interest income on the debt investment until all principal and interest due have been paid or the Company believes the borrower has demonstrated the ability to repay its current and future contractual obligations. Additionally, any OID associated with the debt investment is no longer accreted to interest income as of the date the loan is placed on non-accrual status. Any payments received on non-accrual loans are first applied to principal prior to recovery of any foregone interest or end of term payment fees. Non-accrual loans are restored to accrual status when past due principal or interest are paid, and, in management's judgment are likely to remain current. The Company may make exceptions to this policy if the investment has sufficient collateral value and is in the process of collection such that the Company will be made whole on the investment, inclusive of interest and end of term payment fees.

As of September 30, 2023, and December 31, 2022, the Company has not written off any accrued and uncollected PIK interest. As of September 30, 2023, the Company had one loan to Pivot3, Inc. on non-accrual status with a cost basis of $18.0 million and a fair value of $11.6 million, representing 1.1% of the Company's total investment portfolio. From being placed on non-accrual status through September 30, 2023, cumulative interest of $6.0 million would be receivable and $0.3 million OID would be accreted into the cost basis, for a total of $6.3 million not recorded in Interest income from control investments on the Statements of Operations. As of December 31, 2022, the Company had one loan to Pivot3, Inc. on non-accrual status with a cost basis of $19.2 million and a fair value of $9.3 million, representing 0.8% of the Company's total investment portfolio. From being placed on non-accrual status through December 31, 2022, cumulative interest of $3.6 million would be payable and $0.3 million OID would be accreted into the cost basis, for a total of $3.9 million not recorded in Interest income from control investments on the Statements of Operations.

Fair Value Measurements

The Company measures the value of its financial instruments at fair value in accordance with ASC Topic 820, Fair Value Measurements and Disclosure (“ASC Topic 820”), issued by the FASB. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. With the exception of the Company’s borrowings, which are reported at amortized cost, all assets and liabilities approximate fair value on the Statements of Assets and Liabilities.

ASC Topic 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. ASC Topic 820 also provides guidance regarding a fair value hierarchy, which prioritizes information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. In accordance with ASC Topic 820, these inputs are summarized in the three levels listed below:

- Level 1—Valuations are based on quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2—Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly and model-based valuation techniques for which all significant inputs are observable.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models incorporating significant unobservable inputs, such as discounted cash flow models and other similar valuations techniques. The valuation of Level 3 assets and liabilities generally requires significant management judgment due to the inability to observe inputs to valuation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument’s level within the fair value hierarchy is based on the lowest level of observable input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

Under ASC Topic 820, the fair value measurement also assumes that the transaction to sell an asset occurs in the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset, which may be a hypothetical market, and excludes transaction costs. The principal market for any asset or liability is the market with the greatest volume and level of activity for such asset or liability in which the reporting entity would or could sell or transfer the asset or liability. In determining the principal market for an asset or liability under ASC Topic 820, it is assumed that the reporting entity has access to such market as of the measurement date. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable and willing and able to transact.

Rule 2a-5 under the 1940 Act established requirements for determining fair value of a BDC's investments in good faith for purposes of the 1940 Act. Rule 2a-5 permits boards, in compliance with certain conditions, to designate certain parties to perform fair value determinations, subject to board oversight. Rule 2a-5 also defines when market quotations are "readily available" for purposes of the 1940 Act and the threshold for determining whether a fund must determine the fair value of a security. The SEC also adopted new Rule 31a-4 under the 1940 Act ("Rule 31a-4"), which provides the recordkeeping requirements associated with fair value determinations. The Company's Board of Directors has not designated a valuation designee.

Investment Valuation Techniques

With respect to investments for which market quotations are not readily available, the Company undertakes a multi-step valuation process each quarter, as described below:

- The quarterly valuation process begins with each portfolio company investment being initially valued by RGC’s investment professionals that are responsible for the portfolio investment;
- Preliminary valuation conclusions are then documented and discussed with RGC’s senior investment team;
- At least once annually, the valuation for each portfolio investment is reviewed by an independent valuation firm. Certain investments, however, may not be evaluated by an independent valuation firm if the net asset value and other aspects of such investments in the aggregate do not exceed certain thresholds;

- •The Audit Committee then reviews these preliminary valuations from RGC and the independent valuation firm, if any, and makes a recommendation to the Company's Board of Directors regarding such valuations; and
- •The Company's Board of Directors reviews the recommended preliminary valuations and determines the fair value of each investment in the Company's portfolio, in good faith, based on the input of RGC, the independent valuation firm and the Audit Committee.

The Company's investments are primarily loans made to and equity and warrants of small, fast-growing companies focused in technology, life sciences, health care information and services, business services, and other high-growth industries. These investments are considered Level 3 assets under ASC Topic 820 because there is no known or accessible market or market indices for these types of debt and equity instruments and, thus, RGC's senior investment team must estimate the fair value of these investment securities based on models utilizing unobservable inputs.

The Audit Committee of the Company's Board of Directors assists the Board of Directors in valuing investments that are not publicly traded or for which current market values are not readily available. Investments for which market quotations are readily available are valued using market quotations, which are generally obtained from independent pricing services, broker-dealers or market makers. With respect to portfolio investments for which market quotations are not readily available, the Company's Board of Directors, with the assistance of the Audit Committee, RGC and its senior investment team and independent valuation agents, is responsible for determining, in good faith, the fair value in accordance with the valuation policy approved by the Board of Directors. If more than one valuation method is used to measure fair value, the results are evaluated and weighted, as appropriate, considering the reasonableness of the range indicated by those results. The Company considers a range of fair values based upon the valuation techniques utilized and selects the value within that range that was most representative of fair value based on current market conditions as well as other factors RGC's senior investment team considers relevant.

The Company's Board of Directors makes this fair value determination on a quarterly basis and any other time when a decision regarding the fair value of the portfolio investments is required. A determination of fair value involves subjective judgments and estimates and depends on the facts and circumstances. Due to the inherent uncertainty of determining the fair value of portfolio investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Valuation methodologies involve a significant degree of judgment. There is no single standard for determining the fair value of investments that do not have an active public market. Valuations of privately held investments are inherently uncertain, as they are based on estimates, and their values may fluctuate over time. The determination of fair value may differ materially from the values that would have been used if an active market for these investments existed. In some cases, the fair value of such investments is best expressed as a range of values derived utilizing different methodologies from which a fair value may then be determined.

Debt Investments

To determine the fair value of the Company's debt investments, the Company compares the cost basis of the debt investment, which includes OID, to the resulting fair value determined using a discounted cash flow model, unless another model is more appropriate based on the circumstances at the measurement date. The discounted cash flow approach entails analyzing the interest rate spreads for recently completed financing transactions that are similar in nature to the Company's investments, in order to determine a comparable range of effective market interest rates for its investments. The range of interest rate spreads utilized is based on borrowers with similar credit profiles. All remaining expected cash flows of the investment are discounted using this range of interest rates to determine a range of fair values for the debt investment.

This valuation process includes, among other things, evaluating the underlying investment performance, the portfolio company's current financial condition and ability to raise additional capital, as well as macro-economic events that may impact valuations. These events include, but are not limited to, current market yields and interest rate spreads of similar securities as of the measurement date. Significant increases (decreases) in these unobservable inputs could result in a significantly higher (lower) fair value measurements.

Under certain circumstances, the Company may use an alternative technique to value the debt investments to be acquired by the Company that better reflects the fair value of the investment, such as the price paid or realized in a recently completed transaction or a binding offer received in an arms-length transaction, the use of multiple probability-weighted cash flow models when the expected future cash flows contain elements of variability or estimates of proceeds that would be received in a liquidation scenario.

Warrants

Fair value of warrants is primarily determined using a Black Scholes option-pricing model. Privately held warrants and equity-related securities are valued based on an analysis of various factors including, but not limited to, the following:

- Underlying enterprise value of the issuer is estimated based on information available, including any information regarding the most recent rounds of issuer funding. Valuation techniques to determine enterprise value include market multiple approaches, income approaches or approaches that utilize recent rounds of financing and the portfolio company's capital structure to determine enterprise value. Valuation techniques are also utilized to allocate the enterprise fair value of a portfolio company to the specific class of common or preferred stock exercisable in the warrant. Such techniques take into account the rights and preferences of the portfolio company's securities, expected exit scenarios, and volatility associated with such outcomes to allocate the fair value to the specific class of stock held in the portfolio. Such techniques include Option Pricing Models, or "OPM," including back-solve techniques, Probability Weighted Expected Return Models, or "PWERM," and other techniques as determined to be appropriate.
- Volatility, or the amount of uncertainty or risk about the size of the changes in the warrant price, is based on comparable publicly traded companies within indices similar in nature to the underlying company issuing the warrant. Significant increases (decreases) in this unobservable input could result in a significantly lower (higher) fair value, but a significantly higher or lower fair value measurement of any of the Company's portfolio investments may occur regardless of whether there is a significant increase or decrease in this unobservable input.
- The risk-free interest rates are derived from the U.S. Treasury yield curve. The risk-free interest rates are calculated based on a weighted average of the risk-free interest rates that correspond closest to the expected remaining life of the warrant. Significant increases (decreases) in this unobservable input could result in a significantly higher (lower) fair value, but a significantly higher or lower fair value measurement of any of the Company's portfolio investments may occur regardless of whether there is a significant increase (decrease) in this unobservable input.
- Other adjustments, including a marketability discount on private company warrants, are estimated based on judgment about the general industry environment. Significant increases (decreases) in this unobservable input could result in a significantly lower (higher) fair value, but a significantly higher or lower fair value measurement of any of the Company's portfolio investments may occur regardless of whether there is a significant increase (decrease) in this unobservable input.
- Historical portfolio experience on cancellations and exercises of warrants are utilized as the basis for determining the estimated life of the warrants in each financial reporting period. Warrants may be exercised in the event of acquisitions, mergers or initial public offerings, and cancelled due to events such as bankruptcies, restructuring activities or additional financings. These events cause the expected remaining life assumption to be shorter than the contractual term of the warrants. Significant increases (decreases) in this unobservable input could result in a significantly higher (lower) fair value, but a significantly higher or lower fair value measurement of any of the Company's portfolio investments may occur regardless of whether there is a significant increase (decrease) in this unobservable input.

Under certain circumstances, the Company may use an alternative technique to value warrants that better reflects the warrants' fair values, such as an expected settlement of a warrant in the near term, a model that incorporates a put feature associated with the warrant, or the price paid or realized in a recently completed transaction or binding offer received in an arms-length transaction. The fair value may be determined based on the expected proceeds to be received from such settlement or based on the net present value of the expected proceeds from the put option.

Equity Investments

The fair value of an equity investment in a privately held company is initially the face value of the amount invested. The Company adjusts the fair value of equity investments in private companies upon the completion of a new third-party round of equity financing subsequent to the Company's investment. The Company may make adjustments to fair value, absent a new equity financing event, based upon positive or negative changes in a portfolio company's financial or operational performance. The Company may also reference comparable transactions and/or secondary market transactions in connection with its determination of fair value. The fair value of an equity investment in a publicly traded company is based upon the closing public share price on the date of measurement. These assets are recorded at fair value on a recurring basis.

Investment Classification

The Company classifies its investments by level of affiliation and control. As defined in the 1940 Act, investee companies are deemed as affiliated investments when a company or individual possesses, or has the right to acquire within 60 days or less, beneficial ownership of 5.0% or more of the outstanding voting securities of an investee company. Control investments are those where the investor has the ability or power to exercise a controlling influence over the management or policies of an investee company. Control is generally deemed to exist when a company or individual possesses, or has the right to acquire within 60 days or less, beneficial ownership of more than 25.0% of the outstanding voting securities of an investee company, or maintains greater than 50% representation on the investee company's board of directors.

Investments are recognized when the Company assumes an obligation to acquire a financial instrument and assumes the risks for gains or losses related to that instrument. Investments are derecognized when the Company assumes an obligation to sell a financial instrument and foregoes the risks for gains or losses related to that instrument. Specifically, the Company records all security transactions on a trade date basis. Investments in other, non-security financial instruments, such as limited partnerships or private companies, are recorded on the basis of subscription date or redemption date, as applicable. Amounts for investments recognized or derecognized but not yet settled will be reported as receivables for investments sold and payables for investments acquired, respectively, on the Statements of Assets and Liabilities.

Income Taxes

The Company elected to be treated as a RIC under Subchapter M of the Code beginning with its taxable year ended December 31, 2016, currently qualifies as a RIC, and intends to qualify annually for the tax treatment applicable to RICs. A RIC generally is not subject to U.S. federal income taxes on distributed income and gains so long as it meets certain source-of-income and asset diversification requirements and it distributes at least 90% of its net ordinary income and net short-term capital gains in excess of its net long-term capital losses, if any, to its stockholders. So long as the Company maintains its status as a RIC, it generally will not be subject to U.S. federal income tax on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. Rather, any tax liability related to income earned by the Company represents obligations of the Company's investors and will not be reflected in the financial statements of the Company. The Company intends to make sufficient distributions to maintain its RIC status each year and it does not anticipate paying any material U.S. federal income taxes in the future.

Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward such taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income, as required. If the Company determines that the estimated current year taxable income will exceed the estimated dividend distributions for the current year from such income, the Company accrues excise tax on estimated excess taxable income as such taxable income is earned. Differences between taxable income and net increase in net assets resulting from operations either can be temporary, meaning they will reverse in the future, or permanent. In accordance with Section 946-205-45-3 of the ASC, permanent tax differences are reclassified from accumulated undistributed earnings to paid-in-capital at the end of each year and have no impact on total net assets. For more information, refer to "Note 10 – Income Taxes."

Per Share Information

Basic and diluted earnings (loss) per common share is calculated using the weighted-average number of common shares outstanding for the period presented. For the three and nine months ended September 30, 2023 and 2022, basic and diluted earnings per share of common stock were the same because there were no potentially dilutive securities outstanding. Per share data is based on the weighted-average shares outstanding.

Distributions

Distributions to common stockholders are recorded on the applicable record date. The amount, if any, to be distributed to common stockholders is determined by the Board of Directors each quarter and is generally based upon the Company's earnings estimated by management. Net realized capital gains, if any, are generally distributed at least annually. For more information, refer to "Note 9 – Net Assets."

Organization and Offering Costs

Organization costs include, among other things, the cost of organizing as a Maryland corporation, including the cost of legal services and other fees pertaining to the Company's organization, all of which are expensed as incurred. Offering costs include, among other things, legal fees and other costs pertaining to the preparation of the Company’s public and private offering materials as well as travel-related expenses related to the Company’s public and private offerings. Pursuant to the Advisory Agreement (as defined in Note 3 – Related Party Agreements and Transactions), the Company and RGC agreed that organization and offering costs incurred in connection with the Initial Private Offering (as defined in Note 9 – Net Assets) would be borne by the Company up to a maximum amount of $1.0 million, provided that the amount of such costs in excess of $1.0 million would be paid by RGC. As of December 31, 2016, the Company had already incurred the maximum amount of $1.0 million in organization and offering costs incurred in connection with the Initial Private Offering.

Offering costs related to the Second Private Offering (as defined in Note 9 – Net Assets) were accumulated and charged to additional paid in capital at the time of closing beginning in 2019. These offering costs related to the Second Private Offering were subject to a cap of $0.6 million, excluding placement agent fees which had no cap, of which the Company will bear the cost. At the completion of the Second Private Offering, the Company had accumulated and recorded $0.7 million in offering costs and $0.2 million in placement agent fees related to the Second Private Offering. Under the terms of the Second Private Offering, offering costs in excess of $0.6 million, excluding placement agent fees, were reimbursed by RGC.

Offering costs related to the IPO were accumulated and charged to additional paid in capital at the time of closing in October 2021. The Company had accumulated and recorded $7.0 million of offering costs related to the Company’s IPO. The offering costs were fully born by the Company and included underwriting fees, legal fees, and other costs pertaining to the preparation of the Company’s offering materials as well as travel-related expenses.

Recent Accounting Pronouncements

In June 2022, the FASB issued ASU 2022-03, "Fair Value Measurement (Topic 820) - Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions", which was issued to (1) clarify the guidance in Topic 820, Fair Value Measurement, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, (2) to amend a related illustrative example, and (3) to introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. The new guidance is effective for interim and annual periods beginning after December 15, 2023. The Company does not anticipate the new standard will have a material impact to the financial statements and related disclosures.

In July 2023, the SEC released final rules requiring disclosure by public companies of material cybersecurity incidents and policies and procedures related to cybersecurity risk management, strategy and governance ("Cybersecurity Rules"). The Cybersecurity Rules require public companies to (1) disclose cybersecurity incidents that detail the nature, scope, timing, and impact of such incidents and (2) disclose registrant's risk management, strategy, and governance regarding cybersecurity risks, including the board of directors’ oversight of cybersecurity risks and the impact of any such risks on its business strategy, results of operations and financial condition. The Cybersecurity Rules are incorporated under Regulation S-K as new Item 106. The Company intends to comply with the new disclosure requirements under the Cybersecurity Rules in its annual report on Form 10-K effective for the fiscal year ending December 15, 2023 or later.

Note 3 – Related Party Agreements and Transactions

Second Amended and Restated Advisory Agreement

On November 29, 2016, the Company’s Board of Directors approved an investment advisory agreement between RGC and the Company, under which RGC, subject to the overall supervision of the Board of Directors, manages the day-to-day operations of and provides investment advisory services to the Company (together with a subsequent amendment thereto, the “Prior Advisory Agreement”). On August 3, 2017, the Board of Directors approved certain amendments to the Prior Advisory Agreement (the “First Amended and Restated Advisory Agreement”) and recommended that the Company’s stockholders approve the First Amended and Restated Advisory Agreement. The First Amended and Restated Advisory Agreement became effective on September 12, 2017 upon approval by the stockholders at a special meeting of stockholders of the Company. On April 7, 2021, the Board of Directors approved certain additional amendments to the advisory agreement (the “Advisory Agreement”) at a virtual meeting and recommended that the Company’s stockholders approve the Advisory Agreement. In reliance upon certain exemptive relief granted by the SEC in connection with the global COVID-19 pandemic, the Board of Directors undertook to ratify the Advisory Agreement at its next in-person meeting which was held in July 2021. The Advisory Agreement became effective on May 27, 2021 upon approval by the stockholders at a special meeting of stockholders of the Company. The Advisory Agreement amended the Prior Advisory Agreement to include certain revisions to the management and incentive fee calculation mechanisms and clarify language relating to liquidity events. On May 2, 2023, the Company's Board of Directors renewed the Advisory agreement for a period of twelve months commencing May 27, 2023. Under the terms of the Advisory Agreement, RGC:

- determines the composition of the Company’s portfolio, the nature and timing of the changes to the portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of the investments the Company makes;
- executes, closes and monitors the investments the Company makes;
- determines the securities and other assets that the Company will purchase, retain or sell;
- performs due diligence on prospective investments; and
- provides the Company with other such investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its funds.

Pursuant to the Advisory Agreement, the Company pays RGC a fee for its investment advisory and management services consisting of two components – a base management fee and an incentive fee. The cost of both the base management fee and incentive fee are ultimately borne by the Company’s stockholders.

Base Management Fee

The base management fee is payable on the first day of each calendar quarter and is calculated on the Company's "Gross Assets" which, for purposes of the Advisory Agreement, is defined as the Company’s gross assets, including assets purchased with borrowed funds or other forms of leverage, as well as any PIK interest, as of the end of the most recently completed fiscal quarter. The base management fee will be an amount equal to 0.375% (1.50% annualized) of the Company’s average daily Gross Assets during the most recently completed calendar quarter, so long as the aggregate amount of the Company’s Gross Assets as of the end of the most recently completed calendar quarter is equal to or greater than $1.0 billion. If the aggregate amount of the Company’s Gross Assets as of the end of the most recently completed calendar quarter is less than $1.0 billion but equal to or greater than $500.0 million, the base management fee will be an amount equal to 0.40% (1.60% annualized) of the Company’s average daily Gross Assets during the most recently completed calendar quarter. If the aggregate amount of the Company’s Gross Assets as of the end of the most recently completed calendar quarter is less than $500.0 million, the base management fee will be an amount equal to 0.4375% (1.75% annualized) of the Company’s average daily Gross Assets during the most recently completed calendar quarter.

For the three and nine months ended September 30, 2023, RGC earned base management fees at a rate of 1.50% per annum, amounting to $4.3 million and $12.6 million, respectively. For the three and nine months ended September 30, 2022, RGC earned base management fees at a rate of 1.60% per annum, amounting to $3.1 million and $8.5 million for the three and nine months ended September 30, 2022.

Incentive Fee

The incentive fee, which provides RGC with a share of the income that RGC generates for the Company, consists of an investment-income component and a capital-gains component, which are largely independent of each other, with the result that one component may be payable even if the other is not.

Under the investment-income component (the “Income Incentive Fee”), the Company pays RGC each quarter an incentive fee with respect to the Company’s pre-incentive fee net investment income. The Income Incentive Fee is calculated and payable quarterly in arrears based on the pre-incentive fee net investment income for the immediately preceding fiscal quarter. Payments based on pre-incentive fee net investment income will be based on the pre-incentive fee net investment income earned for the quarter. For this purpose, “pre-incentive fee net investment income” means interest income, dividend income and any other income (including any other fees, such as commitment, origination, structuring, diligence, managerial and consulting fees or other fees that the Company receives from portfolio companies) that the Company accrues during the fiscal quarter, minus the Company’s operating expenses for the quarter (including the base management fee, expenses payable under the amended and restated administration were deferred incentive fees payable, both of which are included in incentive fees payable on the Statements of Assets and Liabilities agreement with the Administrator (the “Administration Agreement”), and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as OID accretion, debt instruments with pay in kind interest and zero coupon securities), accrued income the Company has not yet received in cash; provided, however, that the portion of the Income Incentive Fee attributable to deferred interest features will be paid, only if and to the extent received in cash, and any accrual thereof will be reversed if and to the extent such interest is reversed in connection with any write off or similar treatment of the investment giving rise to any deferred interest accrual, applied in each case in the order such interest was accrued. Such subsequent payments in respect of previously accrued income will not reduce the amounts payable for any quarter pursuant to the calculation of the Income Incentive Fee described above. Pre-incentive fee net investment income does not include any realized or unrealized capital gains (losses).

Pre-incentive fee net investment income, expressed as a rate of return on the value of the Company’s net assets (defined as total assets less liabilities) at the end of the immediately preceding fiscal quarter, will be compared to a “hurdle rate” of 2.0% per quarter (8.0% annualized). The Company pays RGC an Income Incentive Fee with respect to the Company’s pre-incentive fee net investment income in each calendar quarter as follows: (1) no Income Incentive Fee in any calendar quarter in which the Company’s pre-incentive fee net investment income does not exceed the hurdle rate of 2.0%; (2) 80% of the Company’s pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.667% in any calendar quarter (10.668% annualized) (the portion of the Company’s pre-incentive fee net investment income that exceeds the hurdle but is less than 2.667% is referred to as the “catch-up”; the “catch-up” is meant to provide RGC with 20.0% of the Company’s pre-incentive fee net investment income as if a hurdle did not apply if the Company’s pre-incentive fee net investment income exceeds 2.667% in any calendar quarter (10.668% annualized)); and (3) 20.0% of the amount of the Company’s pre-incentive fee net investment income, if any, that exceeds 2.667% in any calendar quarter (10.668% annualized) payable to RGC (once the hurdle is reached and the catch-up is achieved, 20.0% of all pre-incentive fee net investment income thereafter is allocated to RGC).

Until the consummation of a Spin-Off transaction (defined below), in the event that (a) the sum of the Company’s cumulative net realized losses since the date of the Company’s election to be regulated as a BDC exceeded 2.0% of the total non-control/non-affiliate investments made by the Company since the date of the Company’s election to be regulated as a BDC through the end of the quarter and (b) the pre-incentive fee net investment income adjusted to include any realized capital gains and losses (“Adjusted pre-incentive fee net investment income”), expressed as an annualized rate of return on the value of the Company’s average daily net assets (defined as total assets less liabilities), since the Company’s election to be regulated as a BDC through the end of the quarter was less than 10.0%, no Income Incentive Fee would be payable for such quarter until the first subsequent quarter in which either (x) the sum of the Company’s cumulative net realized losses since the date of the Company’s election to be regulated as a BDC was equal to or less than 2.0% of the total non-control/non-affiliate investments made by the Company since the date of the Company’s election to be regulated as a BDC through the end of such subsequent quarter or (y) the Adjusted pre-incentive fee net investment income, expressed as an annualized rate of return on the value of the Company’s average daily net assets (defined as total assets less liabilities), since the Company’s election to be regulated as a BDC through the of the end of the quarter equals or exceeds 10.0%; provided, however, that in no event would any Income Incentive Fee be payable for any prior quarter after the three-year anniversary of the end of such quarter. For purposes of the Advisory Agreement, a “Spin-Off transaction” includes either a transaction whereby (a) the Company offers its stockholders the option to elect to either (i) retain their ownership of shares of the Company’s common stock, or (ii) exchange their shares of the Company’s common stock for shares of common stock in a newly formed entity (the “Public Fund”) that will elect to be regulated as a BDC under the 1940 Act and treated as a RIC under Subchapter M of the Code (the “Public Fund Spin Off”); or (b) the Company completes a listing of the Company’s securities on any securities exchange (an “Exchange Listing”).

Under the capital gains component of the incentive fee (the “Capital Gains Fee”), the Company will pay RGC, as of the end of each calendar year, 20.0% of the Company’s aggregate cumulative realized capital gains, if any, from the date of the Company’s election to be regulated as a BDC through the end of that calendar year, computed net of the Company’s aggregate cumulative realized capital losses and aggregate cumulative unrealized capital losses through the end of such year, less the aggregate amount of any previously paid Capital Gains Fee. For the foregoing purpose, the Company’s “aggregate cumulative realized capital gains” will not include any unrealized gains. If such amount is negative, then no Capital Gains Fee will be payable for such year.

For the three and nine months ended September 30, 2023, RGC earned incentive fees of $5.5 million and $15.0 million, respectively; $4.0 million and $10.9 million of which were payable in cash, respectively, and $1.5 million and $4.1 million were accrued and generated from deferred interest, respectively. For the three and nine months ended September 30, 2022, RGC earned incentive fees of $3.6 million and $8.6 million, respectively; of which $3.2 million and $7.3 million were payable in cash, respectively, and $0.4 million and $1.3 million were accrued and generated from deferred interest, respectively. All incentive fees accrued and generated from deferred interest (i.e., PIK and certain discount accretion) are not payable until receipt of respective cash by the Company. As of September 30, 2023, $4.3 million were payable in cash, and $8.4 million were deferred incentive fees payable, both of which are included in incentive fees payable on the Statements of Assets and Liabilities. As of December 31, 2022, $3.8 million were payable in cash, and $5.0 million were deferred incentive fees payable, both of which are included in incentive fees payable on the Statements of Assets and Liabilities.

The capital gains incentive fee consists of fees related to realized gains and losses and unrealized capital losses. With respect to the incentive fee expense accrual related to the capital gains incentive fee, U.S. GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized gains in the calculation, as a capital gains incentive fee would be payable if such unrealized gains were realized even though such unrealized gains are not permitted to be considered in calculating the fee actually payable under the Advisory Agreement. As of each of September 30, 2023 and December 31, 2022, there was no capital gains incentive fee accrued, earned or payable to RGC under the Advisory Agreement.

Spin-Off Incentive Fee

The Income Incentive Fee will be payable in connection with a Public Fund Spin-Off as follows. The Income Incentive Fee will be calculated as of the date of the completion of each Public Fund Spin-Off and will equal the amount of Income Incentive Fee that would be payable to RGC if (1) all of the Company’s investments were liquidated for their current value and any unamortized deferred portfolio investment-related fees would be deemed accelerated, (2) the proceeds from such liquidation were used to pay all of the Company’s outstanding liabilities, and (3) the remainder were distributed to the Company’s stockholders and paid as incentive fee in accordance with the Income Incentive Fee described in clauses (1) and (2) above for determining the amount of the Income Incentive Fee; provided, however, that in no event will the Income Incentive Fee paid in connection with the completion of the Public Fund Spin-Off (x) include the portion of the Income Incentive Fee attributable to deferred interest features of a particular investment that is not transferred pursuant to the Public Fund Spin-Off until such time as the deferred interest is received in cash, or (y) exceed 20.0% of the Company’s pre-incentive fee net investment income accrued by the Company for the fiscal quarter as of the date of the completion of the Public-Fund Spin-Off. The Company will make the payment of the Income Incentive Fee paid in connection with the completion of the Public Fund Spin-Off in cash on or immediately following the date of the completion of the Public-Fund Spin-Off. After the Public Fund Spin-Off, all calculations relating to the incentive fee payable will be made beginning on the day immediately following the completion of the Public Fund Spin-Off without taking into account the exchanged shares of the Company’s common stock (or contributions, distributions or proceeds relating thereto).

The Capital Gains Fee will be payable in respect of the exchanged shares of the Company’s common stock in connection with the Public Fund Spin-Off and will be calculated as of the date of the completion of the Public Fund Spin-Off as if such date were a calendar year-end for purposes of calculating and paying the Capital Gains Fee.

No Income Incentive Fee or Capital Gains Fee will be payable in connection with the Public Fund Spin-Off unless, on the date of the completion of the Public Fund Spin-Off, the sum of the Company’s (i) pre-incentive fee net investment income and (ii) realized capital gains less realized capital losses and unrealized capital losses from the date of the Company’s election to be regulated as a BDC through, and including, the date of the completion of the Public Fund Spin-Off, is greater than 8.0% of the cumulative net investments made by the Company since the Company’s election to be regulated as a BDC.

Administration Agreement

The Company reimburses the Administrator for the allocable portion of overhead expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including furnishing the Company with office facilities, equipment and clerical, bookkeeping and recordkeeping services at such facilities, as well as providing other administrative services. In addition, the Company reimburses the Administrator for the fees and expenses associated with performing compliance functions, and the Company’s allocable portion of the compensation of certain of its officers, including the Company’s Chief Financial Officer, Chief Compliance Officer and any administrative support staff, as well as any expenses paid by the Administrator on the Company's behalf.

For the three months ended September 30, 2023, the Company incurred $0.4 million of Administration agreement expenses, of which $0.1 million was payable to a third-party service provider and $0.3 million was overhead allocation expense. For the nine months ended September 30, 2023, the Company incurred $1.6 million of Administration agreement expenses, of which $0.7 million was payable to a third-party service provider and $0.9 million was overhead allocation expense. As of September 30, 2023, the Company had accrued a net payable to the Administrator of $0.4 million and a payable to the third-party service provider of $0.3 million, which are included in Accrued expenses and other liabilities on the Statements of Assets and Liabilities. For the three months ended September 30, 2022, the Company incurred $0.5 million of Administration agreement expenses, of which $0.2 million was payable to a third-party service provider and $0.3 million was overhead allocation expense. For the nine months ended September 30, 2022, the Company incurred $1.3 million of Administration agreement expenses, of which $0.6 million was payable to a third-party service provider and $0.7 million was overhead allocation expense. As of September 30, 2022, the Company had accrued a net payable to the Administrator of $0.3 million and a payable to the third-party service provider of $0.2 million, which are included in Accrued expenses and other liabilities on the Statements of Assets and Liabilities.

License Agreement

The Company has entered into a license agreement with RGC (the “License Agreement”) pursuant to which RGC has granted the Company a personal, non-exclusive, royalty-free right and license to use the name “Runway Growth Finance.” Under the License Agreement, the Company has the right to use the “Runway Growth Finance” name for so long as RGC or one of its affiliates remains the Company’s investment adviser. Other than with respect to this limited license, the Company has no legal right to the “Runway Growth Finance” name.

Strategic Relationship

In December 2016, the Company and RGC entered into a strategic relationship with Oaktree Capital Management, L.P (“Oaktree”). In connection with the strategic relationship, OCM Growth Holdings ("OCM Growth") purchased an aggregate of 14,571,334 shares of the Company's common stock for an aggregate purchase price of $219.3 million in the Company's Initial Private Offering and Second Private Offering. As of September 30, 2023, OCM Growth and Oaktree Opportunities Fund Xb Holdings
(Delaware), L.P. (together with OCM Growth, the “OCM Holders”), each an affiliate of Oaktree, own 21,030,568 shares and 24,100 shares of our common stock, respectively, or approximately 52% of the Company's outstanding shares. Pursuant to an irrevocable proxy, certain shares held by OCM Growth must be voted in the same proportion that the Company's other stockholders vote their shares. Of the 21,054,668 shares of Company’s common stock owned by the OCM Holders, 19,896,113 shares, or approximately 49% of the Company’s outstanding shares, are subject to this proxy voting arrangement.

In connection with OCM Growth’s commitment, the Company entered into a stockholder agreement, dated December 15, 2016, with OCM Growth, pursuant to which OCM Growth has a right to nominate a member of the Company’s Board of Directors for election for so long as OCM Growth holds shares of the Company’s common stock in an amount equal to, in the aggregate, at least one-third (33%) of OCM Growth’s initial $125.0 million capital commitment. Gregory M. Share, Managing Director of Oaktree's Global Opportunities Group in Los Angeles, serves on the Company’s Board of Directors as OCM Growth’s director nominee and is considered an interested director. OCM Growth also holds a minority interest in RGC and has the right to appoint a member of RGC’s board of managers and a member of RGC’s investment committee. Mr. Share is OCM Growth’s appointee to RGC’s board of managers and investment committee.

Note 4 – Investments

Control and Affiliate Investments

The Company classifies its investment portfolio by level of affiliation and control in accordance with the requirements of the 1940 Act. As defined in the 1940 Act, investee companies are deemed as affiliated investments when a company or individual possesses, or has the right to acquire within 60 days or less, beneficial ownership of 5.0% or more of the outstanding voting securities of an investee company. Control investments are those where the investor has the ability or power to exercise a controlling influence over the management or policies of an investee company. Control is generally deemed to exist when a company or individual possesses, or has the right to acquire within 60 days or less, beneficial ownership of more than 25.0% of the outstanding voting securities of an investee company, or maintains greater than 50.0% representation on the investee company's board of directors.

The Company's affiliate and control investments as of September 30, 2023 along with the transactions during the nine months ended September 30, 2023 are as follows:

		For the Nine Months Ended September 30, 2023						
Portfolio Company	**Investment Description**	**Amount of Investment Income Earned 2023**	**Fair Value as of December 31, 2022**	**Gross Additions[1]**	**Gross Reductions[2]**	**Net Realized Gain (Loss)**	**Net Change in Unrealized Gain (Loss)**	**Fair Value as of September 30, 2023[3]**
Affiliate Investments								
Senior Secured Term Loans								
Gynesonics, Inc.	SOFR+8.75%, 8.00% ceiling, 5.00% ETP, due 11/30/2026	$ 1,501	$ —	$ 25,817	$ —	$ —	$ (2,176)	$ 23,641
Total Senior Secured Term Loans		1,501	—	25,817	—	—	(2,176)	23,641
Preferred Stocks								
Gynesonics, Inc.	Series A-2 Preferred Stock	—	—	25,000	—	—	(3,192)	21,808
Total Preferred Stocks		—	—	25,000	—	—	(3,192)	21,808
Common Stocks								
Coginiti Corp	Common Stock	—	1,174	—	—	—	(287)	887
Total Common Stocks		—	1,174	—	—	—	(287)	887
Warrants								
Coginiti Corp	Warrant for common stock, expires 3/09/2030	—	910	—	—	—	(51)	859
Gynesonics, Inc.	Success fee	—	—	313	—	—	27	340
Total Warrants		—	910	313	—	—	(24)	1,199
Total Affiliate Investments		$ 1,501	$ 2,084	$ 51,130	$ —	$ —	$ (5,679)	$ 47,535
Control Investments								
Senior Secured Term Loans								
Pivot3, Inc.	LIBOR+8.50% PIK, 11.00% floor, 4.00% ETP, due 10/15/2023	—	9,290	—	(1,209)	—	3,532	11,613
Total Senior Secured Term Loans		—	9,290	—	(1,209)	—	3,532	11,613
Total Control Investments		$ —	$ 9,290	$ —	$ (1,209)	$ —	$ 3,532	$ 11,613

(1)Gross additions includes increases in the basis of investments resulting from new portfolio investments, PIK interest, accretion of original issue discount ("OID"), the exchange of one or more existing investments for one or more new investments and the movement of an existing portfolio company into this category from a different category.

(2)Gross reductions include decreases in the basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing investments for one or more new investments and the movement of an existing portfolio company out of this category into a different category.

(3)All investments in the portfolio companies, which as of September 30, 2023 represented 10.36% of the Company's net assets, may be deemed to be restricted securities under the Securities Act, and were valued at fair value as determined in good faith by the Company's Board of Directors.

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The Company’s affiliate and control investments as of December 31, 2022, along with the transactions during the year ended December 31, 2022 are as follows:

		For the Year Ended December 31, 2022						
Portfolio Company	Investment Description	Amount of Investment Income Earned 2022	Fair Value as of December 31, 2021	Gross Additions[1]	Gross Reductions[2]	Net Realized Gain (Loss)	Net Change in Unrealized Gain (Loss)	Fair Value as of December 31, 2022[3]
Affiliate Investments								
Senior Secured Term Loans								
Coginiti Corp	LIBOR+9.50% PIK, 10.81% floor, due 12/15/2022	$ 109	$ —	$ 930	$ (930)	$ —	$ —	$ —
Total Senior Secured Term Loans		109	—	930	(930)	—	—	—
Common Stocks								
Coginiti Corp	Common Stock	—	—	4,551	—	—	(3,377)	1,174
Total Common Stocks		—	—	4,551	—	—	(3,377)	1,174
Warrants								
Coginiti Corp	Warrant for Common Stock, exercise price $0.01/share, expires 3/9/2030	—	—	1,009	—	—	(99)	910
Total Warrants		—	—	1,009	—	—	(99)	910
Total Affiliate Investments		$ 109	$ —	$ 6,490	$ (930)	$ —	$ (3,476)	$ 2,084
Control Investments								
Senior Secured Term Loans								
Mojix, Inc.	LIBOR+12.00% , 12.00% cash cap, 5% ETP, due 1/15/2025	$ 2,287	$ 7,568	$ 1,987	$ (8,489)	$ —	$ (1,066)	$ —
	LIBOR+12.00% , 12.00% cash cap, 5% ETP, due 1/15/2025	744	2,523	647	(2,818)	—	(352)	—
	LIBOR+12.00% , 12.00% cash cap, 5% ETP, due 1/15/2025	184	630	160	(704)	—	(86)	—
	LIBOR+12.00% , 12.00% cash cap, 5% ETP, due 1/15/2025	185	629	161	(703)	—	(87)	—
	LIBOR+12.00% , 12.00% cash cap, 5% ETP, due 1/15/2025	374	1,253	327	(1,400)	—	(180)	—
	LIBOR+12.00% , 12.00% cash cap, 5% ETP, due 1/15/2025	291	1,008	266	(1,090)	—	(184)	—
Pivot3, Inc.	LIBOR+8.50% PIK, 11.00% floor, due 11/15/2022	—	14,650	—	—	—	(5,360)	9,290
Total Senior Secured Term Loans		4,065	28,261	3,548	(15,204)	—	(7,315)	9,290
Preferred Stocks								
Mojix, Inc.	Series A-1 Preferred Stock	32	870	—	(800)	—	(70)	—
Pivot3 Holdings, Inc.	Series 1 Preferred Stock	—	—	—	—	(2,000)	2,000	—
Total Preferred Stocks		32	870	—	(800)	(2,000)	1,930	—
Warrants								
Mojix, Inc.	Warrant for Common Stock, exercise price $1.286/share, expires 12/13/2030	—	—	—	(119)	—	119	—
	Warrant for Common Stock, exercise price $2.1286/share, expires 12/13/2030	—	—	—	(298)	—	298	—
	Warrant for Common Stock, exercise price $5.57338/share, expires 12/13/2030	—	—	—	(829)	—	829	—
Total Warrants		—	—	—	(1,246)	—	1,246	—
Total Control Investments		$ 4,097	$ 29,131	$ 3,548	$ (17,250)	$ (2,000)	$ (4,139)	$ 9,290

(1) Gross additions includes increases in the basis of investments resulting from new portfolio investments, PIK interest, accretion of original issue discount (“OID”), the exchange of one or more existing investments for one or more new investments and the movement of an existing portfolio company into this category from a different category.

(2) Gross reductions include decreases in the basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing Investments for one or more new investments and the movement of an existing portfolio company out of this category into a different category.

(3) All investments in the portfolio company, which as of December 31, 2022 represented 1.97% of the Company’s net assets, may be deemed to be restricted securities under the Securities Act, and were valued at fair value as determined in good faith by the Company’s Board of Directors.

Portfolio Composition

The following tables show the fair value of the Company's portfolio of investments by geographic region and industry as of September 30, 2023 and December 31, 2022:

	September 30, 2023			December 31, 2022		
Geographic Region	**Investments at Fair Value**	**Percentage of Net Assets**		**Investments at Fair Value**	**Percentage of Net Assets**	
Western United States	$ 362,323	63.50	%	$ 346,372	60.13	%
Northeastern United States	257,623	45.16		351,654	61.04	
Midwestern United States	100,641	17.64		74,745	12.98	
South Central United States	86,702	15.20		85,000	14.76	
United Kingdom	76,101	13.34		60,783	10.55	
Germany	45,039	7.89		46,499	8.07	
Southeastern United States	41,622	7.30		74,797	12.98	
Northwestern United States	26,468	4.64		72,615	12.61	
Canada	14,408	2.53		13,844	2.40	
Total	$ 1,010,927	177.20	%	$ 1,126,309	195.52	%

	September 30, 2023			December 31, 2022		
Industry	**Investments at Fair Value**	**Percentage of Net Assets**		**Investments at Fair Value**	**Percentage of Net Assets**	
Health Care Technology	$ 204,760	35.89	%	240,844	41.81	%
Application Software	175,305	30.72		184,084	31.96	
Data Processing & Outsourced Services	118,247	20.72		97,404	16.91	
Human Resource & Employment Services	113,261	19.85		97,788	16.98	
Internet Software and Services	90,250	15.82		149,780	26.00	
System Software	83,927	14.71		78,274	13.58	
Property & Casualty Insurance	75,050	13.16		49,440	8.58	
Internet & Direct Marketing Retail	55,878	9.80		55,986	9.72	
Electronic Equipment & Instruments	52,127	9.14		78,114	13.56	
Education Services	25,592	4.49		25,305	4.39	
Health Care Equipment	15,141	2.66		27,433	4.76	
Technology Hardware, Storage & Peripherals	922	0.16		1,068	0.19	
Specialized Consumer Services	389	0.07		796	0.14	
Biotechnology	78	0.01		39,925	6.93	
Computer & Electronics Retail	-	-		68	0.01	
Total	$ 1,010,927	177.20	%	$ 1,126,309	195.52	%

Derivative Financial Instruments

In the normal course of business, the Company may utilize derivative contracts in connection with its investment activities. Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. The derivative activities and exposure to derivative contracts primarily involve equity price risks. In addition to the primary underlying risk, additional counterparty risk exists due to the potential inability of counterparties to meet the terms of their contracts.

Warrants provide exposure and potential gains upon equity gains of the portfolio company's equity value. A warrant has a limited life and expires on a certain date. As a warrant's expiration date approaches, the time value of the warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the entire value of an investment in a warrant to be lost. The Company's volume of warrant investment activity is closely correlated to its primary senior secured loans to portfolio companies. For the three and nine months ended September 30, 2023, the Company had net realized gains (losses) of $0.0 million and $(1.2) million, respectively, and a net unrealized gain (loss) of $(0.5) million and $(3.1) million, respectively, from its investments in warrants. For the three and nine months ended September 30, 2022, the Company had net realized gains (losses) of $(0.6) million and $(0.9) million, respectively, and a net unrealized gain (loss) of $0.1 million and $0.3 million, respectively, from its investments in warrants. Realized gains (losses) from warrants are included in the respective control, affiliate, or non-control/non-affiliate Net realized gain (loss) on investments on the Statements of Operations. Net change in unrealized gain (loss) from investments in warrants is included in the respective control, affiliate, or non-control/non-affiliate Net change in unrealized gain (loss) on investments on the Statements of Operations.

Counterparty risk exists from the potential failure of an issuer of warrants to settle its exercised warrants. The maximum risk of loss from counterparty risk is the fair value of the contracts and the purchase price of the warrants. The Company's Board of Directors considers the effects of counterparty risk when determining the fair value of its investments in warrants.

Note 5 – Fair Value of Financial Instruments

The Company’s assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC Topic 820. Refer to "Note 2 – Summary of Significant Accounting Policies" for a discussion of the Company’s policies.

Investments measured at fair value on a recurring basis are categorized in the tables below based upon the lowest level of significant input to the valuations as of September 30, 2023 and December 31, 2022 (in thousands):

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Portfolio Investments				
Senior Secured Term Loans	$ —	$ —	$ 947,515	$ 947,515
Second Lien Term Loans	—	—	14,178	14,178
Preferred Stock	11,219	—	22,039	33,258
Common Stock	1,077	—	886	1,963
Warrants	—	197	13,816	14,013
Total Portfolio Investments	12,296	197	998,434	1,010,927
Cash equivalents	7,480	—	—	7,480
Total	$ 19,776	$ 197	$ 998,434	$ 1,018,407

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Portfolio Investments				
Senior Secured Term Loans	$ —	$ —	$ 1,080,121	$ 1,080,121
Second Lien Term Loans	—	—	13,654	13,654
Preferred Stock	12,335	—	347	12,682
Common Stock	501	1,422	1,174	3,097
Warrants	—	105	16,650	16,755
Total Portfolio Investments	12,836	1,527	1,111,946	1,126,309
Cash equivalents	5,590	—	—	5,590
Total	$ 18,426	$ 1,527	$ 1,111,946	$ 1,131,899

The Company transfers investments in and out of Levels 1, 2 and 3 as of the beginning balance sheet date, based on changes in the use of observable and unobservable inputs utilized to perform the valuation for the period.

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The following table presents a rollforward of Level 3 assets measured at fair value as of September 30, 2023 (in thousands):

	Preferred Stock	Common Stock	Senior Secured Term Loans	Second Lien Term Loans	Warrants	Total
Fair value at December 31, 2022	$ 347	$ 1,174	$ 1,080,121	$ 13,654	$ 16,650	$ 1,111,946
Transfers out of Level 3	—	—	—	—	(891)	(891)
Purchases of investments[(1)]	25,000	—	78,611	—	1,506	105,117
PIK interest	—	—	14,895	439	—	15,334
Sales or repayments of investments[(1)]	—	—	(232,717)	—	—	(232,717)
Net realized gain (loss)	—	—	—	—	(1,178)	(1,178)
Net change in unrealized gain (loss)	(3,308)	(288)	(616)	—	(2,271)	(6,483)
Amortization of fixed income premiums or accretion of discounts	—	—	7,221	85	—	7,306
Fair value at September 30, 2023	$ 22,039	$ 886	$ 947,515	$ 14,178	$ 13,816	$ 998,434
Net change in unrealized gain (loss) on Level 3 investments still held as of September 30, 2023	$ (3,308)	$ (286)	$ (1,207)	$ —	$ (3,565)	$ (8,366)

(1) Net of reorganization and restructuring of investments.

The following table presents a rollforward of Level 3 assets measured at fair value as of September 30, 2022 (in thousands):

	Preferred Stock	Common Stock	Senior Secured Term Loans	Second Lien Term Loans	Warrants	Total
Fair value at December 31, 2021	$ 1,332	$ —	$ 623,054	$ 12,873	$ 20,087	$ 657,346
Transfers out of Level 3	—	—	—	—	(2,239)	(2,239)
Purchases of investments[(1)]	—	4,551	385,651	—	2,491	392,693
PIK interest	—	—	5,855	490	—	6,345
Sales or repayments of investments[(1)]	(800)	—	(143,171)	—	(1,508)	(145,479)
Net realized gain (loss)	—	—	—	—	(851)	(851)
Net change in unrealized gain (loss)	(147)	(3,323)	(13,349)	(48)	340	(16,527)
Amortization of fixed income premiums or accretion of discounts	—	—	4,488	88	—	4,576
Fair Value at September 30, 2022	$ 385	$ 1,228	$ 862,528	$ 13,403	$ 18,320	$ 895,864
Net change in unrealized gain (loss) on Level 3 investments still held as of September 30, 2022	$ (77)	$ (3,323)	$ (12,454)	$ (48)	$ (1,813)	$ (17,715)

(1) Net of reorganization and restructuring of investments.

The following table provides quantitative information regarding Level 3 fair value measurements as of September 30, 2023 (in thousands):

Description		Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Senior Secured Term Loans(1)	$	912,757	Discounted Cash Flow analysis	Discount rate	11.6% - 20.6% (15.3%)
			Market approach	Origination yield	9.7% - 15.9% (12.7%)
		34,758	PWERM	Discount rate	21.5% - 42.5% (35.9%)
Second Lien Term Loans(1)		14,178	Discounted Cash Flow analysis	Discount rate	16.8% - 16.8% (16.8%)
			Market approach	Origination yield	16.7% - 16.7% (16.7%)
Preferred Stock		232	Recent private market and merger and acquisition transaction prices	N/A	N/A
		21,807	Option pricing model	Risk-Free Rate	5.1% - 5.1% (5.1%)
				Average industry volatility	50.0% - 50.0% (50.0%)
				Estimated time to exit	1.7 - 1.7 (1.7 years)
				Revenue multiples	9.33x - 9.33x (9.33x)
Common Stock		886	Recent private market and merger and acquisition transaction prices	N/A	N/A
Warrants(2)		9,008	Option pricing model	Risk-free interest rate	4.2% - 5.5% (4.6%)
				Average industry volatility	25.0% - 107.5% (47.5%)
				Estimated time to exit	0.8 - 8.4 (2.9 years)
				Revenue multiples	1.01x - 6.57x (4.03x)
		4,808	PWERM	Discount rate	20.0% - 45.0% (34.2%)
				Revenue multiples	2.53x - 224.09x (47.40x)
Total Level 3 Investments	$	998,434			

The following table provides quantitative information regarding Level 3 fair value measurements as of December 31, 2022 (in thousands):

Description		Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Senior Secured Term Loans(1)	$	1,053,748	Discounted Cash Flow analysis	Discount rate	11.1% - 28.0% (15.2%)
			Market approach	Origination yield	10.5% - 19.3% (12.9%)
		26,373	PWERM	Discount rate	27.4% - 37.4% (30.9%)
Second Lien Term Loans(1)		13,654	Discounted Cash Flow analysis	Discount rate	16.1% - 16.1% (16.1%)
			Market approach	Origination yield	12.2% - 12.2% (12.2%)
Preferred Stock		347	Recent private market and merger and acquisition transaction prices	N/A	N/A
Common Stock		1,174	Recent private market and merger and acquisition transaction prices	N/A	N/A
Warrants(2)		10,246	Option pricing model	Risk-free interest rate	2.7% - 4.9% (4.3%)
				Average industry volatility	25.0% - 98.4% (49.0%)
				Estimated time to exit	0.5 - 5.0 (2.2 years)
				Revenue multiples	1.16x - 88.63x (5.47x)
		6,404	PWERM	Discount rate	20.0% - 40.0% (34.6%)
				Revenue multiples	2.35x - 199.38x (13.10x)
Total Level 3 Investments	$	1,111,946			

(1) The significant unobservable inputs used in the fair value measurement of the Company’s debt securities are origination yields and discount rates. The origination yield is defined as the initial market price of an investment in a hypothetical market to hypothetical market participants where buyers and sellers are willing participants. The discount rate is related to company-specific characteristics such as underlying investment performance, projected cash flows, and other characteristics of the investment. Significant increases or decreases in the inputs in isolation may result in a significantly higher or lower fair value measurement, depending on the materiality of the investment. However, a significantly higher or lower fair value measurement of any of the Company’s portfolio investments may occur regardless of whether there is a significant increase or decrease in the unobservable inputs.

(2) The significant unobservable inputs used in the fair value measurement of the Company’s warrant and equity-related securities are inputs used in the OPM, which include industry volatility, risk free interest rate and estimated time to exit. The Equity Allocation model and the Black Scholes model were the main OPMs used during the period ended September 30, 2023 and the year ended December 31, 2022. Probability Weighted Expected Return Models (“PWERM”) and other techniques were used as determined appropriate. Significant increases (decreases) in the inputs in isolation would result in a significantly higher (lower) fair value measurement, depending on the materiality of the investment. However, a significantly higher or lower fair value measurement of any of the Company’s portfolio investments may occur regardless of whether there is a significant increase or decrease in the unobservable inputs. For some investments, additional consideration may be given to data from the last round of financing or merger/acquisition events near the measurement date.

Fair Value of Financial Instruments Reported at Cost

The fair value of the Company’s Credit Facility, April 2026 Notes, December 2026 Notes, July 2027 Notes, August 2027 Notes, and December 2027 Notes (as defined in "Note 7 – Borrowings") is estimated using the relative market yield approach. The fair value of the Company's Credit Facility, December 2026 Notes and August 2027 Notes are estimated using Level 3 inputs by discounting remaining payments using comparable market rates or market quotes for similar instruments at the measurement date. The fair value of the Company's July 2027 Notes and December 2027 Notes is based on vendor pricing received by the Company, which is considered a Level 2 input, and reflects the market close price of the notes traded on the Nasdaq Global Select Market LLC under the symbol "RWAYL" and "RWAYZ", respectively.

As of both September 30, 2023, and December 31, 2022, the carrying values of the Credit Facility, April 2026 Notes, July 2027 Notes, August 2027 Notes, and December 2027 Notes approximate fair value. As of September 30, 2023, the fair value of the December 2026 Notes was approximately $53.7 million and the carrying value was approximately $69.4 million, net of unamortized deferred debt costs of $0.6 million. As of December 31, 2022, the fair value of the December 2026 Notes was approximately $57.0 million and the carrying value was approximately $69.2 million, net of unamortized deferred debt costs of $0.8 million.

Note 6 – Concentration of Credit Risk

In the normal course of business, the Company maintains its cash balances at large, high credit-quality financial institutions, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent that any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. The Company monitors the financial condition of those financial institutions and believes that risk of loss associated with any uninsured balance is remote.

In the event that a portfolio company completely fails to perform according to the terms of their loan agreement, the amount of loss due to credit risk from the Company's investments would equal the sum of the Company’s recorded investments in the portfolio company and the portion of unfunded commitments currently eligible to be drawn. Refer to "Note 8 – Commitments and Contingencies" for a summary of the aggregate balance of unfunded commitments as of September 30, 2023. The Company collateralizes its investments by obtaining a first priority security interest in a portfolio company’s assets, which may include its intellectual property.

As of September 30, 2023 and December 31, 2022, the Company’s five largest debt investments in portfolio companies represented approximately 38.5% and 30.0%, respectively, of the total fair value of the Company’s debt investments in portfolio companies. As of September 30, 2023 and December 31, 2022, the Company had debt investments in 13 and 16 portfolio companies, respectively, that represented 5% or more of the Company’s net assets.

Note 7 – Borrowings

The following table shows the Company's borrowings as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023				December 31, 2022			
	Total Commitment	Principal	Deferred Debt Cost[(1)]	Carrying Value	Total Commitment	Principal	Deferred Debt Cost[(1)]	Carrying Value
Credit Facility	$ 500,000	$ 203,000	$ (4,170)	$ 198,830	$ 425,000	$ 337,000	$ (4,640)	$ 332,360
April 2026 Notes	25,000	25,000	(307)	24,693	—	—	—	—
December 2026 Notes	70,000	70,000	(628)	69,372	70,000	70,000	(818)	69,182
July 2027 Notes	80,500	80,500	(2,068)	78,432	80,500	80,500	(2,380)	78,120
August 2027 Notes	20,000	20,000	(546)	19,454	20,000	20,000	(653)	19,347
December 2027 Notes	51,750	51,750	(1,546)	50,204	51,750	51,750	(1,802)	49,948
Total	$ 747,250	$ 450,250	$ (9,265)	$ 440,985	$ 647,250	$ 559,250	$ (10,293)	$ 548,957

(1) Net of accumulated amortization.

For the three months ended September 30, 2023 and 2022, the components of interest expense, amortization of deferred debt costs, unused fees on the Credit Facility (as defined below), and any other costs associated with the Company's borrowings were as follows (dollars in thousands):

	Interest Expense	Amortization of Deferred Debt Costs	Unused Facility and Other Fees	Total Interest and Other Debt Financing Expenses	Weighted Average Cost of Debt
Three Months Ended September 30, 2023					
Credit Facility	$ 5,097	$ 411	$ 407	$ 5,915	9.45 %
April 2026 Notes	533	34	—	567	9.08
December 2026 Notes	743	55	—	798	4.56
July 2027 Notes	1,510	141	—	1,651	8.20
August 2027 Notes	350	35	—	385	7.70
December 2027 Notes	1,035	91	—	1,126	8.71
Total	$ 9,268	$ 767	$ 407	$ 10,442	8.33 %
Three Months Ended September 30, 2022					
Credit Facility	$ 1,667	$ 256	$ 389	$ 2,312	7.34 %
December 2026 Notes	744	50	—	794	4.55
July 2027 Notes	1,057	88	—	1,145	7.98
August 2027 Notes	121	10	—	131	7.72
Total	$ 3,589	$ 404	$ 389	$ 4,382	6.75 %

For the nine months ended September 30, 2023 and 2022, the components of interest expense, amortization of deferred debt costs, unused fees on the Credit Facility (as defined below), and any other costs associated with the Company's borrowings were as follows (dollars in thousands):

	Interest Expense	Amortization of Deferred Debt Costs	Unused Facility and Other Fees [(1)]	Total Interest and Other Debt Financing Expenses	Weighted Average Cost of Debt
Nine Months Ended September 30, 2023					
Credit Facility	$ 17,796	$ 1,231	$ 829	$ 19,856	8.91 %
April 2026 Notes	996	57	—	1,053	8.99
December 2026 Notes	2,231	155	—	2,386	4.56
July 2027 Notes	4,528	412	—	4,940	8.21
August 2027 Notes	1,050	107	—	1,157	7.73
December 2027 Notes	3,105	275	—	3,380	8.73
Total	$ 29,706	$ 2,237	$ 829	$ 32,772	8.15 %
Nine Months Ended September 30, 2022					
Credit Facility	$ 2,902	$ 570	$ 1,428	$ 4,900	7.70 %
December 2026 Notes	1,991	130	—	2,121	4.52
July 2027 Notes	1,057	88	—	1,145	7.98
August 2027 Notes	121	10	—	131	7.72
Total	$ 6,071	$ 798	$ 1,428	$ 8,297	6.55 %

(1)Unused facility and other fees for the nine months ended September 30, 2022 include supplemental fees of $0.4 million, which were predominantly incurred in the first half of 2022 and were nonrecurring in nature.

Credit Facility

On May 31, 2019, the Company entered into a Credit Agreement with KeyBank National Association, acting as administrative agent and syndication agent and the other lenders party thereto, which initially provided the Company with a $100.0 million commitment, subject to borrowing base requirements (as amended and restated from time to time, the “Credit Facility”). As of September 30, 2023, the Company had $500.0 million in total commitments available under the Credit Facility. The availability period under the Credit Facility expires on April 20, 2025 and is followed by a one-year amortization period. The stated maturity date under the Credit Facility is April 20, 2026, unless extended.

Borrowings under the Credit Facility bear interest on a per annum rate equal to the Adjusted Term Secured Overnight Financing Rate (“SOFR”) plus an applicable margin rate that ranges from 2.95% to 3.35% per annum depending on the Company’s leverage ratio and number of eligible loans in the collateral pool. The Credit Facility provides for a variable advance rate of up to 65% on eligible term loans. The Company also pays an unused commitment fee that ranges from 0.25% to 1.00% per annum based on the total unused lender commitments under the Credit Facility.

The Credit Facility is collateralized by all eligible investment assets held by the Company. The Credit Facility contains representations, warranties, and affirmative and negative covenants customary for secured financings of this type, including certain financial covenants such as a consolidated tangible net worth requirement and a required asset coverage ratio.

For the three and nine months ended September 30, 2023, the weighted average outstanding principal balance was $250.3 million and $298.0 million, respectively, and the weighted average effective interest rate was 8.07% and 7.99%, respectively. For the three and nine months ended September 30, 2022, the weighted average outstanding principal balance was $126.0 million and $85.1 million, respectively, and the weighted average effective interest rate was 5.25% and 4.01%, respectively.

2026 Notes

On December 10, 2021, the Company entered into a master note purchase agreement, completing a private debt offering of $70.0 million in aggregate principal amount of 4.25% interest-bearing unsecured Series 2021A Senior Notes due 2026 (the “December 2026 Notes”) to institutional accredited investors (as defined in Regulation D under the Securities Act of 1933, as amended (the "Securities Act")). The December 2026 Notes were issued in two closings; the initial issuance of $20.0 million closed on December 10, 2021 and the second issuance of $50.0 million closed on February 10, 2022. On April 13, 2023, the Company completed the first supplement to the master note purchase agreement, resulting in an additional private debt offering of $25.0 million in aggregate principal amount of 8.54% interest-bearing unsecured Series 2023A Senior Notes due 2026 (the “April 2026 Notes”) to institutional accredited investors (as defined in the Securities Act). The December 2026 Notes and the April 2026 Notes (collectively the "2026 Notes") are subject to a 1.00% increase in the respective interest rates in the event that, subject to certain exceptions, the 2026 Notes cease to have an investment grade rating or receive an investment grade rating below the Investment Grade (as defined in the master note purchase agreement). The 2026 Notes are general unsecured obligations of the Company that rank *pari passu* with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

December 2026 Notes

The December 2026 Notes bear an interest rate of 4.25% per year and are due on December 10, 2026, unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. Interest on the December 2026 Notes will be due semiannually in arrears on June 10 and December 10 of each year, commencing on June 10, 2022.

Aggregate costs in connection with the December 2026 Notes issuance were $1.0 million, and were capitalized and deferred. As of September 30, 2023 and December 31, 2022, unamortized deferred debt costs related to the December 2026 Notes were $0.6 million and $0.8 million, respectively.

April 2026 Notes

The April 2026 Notes bear an interest rate of 8.54% per year and are due on April 13, 2026, unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. Interest on the April 2026 Notes will be due semiannually in arrears on April 13 and October 13 of each year, commencing on October 13, 2023.

Aggregate costs in connection with the April 2026 Notes issuance were $0.4 million, and were capitalized and deferred. As of September 30, 2023, unamortized deferred debt costs related to the April 2026 Notes were $0.3 million.

2027 Notes

July 2027 Notes

On July 28, 2022, the Company issued and sold $80.5 million in aggregate principal amount of 7.50% interest-bearing unsecured Notes due 2027 (the “July 2027 Notes”) under its shelf Registration Statement on Form N-2. The July 2027 Notes were issued pursuant to the Base Indenture dated July 28, 2022 (the “Base Indenture”) and First Supplemental Indenture, dated July 28, 2022 (together with the Base Indenture, the “Indenture”), between the Company and the Trustee, U.S. Bank Trust Company, National Association.

The July 2027 Notes bear an interest rate of 7.50% per year and are due on July 28, 2027. Interest on the 2027 Notes will be due quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2022. The July 2027 Notes may be redeemed in whole or in part at any time or from time to time at the Company’s option on or after July 28, 2024, at a redemption price of $25 per July 2027 Note plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to the date fixed for redemption. The July 2027 Notes are general unsecured obligations of the Company that rank *pari passu* with the Company's existing and future unsecured, unsubordinated indebtedness.

Aggregate costs in connection with the July 2027 Notes issuance, including the underwriter’s discount and commissions, were $2.7 million, and were capitalized and deferred. As of September 30, 2023 and December 31, 2022, unamortized deferred debt costs related to the July 2027 Notes were $2.1 million and $2.4 million, respectively.

August 2027 Notes

On August 31, 2022, the Company issued and sold a private debt offering of $20.0 million in aggregate principal amount of 7.00% interest-bearing unsecured Series 2022A Senior Notes due 2027 (the “August 2027 Notes”) to HCM Master Fund Limited.

The August 2027 Notes bear an interest rate of 7.00% per year and are due on August 31, 2027, unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. Interest on the August 2027 Notes will be due semiannually in arrears on February 15 and August 15 of each year, commencing on February 15, 2023. The August 2027 Notes are general unsecured obligations of the Company that rank *pari passu* with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

Aggregate costs in connection with the August 2027 Notes issuance were $0.7 million, and were capitalized and deferred. As of September 30, 2023 and December 31, 2022, unamortized deferred debt costs related to the August 2027 Notes were $0.5 million and $0.7 million, respectively.

December 2027 Notes

On December 7, 2022, the Company issued and sold $51.75 million in aggregate principal amount of 8.00% interest-bearing unsecured Notes due 2027 (the "December 2027 Notes") under its shelf Registration Statement on Form N-2. The December 2027 Notes were issued pursuant to the Base Indenture dated July 28, 2022 (the "Base Indenture") and Second Supplemental Indenture, dated December 7, 2022 (together with the Base Indenture, the "Indenture"), between the Company and the Trustee, U.S. Bank Trust Company, National Association.

The December 2027 Notes bear an interest rate of 8.0% per year and are due on December 28, 2027. Interest on the 2027 Notes will be due quarterly in arrears on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2023. The December 2027 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after December 31, 2024, at a redemption price of $25 per December 2027 Note plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to the date fixed for redemption. The December 2027 Notes are general unsecured obligations of the Company that rank *pari passu* with the Company's existing and future unsecured, unsubordinated indebtedness.

Aggregate costs in connection with the December 2027 Notes issuance, including the underwriter's discount and commissions, were $1.8 million, and were capitalized and deferred. As of September 30, 2023 and December 31, 2022, unamortized deferred debt costs related to the December 2027 Notes were $1.5 million and $1.8 million, respectively.

Note 8 – Commitments and Contingencies

Commitments

The following table provides the Company’s contractual obligations as of September 30, 2023 (in thousands):

	Payments Due by Period				
Contractual Obligations [1]	**Total**	**Less than 1 Year**	**1-3 years**	**3-5 years**	**More than 5 Years**
Borrowings [2]					
Credit Facility	$ 203,000	$ —	$ 203,000	$ —	$ —
2026 Notes	95,000	—	25,000	70,000	—
2027 Notes	152,250	—	—	152,250	—
Total Borrowings	450,250	—	228,000	222,250	—
Deferred Incentive Fees	8,447	2,637	3,131	2,548	131
Total	$ 458,697	$ 2,637	$ 231,131	$ 224,798	$ 131

(1)Excludes interest payable on borrowings, accrued expenses, and commitments to extend credit to the Company’s portfolio companies.

(2)Amounts represent future principal repayments and not the carrying value of each liability (refer to “Note 7 – Borrowings”).

The following table provides the Company’s contractual obligations as of December 31, 2022 (in thousands):

	Payments Due by Period				
Contractual Obligations [1]	**Total**	**Less than 1 Year**	**1-3 years**	**3-5 years**	**More than 5 Years**
Borrowings [2]					
Credit Facility	$ 337,000	$ —	$ —	$ 337,000	$ —
2026 Notes	70,000	—	—	70,000	—
2027 Notes	152,250	—	—	152,250	—
Total Borrowings	559,250	—	—	559,250	—
Deferred Incentive Fees	5,009	674	1,760	1,023	1,552
Total	$ 564,259	$ 674	$ 1,760	$ 560,273	$ 1,552

(1)Excludes interest payable on borrowings, accrued expenses, and commitments to extend credit to the Company’s portfolio companies.

(2)Amounts represent future principal repayments and not the carrying value of each liability (refer to “Note 7 – Borrowings”).

Contingencies

The Company and RGC are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. From time to time, the Company or RGC may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. The Company's business is also subject to extensive regulation, which may result in regulatory proceedings against us. While the outcome of any such legal proceedings cannot be predicted with certainty, the Company does not expect that any such proceedings will have a material effect upon our financial condition or results of operations.

Off-balance Sheet Arrangements

In the normal course of business, the Company may enter into investment agreements under which it commits to make an investment in a portfolio company at some future date or over a specified period of time. These unfunded contractual commitments to provide funds to portfolio companies are not reflected on our balance sheet. The availability of such unfunded loan commitments is subject to the specific terms and conditions of each contract, which may include, among other things, portfolio company performance requirements and time-based cancellation provisions. As a result, only a portion of unfunded commitments is currently eligible to be drawn.

The Company's unfunded loan commitments to provide debt financing to its portfolio companies amounted to $203.5 million and $315.7 million as of September 30, 2023 and December 31, 2022, respectively, shown in the table below (in thousands):

Portfolio Company	Investment Type	September 30, 2023	December 31, 2022
3PL Central LLC (dba Extensiv)	Senior Secured Term Loan	$ 11,500	$ 15,000
Brivo, Inc.	Senior Secured Term Loan	12,000	16,000
CloudPay, Inc.	Senior Secured Term Loan	—	15,000
Dtex Systems, Inc.	Senior Secured Term Loan	—	15,000
EBR Systems, Inc.	Senior Secured Term Loan	10,000	30,000
Interactions Corporation	Senior Secured Term Loan	10,000	10,000
Intellisite Holdings, Inc. (dba Epic IO Technologies, Inc.)	Senior Secured Term Loan	—	6,000
Kin Insurance, Inc.	Senior Secured Term Loan	—	25,000
Madison Reed, Inc.	Senior Secured Term Loan	1,200	2,400
Moximed, Inc.	Senior Secured Term Loan	15,000	15,000
Nalu Medical, Inc.	Senior Secured Term Loan	25,000	25,000
Revelle Aesthetics, Inc.	Senior Secured Term Loan	—	12,500
Route 92 Medical, Inc.	Senior Secured Term Loan	38,564	42,000
SetPoint Medical Corporation	Senior Secured Term Loan	40,000	40,000
Skillshare, Inc.	Senior Secured Term Loan	10,000	15,000
Snagajob.com, Inc.	Senior Secured Term Loan	6,785	6,785
Synack, Inc.	Senior Secured Term Loan	23,480	25,000
Total unused commitments to extend financing		$ 203,529	$ 315,685

Note 9 – Net Assets

The Company has the authority to issue 100,000,000 shares of common stock, $0.01 par value per share. In October 2015, in connection with the Company's formation, the Company issued and sold 1,667 shares of common stock to R. David Spreng, the President and Chief Executive Officer of the Company and Chairman of the Company's Board of Directors, for an aggregate purchase price of $25 thousand.

Private Common Stock Offerings

On December 1, 2017, the Company completed its initial private offering ("Initial Private Offering"), in which the Company issued 18,241,157 shares of its common stock to stockholders for a total purchase price of $275.0 million in reliance on exemptions from the registration requirements of the Securities Act, and other applicable securities laws.

Beginning October 15, 2019 and ending September 29, 2021, the Company had completed multiple closings under its second private offering (the "Second Private Offering") and had accepted aggregate capital commitments of $181.7 million. In connection with the Second Private Offering the Company has issued 9,617,379 shares of its common stock for a total purchase price of $144.3 million. Concurrent with the IPO, all undrawn commitments under the Second Private Offering were cancelled.

On March 31, 2020 and March 24, 2021, the Company had issued in aggregate 22,564 shares as an additional direct investment by Runway Growth Holdings LLC, an affiliate of RGC, at a per-share price of $15.00 for total proceeds of $0.3 million in a private offering pursuant to an exemption from registration under Regulation D of the Securities Act.

Initial Public Offering

On October 25, 2021, the Company closed its IPO, issuing 6,850,000 shares of its common stock at a public offering price of $14.60 per share. Net of underwriting fees and offering costs, the Company received net cash proceeds of $93.0 million. The Company’s common stock began trading on the Nasdaq Global Select Market LLC on October 21, 2021 under the symbol “RWAY”.

Repurchase Program

On February 24, 2022, the Board of Directors approved a repurchase program (the “Repurchase Program”) under which the Company could have repurchased up to $25.0 million of its outstanding common stock. Under the Repurchase Program, the Company could have repurchased shares at management’s discretion from time to time in open-market transactions, in accordance with all applicable securities laws and regulations. As of September 30, 2023 and December 31, 2022, the Company had repurchased 871,345 shares of the Company's common stock under the Repurchase Program for an aggregate purchase price of $10.8 million. The Board of Directors did not renew the Repurchase Program, and it expired on February 24, 2023.

Distributions

The Company intends to pay quarterly distributions to its stockholders out of assets legally available for distribution. All distributions will be paid at the discretion of the Board of Directors and will depend on the Company's earnings, financial condition, maintenance of RIC status for income tax purposes, compliance with applicable BDC regulations and such other factors as the Board of Directors may deem relevant from time to time.

For the three and nine months ended September 30, 2023, the Company declared and paid dividends in the amount of $18.2 million and $54.7 million, respectively, of which $17.5 million and $52.4 million, respectively, were distributed in cash and the remainder distributed in shares to stockholders pursuant to the Company’s Dividend Reinvestment Plan. For the three and nine months ended September 30, 2022, the Company declared dividends in the amount of $13.5 million, and $37.0 million of which $12.8 million and $26.7 million, respectively, were distributed in cash and the remainder distributed in shares to stockholders pursuant to the Company’s Dividend Reinvestment Plan.

Dividend Reinvestment Plan

The Company maintains a dividend reinvestment plan for common stockholders (the "Dividend Reinvestment Plan"). The Company's Dividend Reinvestment Plan is administered by its transfer agent on behalf of the Company's record holders and participating brokerage firms. Brokerage firms and other financial intermediaries may decide not to participate in the Company's Dividend Reinvestment Plan but may provide a similar distribution reinvestment plan for their clients. The share requirements of the Dividend Reinvestment Plan may be satisfied through the issuance of new common shares or through open market purchases of common shares by the Company.

During the three and nine months ended September 30, 2023, the Company purchased 54,930 and 182,435 shares of common stock in the open market under the Dividend Reinvestment Plan for a total of $0.7 million and $2.3 million, respectively. During the three and nine months ended September 30, 2022, the Company purchased 49,298 and 729,134 shares of common stock in the open market and under the Dividend Reinvestment Plan for a total of $0.7 million and $10.3 million, respectively.

The following table summarizes the distributions declared and paid since inception through September 30, 2023:

Declaration Date	Type	Record Date	Payment Date	Amount per Share
May 3, 2018	Quarterly	May 15, 2018	May 31, 2018	$ 0.15
July 26, 2018	Quarterly	August 15, 2018	August 31, 2018	$ 0.25
November 1, 2018	Quarterly	October 31, 2018	November 15, 2018	$ 0.35
March 22, 2019	Quarterly	March 22, 2019	March 26, 2019	$ 0.40
May 2, 2019	Quarterly	May 7, 2019	May 21, 2019	$ 0.45
May 2, 2019	Quarterly	May 31, 2019	July 16, 2019	$ 0.46
July 30, 2019	Quarterly	August 5, 2019	August 26, 2019	$ 0.45
September 27, 2019	Quarterly	September 30, 2019	November 12, 2019	$ 0.04
December 9, 2019	Quarterly	December 10, 2019	December 23, 2019	$ 0.40
March 5, 2020	Quarterly	March 6, 2020	March 20, 2020	$ 0.40
May 7, 2020	Quarterly	May 8, 2020	May 21, 2020	$ 0.35
August 5, 2020	Quarterly	August 6, 2020	August 20, 2020	$ 0.36
October 1, 2020	Quarterly	October 1, 2020	November 12, 2020	$ 0.38
March 4, 2021	Quarterly	March 5, 2021	March 19, 2021	$ 0.37
April 29, 2021	Quarterly	April 30, 2021	May 13, 2021	$ 0.37
July 19, 2021	Quarterly	July 20, 2021	August 12, 2021	$ 0.34
October 28, 2021	Quarterly	November 8, 2021	November 22, 2021	$ 0.25
February 24, 2022	Quarterly	March 8, 2022	March 22, 2022	$ 0.27
April 28, 2022	Quarterly	May 10, 2022	May 24, 2022	$ 0.30
July 28, 2022	Quarterly	August 9, 2022	August 23, 2022	$ 0.33
October 27, 2022	Quarterly	November 8, 2022	November 22, 2022	$ 0.36
February 23, 2023	Quarterly	March 7, 2023	March 21, 2023	$ 0.40
February 23, 2023	Supplemental	March 7, 2023	March 21, 2023	$ 0.05
May 2, 2023	Quarterly	May 15, 2023	May 31, 2023	$ 0.40
May 2, 2023	Supplemental	May 15, 2023	May 31, 2023	$ 0.05
August 1, 2023	Quarterly	August 15, 2023	August 31, 2023	$ 0.40
August 1, 2023	Supplemental	August 15, 2023	August 31, 2023	$ 0.05

Note 10 – Income Taxes

The Company elected to be treated as a RIC under Subchapter M of the Code starting with its taxable year ended December 31, 2016. The Company currently qualifies and intends to qualify annually for the tax treatment applicable to RICs. A RIC generally is not subject to U.S. federal income taxes on distributed income and gains so long as it meets certain source-of-income and asset diversification requirements and it distributes at least 90% of its net ordinary income and net short-term capital gains in excess of its net long-term capital losses, if any, to its stockholders. So long as the Company maintains its status as a RIC, it generally will not be subject to U.S. federal income tax on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. Rather, any tax liability related to income earned by the Company represents obligations of the Company's investors and will not be reflected in the financial statements of the Company. The Company intends to make sufficient distributions to maintain its RIC status each year and it does not anticipate paying any material United States federal income taxes in the future.

Federal income tax regulations differ from U.S. GAAP, therefore distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary in nature. Permanent differences are reclassified among capital accounts in the financial statements to reflect their appropriate tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future.

The following table sets forth the tax cost basis and the estimated aggregate gross unrealized gain (loss) on investments for federal income tax purposes as of and for the period ended September 30, 2023 and the year ended December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
Tax cost on investments	$ 1,042,501	$ 1,149,902
Change in unrealized gain on a tax basis	$ 9,533	$ 9,207
Change in unrealized loss on a tax basis	(41,107)	(32,800)
Net unrealized gain (loss) on a tax basis	$ (31,574)	$ (23,593)

The Company accounts for income taxes in conformity with ASC Topic 740 — Income Taxes ("ASC 740"). ASC 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions deemed to meet a "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the current period. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statements of Operations. There were no material uncertain income tax positions at September 30, 2023 or December 31, 2022. Although the Company files federal and state tax returns, the Company's major tax jurisdiction is federal. The previous three tax year-ends and the interim tax period since then remain subject to examination by the Internal Revenue Service.

If the Company does not distribute (or is not deemed to have distributed) each calendar year the sum of (1) 98% of its net ordinary income for each calendar year, (2) 98.2% of its capital gain net income for the one-year period ending October 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years (the “Minimum Distribution Amount”), the Company will generally be required to pay a U.S. federal excise tax equal to 4% of the amount by which the Minimum Distribution Amount exceeds the distributions for the year. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such taxable income, the Company accrues excise taxes, if any, on estimated excess taxable income as taxable income is earned using an annual effective excise tax rate. The annual effective U.S. federal excise tax rate is determined by dividing the estimated annual excise tax by the estimated annual taxable income.

If the Company does not qualify to be treated as a RIC for any taxable year, the Company will be taxed as a regular corporation (a “C corporation”) under subchapter C of the Code for such taxable year. If the Company has previously qualified as a RIC but is subsequently unable to qualify, and certain amelioration provisions are not applicable, the Company would be subject to U.S. federal income tax on all of its taxable income (including its net capital gains) at regular corporate rates. The Company would not be able to deduct distributions to stockholders, nor would it be required to make distributions. In order to requalify as a RIC, in addition to the other requirements discussed above, the Company would be required to distribute all of its previously undistributed earnings attributable to the period it failed to qualify by the end of the first year that it intends to requalify. If the Company fails to requalify for a period greater than two taxable years, it may be subject to U.S. federal income tax at corporate tax rates on any net built-in gains with respect to certain of its assets (i.e., the excess of the aggregate gains, including items of income, over aggregate losses that would have been realized with respect to such assets if the Company had been liquidated) that it elects to recognize on requalification or when recognized over the next five years.

Note 11 – Financial Highlights

The following table sets forth the financial highlights for the nine months ended September 30, 2023 and 2022 (in thousands, except for per share data and ratios):

	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
Per Share Data[1]:				
Net asset value at beginning of period	**$** 14.22		**$** 14.65	
Net investment income	1.48		1.01	
Net realized gain (loss)	(0.03)		0.02	
Net change in unrealized gain (loss)	(0.24)		(0.70)	
Total from investment operations	1.21		0.33	
Distributions	(1.35)		(0.90)	
Accretion (dilution)	-		0.04	
Net asset value at end of period	$ 14.08		$ 14.12	
Ratio/Supplemental Data:				
Total return based on net asset value[2]	(0.98)	%	(3.62)	%
Total return based on market value[3]	22.26	%	(4.29)	%
Ratio of net investment income to average net assets[4][5]	13.88	%	9.32	%
Ratio of total operating expenses to average net assets[4][5]	15.05	%	6.72	%
Ratio of total operating expenses, excluding incentive fees, to average net assets[4]	11.58	%	4.78	%
Ratio of net increase (decrease) in net assets resulting from operations to average net assets[4]	11.37	%	3.09	%
Portfolio turnover rate[6]	9.63	%	19.59	%
Net assets at beginning of period	$ 576,052		$ 606,195	
Net assets at end of period	$ 570,491		$ 573,661	
Weighted average net assets	$ 577,673		$ 594,469	
Weighted average shares outstanding for the period, basic	40,509,269		41,119,467	

(1)All per share activity is calculated based on the weighted-average shares outstanding for the relevant period.

(2)Total return based on net asset value is calculated as the change in net asset value per share during the period, divided by the beginning net asset values per share. The total returns are not annualized.

(3)Total return based on market value is calculated as the change in market value per share during the period plus dividends, divided by beginning market value per share. The total returns are not annualized.

(4)The ratios are calculated based on weighted average net assets for the relevant period and are annualized.

(5)The ratio includes annualized incentive fees and as incentive fees are performance driven, the amount expensed in future periods may vary significantly and is dependent on overall investment performance, early terminations, scheduled prepayments and other liquidity events.

(6)The portfolio turnover rate for the period is calculated by taking the lesser of investment portfolio purchases or sales during the period, divided by the average investment portfolio value during the period. As such, portfolio turnover rate is not annualized.

Note 12 - Subsequent Events

The Company evaluated events subsequent to September 30, 2023 through November 7, 2023.

On October 6, 2023, the Company funded an investment of $8.0 million to Betterment Holdings, Inc.

On October 6, 2023, the Company received a partial prepayment of $24.5 million from Brivo, Inc. on its senior secured loan.

On October 19, 2023, the Company funded an investment of $3.1 million to Gynesonics, Inc.

On October 26, 2023, the Company funded an investment of $1.4 million to Snagajob.com, Inc.

On November 2, 2023, the Board of Directors declared an ordinary distribution of $0.40 per share and a supplemental distribution of $0.06 per share for stockholders of record on November 13, 2023 payable on or before November 28, 2023.

On November 2, 2023, the Board of Directors approved a repurchase program (the “Share Repurchase Program”) under which the Company may repurchase up to $25.0 million of our outstanding common stock. Under the Share Repurchase Program, purchases may be made at management’s discretion from time to time in open-market transactions, in accordance with all applicable securities laws and regulations.

On November 3, 2023 the Company funded an investment of $30.0 million to Linxup, LLC.

On November 6, 2023 the Company funded an investment of $5.0 million to Route 92 Medical, Inc.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our industry, our beliefs and opinions, and our assumptions. Words such as “anticipates,” “expects,” “intends,” “plans,” “will,” “may,” “continue,” “believes,” “seeks,” “estimates,” “would,” “could,” “should,” “targets,” “projects,” “outlook,” “potential,” “predicts” and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets;
- an economic downturn or recession, as well as the impairment or failure of financial institutions on both a global and domestic scale, could impair our portfolio companies' ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;
- such an economic downturn could disproportionately impact the companies that we intend to target for investment, potentially causing us to experience a decrease in investment opportunities and diminished demand for capital from these companies;
- a contraction of available credit and/or an inability to access the equity markets that could impair our lending and investment activities;
- interest rate volatility that could adversely affect our results, particularly to the extent that we use leverage as part of our investment strategy;
- the impact of interest and inflation rates on our business prospects and the prospects of our portfolio companies;
- our business prospects and the prospects of our portfolio companies, including the impact of the COVID-19 pandemic thereon;
- our contractual arrangements and relationships with third parties;
- the ability of our portfolio companies to achieve their objectives;
- competition with other entities and our affiliates for investment opportunities;
- the speculative and illiquid nature of our investments;
- the use of borrowed money to finance a portion of our investments;
- the adequacy of our financing sources and working capital;
- the loss of key personnel and members of our management team;
- the timing of cash flows, if any, from the operations of our portfolio companies and the impact of the COVID-19 pandemic thereon;
- the ability of our external investment adviser, Runway Growth Capital LLC, to locate suitable investments for us and to monitor and administer our investments;
- the ability of Runway Growth Capital LLC to attract and retain highly talented professionals;
- our ability to qualify and maintain our qualification as a RIC under Subchapter M of the Code, and as a BDC;

- the occurrence of a disaster, such as a cyber-attack against us or against a third party that has access to our data or networks, a natural catastrophe, an industrial accident, failure of our disaster-recovery systems, or consequential employee error;
- the effect of legal, tax, and regulatory changes; and
- the other risks, uncertainties and other factors we identify under “Risk Factors” in Part I, Item 1A of our annual report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission (the "SEC") on March 2, 2023 and in this quarterly report on Form 10-Q.

Although we believe the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this quarterly report on Form 10-Q should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in “Risk Factors” in Part I, Item 1A of our annual report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 2, 2023.

We have based the forward-looking statements included in this Form 10-Q on information available to us on the date of this Form 10-Q, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes thereto contained elsewhere in this quarterly report on Form 10-Q.

Overview

Runway Growth Finance Corp. ("we," "us," "our," or the "Company"), a Maryland corporation formed on August 31, 2015, is structured as an externally managed, non-diversified closed-end management investment company. On August 18, 2021, we changed our name to "Runway Growth Finance Corp." from "Runway Growth Credit Fund Inc." We are a specialty finance company focused on providing senior secured loans to high growth-potential companies in technology, life sciences, healthcare information and services, business services, select consumer services and products and other high-growth industries. Our goal is to create significant value for our stockholders and the entrepreneurs we support by providing high growth-potential companies with hybrid debt and equity financing that is more flexible than traditional credit and less dilutive than equity. Our investment objective is to maximize our total return to our stockholders primarily through current income on our loan portfolio, and secondarily through capital gains on our warrants and other equity positions. Our offices are in Chicago, Illinois; Menlo Park, California; Dallas, Texas; and New York, New York.

We have elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "1940 Act"). We have also elected to be treated as regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). While we currently qualify and intend to qualify annually to be treated as a RIC, no assurance can be provided that we will be able to maintain our tax treatment as a RIC. If we fail to qualify for tax treatment as a RIC for any taxable year, we will be subject to U.S. federal income tax at corporate rates on any net taxable income for such year. As a BDC and a RIC, we are required to comply with various regulatory requirements, such as the requirement to invest at least 70% of our assets in “qualifying assets,” source-of-income limitations, asset diversification requirements, and the requirement to distribute annually at least 90% of our investment company taxable income and net tax-exempt interest.

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). We will remain an emerging growth company until the last day of our fiscal year following the fifth anniversary of our IPO (December 31, 2026), or until the earliest of (i) the last day of the first fiscal year in which we have total annual gross revenue of $1.235 billion or more, (ii) December 31 of the fiscal year in which we become a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (together with the rules and regulations promulgated thereunder, the “Exchange Act”), (which would occur if the market value of our common stock held by non-affiliates exceeds $700.0 million, measured as of the last business day of our most recently completed second fiscal quarter, and we have been publicly reporting for at least 12 months), or (iii) the date on which we have issued more than $1.0 billion in non-convertible debt during the preceding three-year period. For so long as we remain an emerging growth company under the JOBS Act, we will be subject to reduced public company reporting requirements.

We are externally managed by Runway Growth Capital LLC ("RGC"), an investment adviser that has registered with the SEC under the Investment Advisers Act of 1940, as amended. The Administrator, a wholly-owned subsidiary of RGC, provides all the administrative services necessary for us to operate.

On August 10, 2020, we, RGC, and certain other funds and accounts sponsored or managed by RGC and/or its affiliates were granted an order (the “Order”), amended on August 30, 2022, that permits us greater flexibility than the 1940 Act permits to negotiate the terms of co-investments if our Board of Directors determines that it would be advantageous for us to co-invest with other accounts sponsored or managed by RGC or its affiliates in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. We believe that the ability to co-invest with similar investment structures and accounts sponsored or managed by RGC or its affiliates will provide additional investment opportunities and the ability to achieve greater diversification. Under the terms of the Order, a majority of our independent directors are required to make certain determinations in connection with a co-investment transaction, including that (1) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned and (2) the transaction is consistent with the interests of our and is consistent with our investment strategies and policies.

On August 30, 2022, we received an amendment to our existing Order to permit us to, subject to the satisfaction of certain conditions, co-invest in our existing portfolio companies with certain affiliates that are private funds even if such other funds had not previously invested in such existing portfolio company. Without this Order, such affiliated funds that are private funds would not be able to participate in such co-investments with us unless the affiliated funds had previously acquired securities of the portfolio company in a co-investment transaction with us.

Portfolio Composition and Investment Activity

Portfolio Composition

At September 30, 2023, we had investments in 50 portfolio companies, representing 20 companies in which we held loan and warrant investments, three companies in which we held loan investments and shares of common stock, preferred stock, or a combination with warrants, five companies in which we held a loan investment only, 17 companies in which we held warrant investments only, and five companies in which we held shares of common stock or preferred stock only, or a combination with warrants. At December 31, 2022, we had investments in 49 portfolio companies, representing 28 companies in which we held loan and warrant investments, one companies in which we held loan investments and shares of common, preferred stock, or a combination with warrants, six companies in which we held a loan investment only, nine companies in which we held warrant investments only, and five companies in which we held shares of common or preferred stock only, or a combination with warrants.

The following table shows the fair value of our investments, by asset class, as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023			December 31, 2022		
Investments	**Cost**	**Fair Value**	**% of Total Portfolio**	**Cost**	**Fair Value**	**% of Total Portfolio**
Portfolio Investments						
Senior Secured Term Loans	$ 964,734	$ 947,515	93.73 %	$ 1,096,724	$ 1,080,121	95.90 %
Second Lien Term Loans	14,178	14,178	1.40	13,654	13,654	1.21
Preferred Stocks	37,382	33,258	3.29	12,382	12,682	1.13
Common Stocks	9,125	1,963	0.19	8,715	3,097	0.27
Warrants	19,455	14,013	1.39	19,127	16,755	1.49
Total Investments	$ 1,044,874	$ 1,010,927	100.00 %	$ 1,150,602	$ 1,126,309	100.00 %

For the three and nine months ended September 30, 2023, our debt investment portfolio had a dollar-weighted annualized yield of 18.3% and 16.0%, respectively. For the three and nine months ended September 30, 2022, our debt investment portfolio had a dollar-weighted annualized yield of 14.4% and 13.5%, respectively. We calculate the yield on dollar-weighted debt investments for any period measured as (1) total related investment income during the period divided by (2) the daily average of the fair value of debt investments outstanding during the period. As of September 30, 2023, our debt investments had a dollar-weighted average outstanding term of 57 months at origination and a dollar-weighted average remaining term of 38 months, or approximately 3.2 years. As of September 30, 2023, substantially all of our debt investments had committed principal amounts of between $6.0 million and $85.0 million, repayment terms of between 34 months and 82 months and pay cash interest at annual interest rates of between 7.1% and 15.7%.

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The following table shows our dollar-weighted annualized yield by investment type for the three and nine months ended September 30, 2023 and 2022:

	Fair Value[1]				Cost[2]			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Investment type:								
Debt investments	18.28 %	14.43 %	16.04 %	13.49 %	18.02 %	14.10 %	15.80 %	13.30 %
Equity interest	2.52 %	3.64 %	2.70 %	3.36 %	1.97 %	3.16 %	2.17 %	3.41 %
All investments	17.48 %	13.95 %	15.45 %	12.94 %	17.00 %	13.55 %	15.07 %	12.77 %

(1) We calculate the dollar-weighted annualized yield on average investment type for any period as (a) total related investment income during the period divided by (b) the daily average of the fair value of the investment type outstanding during the period. The dollar-weighted annualized yield represents the portfolio yield and will be higher than what investors will realize because it does not reflect our expenses or any sales load paid by investors.

(2) We calculate the dollar-weighted annualized yield on average investment type for any period as (a) total related investment income during the period divided by (b) the daily average of the investment type outstanding during the period, at amortized cost. The dollar-weighted annualized yield represents the portfolio yield and will be higher than what investors will realize because it does not reflect our expenses or any sales load paid by investors.

Investment Activity

The value of our investment portfolio will change over time due to changes in the fair value of our underlying investments, as well as changes in the composition of our portfolio resulting from purchases of new and follow-on investments as well as repayments and sales of existing investments. During the nine months ended September 30, 2023, the Company funded 19.8 million in one new portfolio company, and $85.7 million in 11 existing portfolio companies, net of upfront loan origination fees. The Company also received $225.7 million in loan prepayments from 10 portfolio companies and $7.0 million in scheduled principal payments from two portfolio companies. There were no proceeds from the termination of warrants, sale of preferred stock, and sale of common stock. During the nine months ended September 30, 2022, the Company funded $210.4 million in eight new portfolio companies and $182.4 million in ten existing portfolio companies, net of upfront loan origination fees. The Company also received $135.9 million in loan prepayments from six portfolio companies and $7.3 million in scheduled principal payments from two portfolio companies. There were $7.2 million in proceeds from the termination of warrants, sale of preferred stock, and sale of common stock.

Portfolio Reconciliation

The following is a reconciliation of our investment portfolio, including U.S. Treasury Bills, for the nine months ended September 30, 2023 and 2022 (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Beginning investment portfolio	$ 1,126,309	$ 729,516
Purchases of investments	105,527	392,820
Purchases of U.S. Treasury Bills	34,974	—
PIK interest	15,334	6,345
Sales and prepayments of investments	(225,671)	(143,144)
Scheduled principal payments of investments	(7,046)	(7,266)
Sales and maturities of U.S. Treasury Bills[1]	(35,000)	(45,000)
Net realized gain (loss) on investments	(1,178)	939
Net change in unrealized gain (loss) on investments	(9,654)	(28,617)
Amortization of fixed income premiums or accretion of discounts	7,332	4,576
Ending investment portfolio	$ 1,010,927	$ 910,169

Asset Quality

In addition to various risk management and monitoring tools, RGC uses an investment rating system to characterize and monitor the quality of our debt investment portfolio. Equity securities and Treasury Bills are not graded. This debt investment rating system uses a five-level numeric scale. The following is a description of the conditions associated with each investment rating:

Investment Rating	Rating Definition
1	Performing above plan and/or strong enterprise profile, value, financial performance/coverage. Maintaining full covenant and payment compliance as agreed.
2	Performing at or reasonably close to plan. Acceptable business prospects, enterprise value, financial coverage. Maintaining key covenant and payment compliance as agreed. All new loans are initially graded Category 2.
3	Performing below plan of record. Potential elements of concern over performance, trends and business outlook. Loan-to-value remains adequate. Potential key covenant non-compliance. Full payment compliance.
4	Performing materially below plan. Non-compliant with material financial covenants. Payment default/deferral could result without corrective action. Requires close monitoring. Business prospects, enterprise value and collateral coverage declining. These investments may be in workout, and there is a possibility of loss of return but no loss of principal is expected.
5	Going concern nature in question. Substantial decline in enterprise value and all coverages. Covenant and payment default imminent if not currently present. Investments are nearly always in workout. May experience partial and/or full loss.

The following table shows the investment ratings of our debt investments at fair value as of September 30, 2023 and December 31, 2022 (dollars in thousands):

	September 30, 2023			December 31, 2022		
Investment Rating	Fair Value	% of Total Portfolio	Number of Portfolio Companies	Fair Value	% of Total Portfolio	Number of Portfolio Companies
1	$ —	— %	—	$ —	— %	—
2	779,670	77.13	20	1,006,247	89.34	30
3	166,346	16.45	6	78,238	6.95	4
4	4,064	0.40	1	—	-	—
5	11,613	1.15	1	9,290	0.82	1
	$ 961,693	95.13 %	28	$ 1,093,775	97.11 %	35

Loans and Debt Securities on Non-Accrual Status

Generally, when interest and/or principal payments on a loan become past due, or if we otherwise do not expect the borrower to be able to service its debt and other obligations, we will place the loan on non-accrual status and will cease recognizing interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. As of September 30, 2023 and December 31, 2022, we have not written off any accrued and uncollected PIK interest. As of September 30, 2023, we had one loan to Pivot3, Inc. on non-accrual status. The loan, with a cost basis of $18.0 million and a fair value of $11.6 million, represents 1.1% of the total investment portfolio. From being placed on non-accrual status through September 30, 2023, cumulative interest of $6.0 million would be receivable and $0.3 million OID would be accreted into the cost basis, for a total of $6.3 million not recorded in Interest income from control investments on the Statements of Operations. As of December 31, 2022, we had one loan to Pivot3, Inc. on non-accrual status. The loan, with a cost basis of $19.2 million and a fair market value of $9.3 million represents 0.8% of the total investment portfolio. From being placed on non-accrual status through December 31, 2022, cumulative interest of $3.6 million would be payable and $0.3 million OID would be accreted into the cost basis, for a total of $3.9 million not recorded in Interest income from control investments on the Statements of Operations.

Results of Operations

An important measure of our financial performance is net increase/(decrease) in net assets resulting from operations, which includes net investment income/(loss), net realized gain/(loss) and net unrealized gain/(loss). Net investment income/(loss) is the difference between our income from interest, dividends, fees and other investment income and our operating expenses, including interest on borrowed funds. Net realized gain/(loss) on investments is the difference between the proceeds received from dispositions of portfolio investments and their amortized cost. Net unrealized gain/(loss) on investments is the net change in the fair value of our investment portfolio.

Comparison of the Three and Nine Months Ended September 30, 2023 and 2022

The following table is a comparison of the results of our operations for the three and nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	Total	Per Share(1)	Total	Per Share(1)	Total	Per Share(1)	Total	Per Share(1)
Investment income								
Interest, fee and dividend income	$ 43,552	$ 1.07	$ 27,036	$ 0.66	$ 124,632	$ 3.08	$ 71,293	$ 1.73
Other income	227	0.01	1	-	352	0.01	1	—
Total investment income	43,779	1.08	27,037	0.66	124,984	3.09	71,294	1.73
Operating expenses								
Management fees	4,302	0.11	3,066	0.07	12,598	0.31	8,488	0.20
Incentive fees	5,511	0.13	3,626	0.09	14,994	0.37	8,591	0.21
Interest and other debt financing expenses	10,442	0.26	4,382	0.10	32,772	0.81	8,297	0.20
Professional fees	466	0.01	482	0.01	1,504	0.04	1,677	0.04
Administration agreement expenses	449	0.01	459	0.01	1,647	0.04	1,331	0.03
Insurance expense	269	0.01	268	0.01	805	0.02	806	0.02
Tax expense	—	—	—	-	50	—	1	—
Other expenses	304	0.01	256	0.01	656	0.02	667	0.02
Total operating expenses	21,743	0.54	12,539	0.30	65,026	1.61	29,858	0.72
Net investment income	22,036	0.54	14,498	0.36	59,958	1.48	41,436	1.01
Realized gain (loss) on investments	—	—	407	0.01	(1,178)	(0.03)	939	0.02
Net change in unrealized gain (loss) on investments	(7,214)	(0.17)	(3,183)	(0.08)	(9,654)	(0.24)	(28,617)	(0.70)
Net increase (decrease) in net assets resulting from operations	$ 14,822	$ 0.37	$ 11,722	$ 0.29	$ 49,126	$ 1.21	$ 13,758	$ 0.33

(1) The basic per share figures noted above are based on weighted averages of 40,509,269 and 40,774,154 shares outstanding for the three months ended September 30, 2023 and 2022, respectively, and 40,509,269 and 41,119,467 shares outstanding for the nine months ended September 30, 2023 and 2022, respectively.

Investment Income

Our investment objective is to maximize total return to our stockholders primarily through current income on our loan portfolio, and secondarily through capital gain on our warrants and other equity positions. We intend to achieve our investment objective by investing in high growth-potential, private companies. We typically invest in senior secured loans that generally fall into two strategies: Sponsored Growth Lending and Non-Sponsored Growth Lending. We generally receive warrants and/or other equity from our investments. We expect our investments in loans will generally range from between $10.0 million to $100.0 million, and the upper end of this range may increase as we raise additional capital.

We generate revenue in the form of interest on the debt securities that we hold and distributions and capital gains on other interests that we acquire in our portfolio companies. We expect that the debt we invest in will generally have stated terms of 36 to 60 months. Interest on debt securities is generally payable monthly, primarily based on a floating rate index, and subject to certain floors determined by market rates at the time the investment is made. In some cases, some of our investments may provide for deferred interest payments or PIK interest. The principal amount of the debt securities and any accrued but unpaid interest will become due at the maturity date. Any original issue discount ("OID") or market discount or premium will be capitalized, and we will accrete or amortize such amounts as interest income. We record prepayment fees on debt investments as fee income. Dividend income, if any, will be recognized on an accrual basis to the extent that we expect to collect such amounts.

Investment income for the three months ended September 30, 2023 and 2022 was $43.8 million and $27.0 million, respectively, and includes non-recurring income of $5.6 million and $0.4 million, respectively. Non-recurring income includes, but is not limited to, acceleration of unaccreted OID, prepayment fees and amendment fees. The increase in investment income for the three months ended September 30, 2023 compared to the three months ended September 30, 2022 was primarily due to increased interest income driven by our deployment of capital and increased market interest rates.

Investment income for the nine months ended September 30, 2023 and 2022 was $125.0 million and $71.3 million, respectively, and includes non-recurring income of $9.0 million and $2.9 million, respectively. Non-recurring income includes, but is not limited to, acceleration of unaccreted OID, prepayment fees and amendment fees. The increase in investment income for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 was primarily due to increased interest income driven by our deployment of capital and increased market interest rates.

Operating Expenses

Our primary operating expenses include the payment of fees to RGC under the Advisory Agreement, our allocable portion of overhead expenses under the Administration Agreement, professional fees, and other operating costs described below. We bear all other out-of-pocket costs and expenses of our operations and transactions, including those relating to:

- our pro-rata portion of fees and expenses related an initial public offering in connection with a Spin-Off transaction (as defined in "Note 9 – Net Assets" to our financial statements in Part I, Item 1 of this Form 10-Q);
- fees and expenses related to public and private offerings, sales and repurchases of our securities;
- calculating our net asset value (including the cost and expenses of any independent valuation firm);
- fees and expenses payable to third parties, including agents, consultants or other advisers, in connection with monitoring financial and legal affairs for us and in providing administrative services, monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments;
- interest payable on debt incurred to finance our investments;
- sales and purchases of our common stock and other securities;
- investment advisory and management fees;
- administration fees payable under the Administration Agreement;
- transfer agent and custodial fees;
- federal and state registration fees;
- all costs of registration and listing our securities on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors’ fees and expenses;
- costs of preparing and filing reports or other documents required by the SEC, the Financial Industry Regulatory Authority or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- our allocable portion of any fidelity bond, directors’ and officers’ errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs; and
- all other expenses incurred by us, our Administrator or RGC in connection with administering our business, including payments under the Administration Agreement based on our allocable portion of our Administrator’s overhead in performing its obligations under the Administration Agreement, including rent and the allocable portion of the cost of our Chief Compliance Officer and Chief Financial Officer and their respective staffs.

Operating expenses for the three months ended September 30, 2023 and 2022 were $21.7 million and $12.5 million, respectively. Operating expenses increased for the three months ended September 30, 2023 from the three months ended September 30, 2022 primarily due to an increase in interest expense as a result of increased leverage, performance-based incentive fees, and management fees. Operating expenses for the three months ended September 30, 2023 and 2022 were $0.54 and $0.30 per share, respectively.

Operating expenses for the nine months ended September 30, 2023 and 2022 were $65.0 million and $29.9 million, respectively. Operating expenses increased for the nine months ended September 30, 2023 from the nine months ended September 30, 2022 primarily due to an increase in interest expense as a result of increased leverage, performance-based incentive fees, and management fees. Operating expenses for the nine months ended September 30, 2023 and 2022 were $1.61 and $0.72 per share, respectively.

Management fees for the three months ended September 30, 2023 and 2022 were $4.3 million and $3.1 million, respectively. Management fees increased for the three months ended September 30, 2023 from the three months ended September 30, 2022 primarily due to an increase in gross assets, offset by a decrease in the base management rate from 1.6% to 1.5% per annum.

Management fees for the nine months ended September 30, 2023 and 2022 were $12.6 million and $8.5 million, respectively. Management fees increased for the nine months ended September 30, 2023 from the nine months ended September 30, 2022 primarily due to an increase in gross assets, offset by a decrease in the base management rate from 1.6% to 1.5% per annum.

Incentive fees for the three months ended September 30, 2023 and 2022 were $5.5 million and $3.6 million, respectively. Incentive fees increased for the three months ended September 30, 2023 from the three months ended September 30, 2022 primarily due to an increase in net investment income. For the three months ended September 30, 2023, $4.0 million of the incentive fees were payable in cash, and $1.5 million were deferred and accrued. For the three months ended September 30, 2022, $3.2 million of the incentive fees were payable in cash, and $0.4 million were deferred and accrued. Incentive fees related to PIK or deferred interest are accrued and payment is deferred until such interest is collected in cash. Incentive fees for the three months ended September 30, 2023 and 2022 were $0.13 and $0.09 per share, respectively.

Incentive fees for the nine months ended September 30, 2023 and 2022 were $15.0 million and $8.6 million, respectively. Incentive fees increased for the nine months ended September 30, 2023 from the nine months ended September 30, 2022 primarily due to an increase in net investment income. For the nine months ended September 30, 2023, $10.9 million of the incentive fees were payable in cash, and $4.1 million were deferred and accrued. For the nine months ended September 30, 2022, $7.3 million of the incentive fees were payable in cash, and $1.3 million were deferred and accrued. Incentive fees related to PIK or deferred interest are accrued and payment is deferred until such interest is collected in cash. Incentive fees for the nine months ended September 30, 2023 and 2022 were $0.37 and $0.21 per share, respectively.

Net Investment Income

Net investment income for the three months ended September 30, 2023 and 2022 was $22.0 million and $14.5 million, respectively. Net investment income increased for the three months ended September 30, 2023 from the three months ended September 30, 2022 was primarily due to rising interest rates on our investments, partially offset by an increase in interest expense, performance-based incentive fees, and management fees. Net investment income for the three months ended September 30, 2023 and 2022 was $0.54 and $0.36 per share, respectively.

Net investment income for the nine months ended September 30, 2023 and 2022 was $60.0 million and $41.4 million, respectively. Net investment income increased for the nine months ended September 30, 2023 from the nine months ended September 30, 2022 primarily due to rising interest rates partially offset by an increase in performance-based incentive fees, management fees, debt financing fees, and interest expense. Net investment income for the nine months ended September 30, 2023 and 2022 was $1.48 and $1.01 per share, respectively.

Net Realized Gain (Loss) on Investments

There were no net realized gains (losses) on investments for the three months ended September 30, 2023. The net realized gain on investments of $0.4 million for the three months ended September 30, 2022 was primarily due to the gain on a portion of our investment in the common stock of Brilliant Earth Group, Inc and partially offset by a loss on our investment in the warrants in Aspen Group Inc.

Net realized losses on investments of $1.2 million for the nine months ended September 30, 2023 was attributable to our investments in CareCloud, Inc. and Gynesonics, Inc warrants. The net realized gain on investments of $0.9 million for the nine months ended September 30, 2022 was primarily due to the gain on a portion of our investment in the common stock of Brilliant Earth Group, Inc. partially offset by the loss on our investments in the preferred stock and warrants in CareCloud, Inc. and Aspen Group Inc.

Net Change in Unrealized Gain (Loss) on Investments

Net change in unrealized loss on investments of $7.2 million for the three months ended September 30, 2023 was primarily due to a decrease in the fair value of our preferred stock investment in CareCloud, Inc. and our senior secured loans to Snagajob.com, Inc. and Fiscal Note, Inc., as well as a release of unrealized gain on the senior secured loans to Allurion Technologies, Inc. The net change in unrealized loss on investments of $3.2 million for the three months ended September 30, 2022 was primarily due to a release in the unrealized gain on Fiscal Note warrants and decreases in the fair value of our investment in the senior secured loan to Pivot3, Inc.

Net change in unrealized loss on investments of $9.7 million for the nine months ended September 30, 2023 was primarily due to decreases in the fair value of our preferred stock investment in Gynesonics, Inc. and senior secured loans to Gynesonics, Inc. and Snagajob.com, Inc. The net change in unrealized loss on investments of $28.6 million for the nine months ended September 30, 2022 was primarily due to decreases in the fair value of our investments in the senior secured loan to Pivot3, Inc., common stock of Brilliant Earth Group, Inc., and common stock of Coginiti Corp.

Net Increase (Decrease) in Net Assets Resulting from Operations

We had a net increase in net assets resulting from operations of $14.8 million for the three months ended September 30, 2023, as compared to a net decrease in net assets resulting from operations of $11.7 million for the three months ended September 30, 2022. The net increase in net assets resulting from operations for the three months ended September 30, 2023 from the three months ended September 30, 2022 was primarily due to the comparative net change in unrealized gain (loss), as well as an increase in net investment income for the three months ended September 30, 2023.

We had a net increase in net assets resulting from operations of $49.1 million and $13.8 million for the nine months ended September 30, 2023 and 2022, respectively. The net increase in net assets resulting from operations for the nine months ended September 30, 2023 from the nine months ended September 30, 2022 was primarily due to the comparative net change in unrealized gain (loss), as well as an increase in net investment income for the nine months ended September 30, 2023.

Financial Condition, Liquidity, Capital Resources and Obligations

Our liquidity and capital resources are derived from net proceeds from the offering of our securities, debt borrowings and cash flows from operations, including investment sales and repayments, and income earned. We have used, and expect to continue to use, our debt and the proceeds from the turnover of our portfolio and from public and private offerings of securities to finance our investment objectives. We expect that we may also generate cash from any financing arrangements we may enter into in the future and any future offerings of our equity or debt securities. Financing arrangements may come in the form of borrowings from banks or issuances of senior securities, which may be secured or unsecured, through registered offerings or private placements. Our primary use of funds is to make investments in eligible portfolio companies, pay our operating expenses and make distributions to holders of our common stock.

During the nine months ended September 30, 2023, we principally funded our operations from (i) cash receipts from interest, dividend, and fee income from our investment portfolio and (ii) cash proceeds from the realization of portfolio investments through the repayments of debt investments and the sale of debt and equity investments.

During the nine months ended September 30, 2023, our operating activities provided $174.1 million of cash and cash equivalents, compared to $164.1 million used during the nine months ended September 30, 2022, respectively. The $338.2 million increase in cash provided by operating activities was primarily due to a $252.3 million decrease in purchases of investments and U.S. Treasury Bills and a $72.3 million increase in sales and repayments of investments and U.S. Treasury Bills.

During the nine months ended September 30, 2023, our financing activities used $164.9 million of cash, compared to $165.2 million provided by financing activities during the nine months ended September 30, 2022 . The $330.1 million increase in cash flows used in financing activities was primarily due to decreased net borrowing activity of $373.5 million and increased dividend distributions of $17.7 million, offset by decreased cash used in reverse repurchase agreements of $44.8 million.

As of September 30, 2023, our net assets totaled $570.5 million, with a net asset value per share of $14.08. We intend to continue to operate in order to generate cash flows from operations, including income earned from investments in our portfolio companies. Our primary use of funds will be investments in portfolio companies and cash distributions to holders of our common stock.

Available Liquidity and Capital Resources

As of September 30, 2023, we had $311.9 million in available liquidity, including $14.9 million in cash and cash equivalents, and approximately $297.0 million available under our Credit Facility, subject to borrowing base capacity. As of September 30, 2023, we had $203.0 million of secured debt outstanding under our Credit Facility, which are floating interest rate obligations and $247.3 million of unsecured debt outstanding under 2026 and 2027 Notes, which are all fixed interest rate debt obligations. Refer to "Note 7 – Borrowings" to our financial statements in Part I, Item 1 of this Form 10-Q for additional discussion of our debt obligations.

Pursuant to the 1940 Act, we are permitted to incur borrowings, issue debt securities, or issue preferred stock unless, immediately after the borrowings or issuance, the ratio of total assets (less total liabilities other than indebtedness) to total indebtedness plus preferred stock is at least 150% (at least 200% prior to June 17, 2022). As of September 30, 2023 and December 31, 2022, our asset coverage ratio was 227% and 203%, respectively.

As detailed above, our diverse and well-structured balance sheet is designed to provide a long-term focused and sustainable investment platform. Currently, we believe we have sufficient liquidity to support our near-term capital requirements.

Commitments and Obligations

Our significant contractual payment obligations relate to our borrowings and deferred incentive fees. As of September 30, 2023, we had $450.3 million of debt outstanding, none of which was due within the next year, $228.0 million within 1 to 3 years, and $222.3 million beyond 3 years. As of September 30, 2023, we had $8.4 million of deferred incentive fees, $2.6 million of which was due within the next year, $3.1 million within 1 to 3 years, and $2.7 million beyond 3 years.

In addition to our on-balance sheet contractual obligations, in the normal course of business, we have future cash requirements related to our financial instruments with off-balance sheet risk. These consist of unfunded loan commitments to extend credit, in the form of loans, to our portfolio companies. Unfunded loan commitments to provide funds to portfolio companies are not reflected on our balance sheet.

Our unfunded loan commitments may be significant from time to time. As of September 30, 2023, we had $203.5 million in unfunded loan commitments to provide debt financing to its portfolio companies. The availability of unfunded loan commitments are dependent upon the portfolio company reaching certain performance milestones and time-based cancellation provisions before the loan commitment becomes available. Furthermore, our credit agreements generally contain customary lending provisions which allow us relief from funding obligations for previously made unfunded commitments in instances where the underlying company experiences materially adverse events that affect the financial condition or business outlook for the company. These commitments will be subject to the same underwriting and ongoing portfolio maintenance as are the on-balance sheet financial instruments that we hold. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. We maintain sufficient liquidity (through cash on hand and available borrowings under the Credit Facility) to fund such unfunded loan commitments should the need arise. As of September 30, 2023, we had approximately $75.1 million of available unfunded commitments eligible to be drawn based on achieved milestones. Refer to “Note 8 – Commitments and Contingencies” of our financial statements in Part I, Item 1 of this Form 10-Q for a summary of unfunded loan commitments by portfolio company as of September 30, 2023.

The fair value of our unfunded commitments is considered to be immaterial as the yield determined at the time of underwriting is expected to be materially consistent with the yield upon funding, given that interest rates are generally pegged to market indices and given the existence of milestones, conditions and/or obligations embedded in the borrowing agreements.

Distributions

To the extent that we have funds available, we intend to make quarterly distributions to our stockholders. Our stockholder distributions, if any, will be determined by our Board of Directors. Any distribution to our stockholders will be declared out of assets legally available for distribution. We anticipate that distributions will be paid from income primarily generated by interest and dividend income earned on investments made by us.

During the three and nine months ended September 30, 2023, we declared and paid dividends in the amount of $18.2 million and $54.7 million, respectively, of which $17.5 million and $52.4 million, respectively, were distributed in cash and the remainder distributed in shares to stockholders pursuant to our Dividend Reinvestment Plan. For the three and nine months ended September 30, 2022, we declared dividends in the amount of $13.5 million, and $37.0 million of which $12.8 million and $26.7 million, respectively, were distributed in cash and the remainder distributed in shares to stockholders pursuant to our Dividend Reinvestment Plan.

The timing and amount of our distributions, if any, will be determined by our Board of Directors and will be declared out of assets legally available for distribution. Refer to "Note 9 – Net Assets" of our financial statements in Part I, Item 1 of this Form 10-Q for a summary of the distributions declared and paid since inception.

Critical Accounting Estimates

The preparation of the financial statements and related disclosures in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reports. Actual results could materially differ from those estimates. For a description of our critical accounting policies, including those related to the valuation of investments and our election to be treated, and intent to qualify annually, as a RIC refer to “Note 2 **–** Summary of Significant Accounting Policies” to our financial statements in Part I, Item 1 of this Form 10-Q. We consider the most significant accounting policies to be those related to our Fair Value Measurements and Income Taxes.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We commenced investment activities in portfolio securities during the quarter ended June 30, 2017 and commenced investment activities in U.S. Treasury Bills during the quarter ended December 31, 2016.

We are subject to financial market risk, including changes in the valuations of our investment portfolio. Market risk includes risks that arise from changes in interest rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. The prices of securities held by us may decline in response to certain events, including those directly involving the companies we invest in; conditions affecting the general economy; overall market changes; legislative reform; local, regional, national or global political, social or economic instability; and interest rate fluctuations. Uncertainty with respect to the ongoing economic effects of the COVID-19 pandemic has introduced significant volatility in the financial markets, and the effects of this volatility could materially impact our market risks.

Valuation Risk

Our investments may not have a readily available market price, and we value these investments at fair value as determined in good faith by our Board of Directors in accordance with our valuation policy. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments we make. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and it is possible that the difference could be material.

Interest Rate Risk

We are subject to financial market risks, including changes in interest rates. Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments, and cash and cash equivalents. Changes in interest rates can also affect our ability to acquire and originate loans and securities and the value of our investment portfolio. Our net investment income is affected by fluctuations in various interest rates, including SOFR and Prime rates. Increasing interest rates could have the effect of increasing our total investment income once interest rates increase above contractual interest rates floors to which our portfolio companies are subject. Conversely, we would expect the cost of our floating rate Credit Facility and unsecured notes to increase as well, offsetting the positive effect on our net interest income.

As of September 30, 2023, 100.0% of our performing debt portfolio investments bore interest at variable rates, consisting of approximately 65.0% based on SOFR and 35.0% based on Prime. As a policy, any interest above the cash cap, if applicable, as determined on an individual loan basis will accrue to principal and be treated as PIK interest. A hypothetical 200 basis point increase (decrease) in the interest rates on our variable-rate debt investments could increase our investment income by a maximum of $18.7 million and decrease our investment income by a maximum of $17.8 million, due to certain floors, on an annual basis.

Our debt borrowings under the Credit Facility bear interest at a floating rate, all other outstanding debt borrowings bear interest at a fixed rate. Borrowings under the Credit Facility bear interest on a per annum basis equal to the SOFR plus an applicable margin rate that ranges from 2.95% to 3.35% per annum depending on the Company's leverage ratio and number of eligible loans in the collateral pool. For additional information regarding the interest rate associated with each of our debt borrowings, refer to "Note 7 – Borrowings" to our financial statements in Part I, Item 1 of this Form 10-Q.

Because we currently borrow, and plan to borrow in the future, money to make investments, our net investment income would be dependent upon the difference between the rate at which we borrow funds and the rate at which we invest the funds borrowed. Accordingly, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income if there is not a corresponding increase in interest income generated by our investment portfolio.

We regularly measure exposure to interest rate risk. We assess interest rate risk and manage interest rate exposure on an ongoing basis by comparing our interest rate sensitive assets to our interest rate sensitive liabilities. We may hedge against interest rate and currency exchange rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in benefits of lower interest rates with respect to our portfolio of investments with fixed interest rates.

In addition, any investments we make that are denominated in a foreign currency will be subject to risks associated with changes in currency exchange rates. These risks include the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending upon the currency or currencies involved, and may be exacerbated by the COVID-19 pandemic on foreign financial markets.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our current disclosure controls and procedures are effective in timely alerting them to material information relating to us that is required to be disclosed by us in the reports we file or submit under the Exchange Act.

There have been no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We and RGC are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. From time to time, we or RGC may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. Our business is also subject to extensive regulation, which may result in regulatory proceedings against us. While the outcome of any such legal proceedings cannot be predicted with certainty, we do not expect that any such proceedings will have a material effect upon our financial condition or results of operations.

Item 1A. Risk Factors.

You should carefully consider the risks described below and all other information contained in this quarterly report on Form 10-Q, including our interim financial statements and the related notes thereto, before making a decision to purchase our securities. The risks and uncertainties described below are not the only ones we may face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected. If that happens, you may lose all or part of your investment. Other than as set forth below, there have been no material changes known to us during the period ended September 30, 2023 to the risk factors discussed in “Risk Factors” in Part I, Item 1A of our annual report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 2, 2023.

Our business and our portfolio companies may be susceptible to economic slowdowns or recessions and to risks related to bank impairments or failures

Many of the portfolio companies in which we have invested or expect to make investments are likely to be susceptible to economic slowdowns or recessions and may be unable to repay our loans during such periods. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our investments and harm business, financial condition, operating results and prospects. In March 2023, the Federal Deposit Insurance Corporation (“FDIC”) took control of Silicon Valley Bank and Signature Bank and subsequently in May 2023 of First Republic Bank due to liquidity concerns and concerns that have arisen regarding the stability of other banks and financial institutions. Also, the impairment or failure of one or more banks with whom the Company, its portfolio companies, and/or the Adviser transact may inhibit the ability of the Company or its portfolio companies to access depository accounts. In such cases, we may be forced to delay or forgo investments, resulting in lower performance. In the event of such a failure of a banking institution where we or one or more of our portfolio companies holds depository accounts, access to such accounts could be restricted and FDIC protection may not be available for balances in excess of amounts insured by the FDIC. In such instances, we and our affected portfolio companies would not recover such excess, uninsured amounts. To the extent that we or the portfolio companies are impacted, the ability to access existing cash, cash equivalents and investments, or to access existing or enter into new banking arrangements or facilities to service our portfolio companies, may be threatened. We had no depository relationships with Silicon Valley Bank, Signature Bank, or First Republic Bank, nor did we participate in any credit facilities that were agented by or included these banks as lenders. A number of our portfolio companies had operating relationships with these banks and may have experienced operational disruptions, all of which have since been resolved.

We may borrow money, which would magnify the potential for gain or loss on amounts invested and may increase the risk for investing in us.

The use of leverage magnifies the potential for gain or loss on amounts invested and, therefore, increases the risks associated with investing in our securities. We may borrow from and issue senior debt securities to banks, insurance companies and other lenders in the future. Holders of these senior securities will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Such a decline could also negatively affect our ability to make dividend payments on our common stock, scheduled debt payments or other payments related to our securities.

Leverage is generally considered a speculative investment technique. Our ability to service any debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. In addition, our common stockholders will bear the burden of any increase in our expenses, including our interest expense, as a result of leverage.

As a BDC, we are generally required to meet an asset coverage ratio, defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities, of at least 150% after each issuance of senior securities. If this ratio declines below 150%, we may not be able to incur additional debt and could be required by law to sell a portion of our investments to repay some debt when it is disadvantageous to do so, which could have a material adverse effect on our operations, and we may not be able to make distributions. The amount of leverage that we employ will depend on RGC's and our Board of Director's assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us. In addition, any debt facility into which we may enter would likely impose financial and operating covenants that restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to qualify as a RIC.

The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns on our portfolio as of December 31, 2022, net of expenses. Leverage generally magnifies the return of stockholders when the portfolio return is positive and magnifies their losses when the portfolio return is negative. The calculations in the table below are hypothetical, and actual returns may be higher or lower than those appearing in the table below.

	Assumed Return on Our Portfolio (Net of Expenses)				
	-10%	**-5%**	**0%**	**5%**	**10%**
Corresponding return to common stockholder[(1)]	-24.7%	-14.8%	-4.9%	5.0%	14.9%

(1) Assumes (i) $1.1 billion in total assets, (ii) $559.3 million in outstanding indebtedness, (iii) $576.1 million in net assets and (iv) weighted average interest rate, excluding fees (such as fees on undrawn amounts and amortization of financing costs) of 5.02%.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Other than pursuant to our Dividend Reinvestment Plan, and except as previously reported by us on our current reports on Form 8-K, we did not sell any securities during the period covered by this Form 10-Q that were not registered under the Securities Act.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Disclosure

For the period covered by this Quarterly Report on Form 10-Q, no director or officer of the Company has entered into any (i) contract, instruction or written plan for the purchase or sale of securities of the registrant intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or (ii) any non-Rule 10b5-1 trading arrangement.

The Company has adopted insider trading policies and procedures governing the purchase, sale, and disposition of the Company's securities by officers and directors of the Company that are reasonably designed to promote compliance with insider trading laws, rules and regulations.

Fees and Expenses

The following table is being provided to update as of September 30, 2023, certain information in our registration statement on Form N-2 (File No. 333-274351). The information is intended to assist you in understanding the costs and expenses that an investor in our common stock will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this Quarterly Report on Form 10-Q contains a reference to fees or expenses paid by "you," "us," or "the Company," or that "we" will pay for expenses, stockholders will indirectly bear such fees or expenses as investors in us.

Stockholder transaction expenses:			
Sales load (as a percentage of offering price)	—	%	(1)
Offering expenses (as a percentage of offering price)	—	%	(2)
Dividend reinvestment plan expenses	—	%	(3)
Total stockholder transaction expenses (as a percentage of offering price)	**—**	%	
Annual expenses (as a percentage of net assets attributable to common stock):			
Management Fee payable under the Advisory Agreement	2.90	%	(4)
Incentive Fee payable under the Advisory Agreement	3.33	%	(5) (8)
Interest payments on borrowed funds	7.45	%	(6) (8)
Other expenses	1.17	%	(7) (8)
Total annual expenses	14.85	%	(8)

(1)The sales load (underwriting discount and commission) with respect to the shares of our common stock sold by the selling stockholders, which is a fee paid to the underwriters by the selling stockholders, shall be disclosed in a related prospectus supplement.

(2)A related prospectus supplement will disclose the estimated amount of offering expenses, the offering price and the estimated amount of offering expenses borne by the selling stockholders as a percentage of the offering price.

(3)The expenses of the dividend reinvestment plan are included in "Other expenses" in the table above. For more information, refer to "Note 9 – Net Assets" to our financial statements in Part I, Item 1 of this Form 10-Q.

(4)Assumes the base management fee will be an amount equal to 0.375% (1.50% annualized) of our average daily Gross Assets during the most recently completed calendar quarter. For more information, refer to "Note 3 – Related Party Agreements and Transactions" to our financial statements in Part I, Item 1 of this Form 10-Q.

(5)The incentive fee, which provides RGC with a share of the income that RGC generates for us, consists of an Investment Income Fee and a Capital Gains Fee. For more information, refer to "Note 3 – Related Party Agreements and Transactions" to our financial statements in Part I, Item 1 of this Form 10-Q.

(6)Interest payments and fees paid on borrowed funds represents an estimate of our annualized interest expense and fees based on borrowings under the Credit Facility, the 2027 Notes and the 2026 Notes. We may borrow additional funds from time to time to make investments to the extent we determine that the economic situation is conducive to doing so. We may also issue additional debt securities or preferred stock, subject to our compliance with applicable requirements under the 1940 Act. For more information, refer to "Note 7 – Borrowings" to our financial statements in Part I, Item 1 of this Form 10-Q.

(7)Includes our overhead and other expenses, such as payments under the Advisory Agreement for certain expenses incurred by the Administration Agreement for certain expenses incurred by the Administrator. For more information, refer to "Note 3 – Related Party Agreements and Transactions" to our financial statements in Part I, Item 1 of this Form 10-Q. We based these expenses on estimated amounts for the current fiscal year.

(8)Estimated.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage and that our annual operating expenses would remain at the levels set forth in the table above. Transaction expenses are included in the following example.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return from realized capital gains	$ 149	$ 403	$ 610	$ 973

The foregoing table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. Because the Income Incentive Fee under the Advisory Agreement is unlikely to be significant assuming a 5% annual return, the example assumes that the 5% annual return will be generated entirely through the realization of capital gains on our assets and, as a result, will trigger the payment of the Capital Gains Fee under the Advisory Agreement. The Income Incentive Fee under the Advisory Agreement, which, assuming a 5% annual return, would either not be payable or have an immaterial impact on the expense amounts shown above, is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an Income Incentive Fee of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, if our Board authorizes and we declare a cash dividend, participants in our dividend reinvestment plan who have not otherwise elected to receive cash will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. For more information regarding our dividend reinvestment plan, refer to "Note 9 – Net Assets" to our financial statements in Part I, Item 1 of this Form 10-Q.

This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown.

Item 6. Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

3.1	Articles of Amendment and Restatement [(1)]
3.2	Articles of Amendment [(2)]
3.3	Second Amended and Restated Bylaws [(2)]
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended*
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

(1) Previously filed as an exhibit to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2016.

(2) Previously filed as an exhibit to the Registrant's Current Report on Form 8-K filed with the SEC on August 19, 2021.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RUNWAY GROWTH FINANCE CORP.

Date: November 7, 2023

By: /s/ Greg Greifeld
Greg Greifeld
Acting Chief Executive Officer
(Principal Executive Officer)

Date: November 7, 2023

By: /s/ Thomas B. Raterman
Thomas B. Raterman
Acting President, Chief Financial Officer, Treasurer and Secretary
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Greg Greifeld, as Acting Chief Executive Officer, certify that:

1.I have reviewed this quarterly report on Form 10-Q of Runway Growth Finance Corp.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023	By:	/s/ Greg Greifeld **Greg Greifeld** **Acting Chief Executive Officer**

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas B. Raterman, as Chief Financial Officer, certify that:

1.I have reviewed this quarterly report on Form 10-Q of Runway Growth Finance Corp.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023	By:	/s/ Thomas B. Raterman **Thomas B. Raterman** **Chief Financial Officer**

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Runway Growth Finance Corp. (the “Company”) on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2023	By:	/s/ Greg Greifeld
		Greg Greifeld
		Acting Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Runway Growth Finance Corp. (the “Company”) on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2023	By:	/s/ Thomas B. Raterman
		Thomas B. Raterman
		Chief Financial Officer