



# Runway Growth Finance Corp.

First Quarter 2024 Investor Presentation

NASDAQ Listed | [RWAY](#) | [RWAYL](#) | [RWAYZ](#)



May 2024

# Forward-looking Statements

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The performance information contained herein has not been examined by any independent third party, including any independent accounting firm.

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# Overview Of Runway Growth Finance Corp.

Our investment objective is to maximize total return to stockholders by providing financing solutions to late and growth-stage companies that are more flexible than traditional credit and less dilutive than equity.

Committed Capital  
Since Inception<sup>1</sup>

**\$2.6B**

Across 78 investments  
As of 3/31/24

Weighted Average  
Borrower LTV<sup>2</sup>

**18.7%**

At origination

Annualized Dollar-  
Weighted Yield<sup>3</sup>

**17.4%**

As of 3/31/24

Debt Portfolio with  
Floating Rates

**100%**

As of 3/31/24

Loss Rate<sup>1</sup>

Gross / Net  
**0.96%/0.77%**

Cumulative since inception

Net Asset Value Per Share

**\$13.36**

As of 3/31/24

Past performance is not an indication of future results

1. Cumulative debt only losses since date of first investor commitment—December 2016 to March 2024 - Calculated as % of \$2.6B of total commitments since inception

2. Weighted average LTV at origination for unrealized current/active investments as of 3/31/24 (based on funded commitments)

3. Dollar-weighted yield for debt investments for annualized three months ended 3/31/24

# Overview Of Runway Growth Finance Corp.<sup>1</sup>

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## First Quarter 2024 Investment Activity

Runway completed two investments in new and existing portfolio companies, representing \$25.0 million in funded loans

Received \$34.5 million in principal prepayments

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## Portfolio Composition

Aggregate fair value of \$1.02 billion comprised of \$969.6 million in term loans, 99% of which are senior secured first lien investments

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## Total Investment Income

\$40.0 million

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## Net Investment Income

\$18.7 million or \$0.46 per share

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## Net Asset Value

\$13.36 per share

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## Unrealized Loss

\$6.6 million unrealized loss

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1. As of the quarter ended March 31, 2024

# The Runway Difference



## Public, pure-play late- and growth-stage lending platform

Decreasing market valuations coupled with a pullback in VC funding will likely keep private companies from going public and/or seeking to be acquired through a sale via M&A—leading to an increased demand for private capital to fuel continued growth

Late- and growth-stage companies provide risk mitigation across economic and market cycles, generating consistent portfolio yield with industry leading low credit losses



## Disciplined approach to underwriting sponsored and non-sponsored deals

Strategic focus on late- and growth-stage companies with strong equity sponsorship or insider ownership

Non-sponsored deals provide unique portfolio expansion opportunity, facing less competition and favorable terms



## Sophisticated financing solutions meet the borrowers' needs as they scale

Proprietary loan solutions prioritize optionality, flexibility and customization for borrowers:

- EAGLE™ loan facility offers borrowers adjustable terms that can reflect improved credit
- ROSE™ loan facility blends longer-term and short-term financing to optimize pricing for borrowers



## Seasoned management team with distinguished track record

David Spreng, Runway Growth Capital LLC's Chairman, CEO, CIO, & Founder, named to Forbes Magazine's Midas List four times

Senior executive team has average of 30+ years of experience

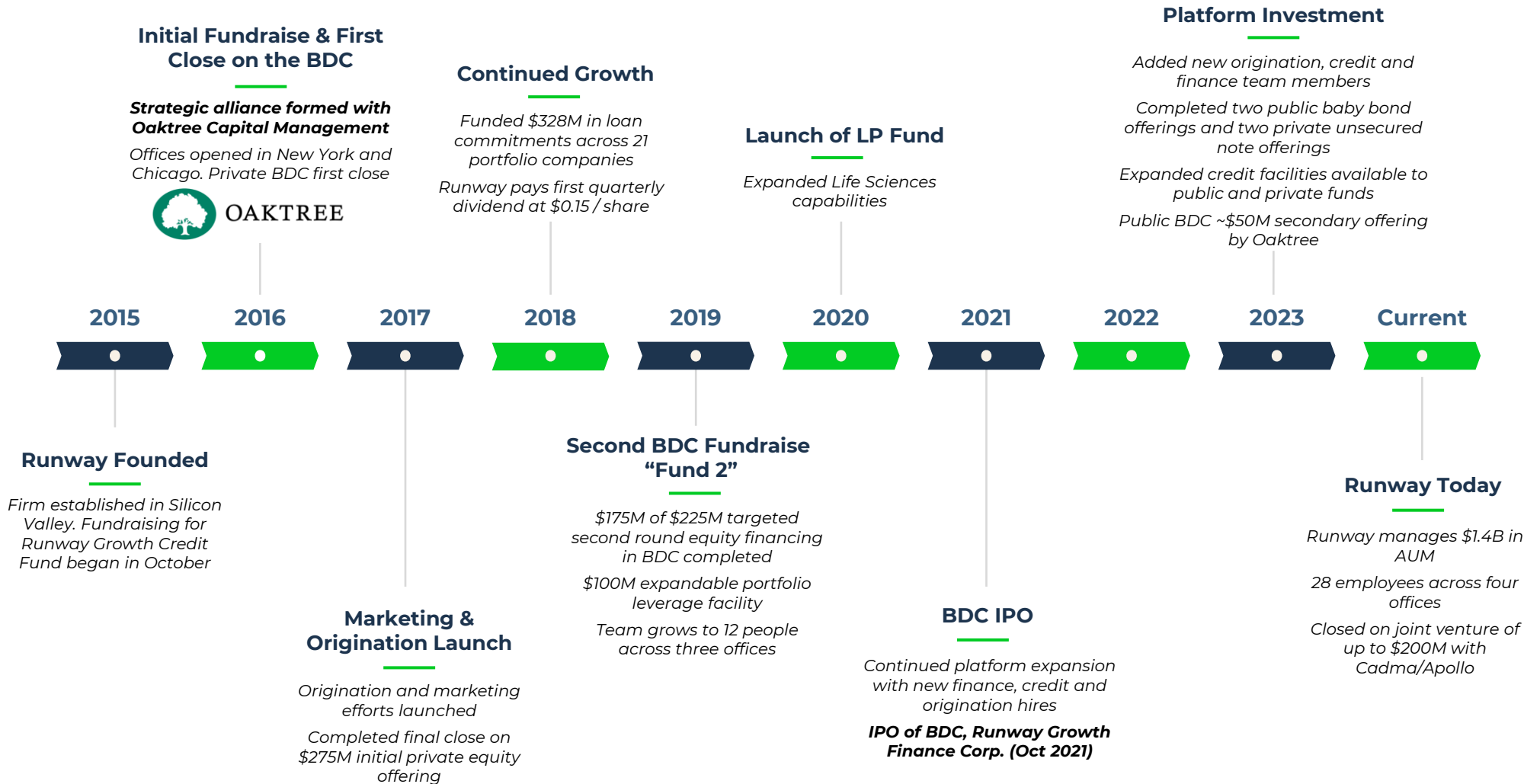
Entered the public markets in 2021 with an established 5-year track record in the growth lending space

- Demonstrated by 26 consecutive quarterly distributions since inception

**An established, differentiated growth lending platform with a clear path to create value across macro-economic environments.**

# Runway's Story

**Demonstrated track record of growth and ability to attract top tier institutional partners**





# Investment Highlights

# Key Investment Highlights

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Large and Growing Market for Debt Financing to Late and Growth Stage Companies



Diversified Portfolio Across Sponsored/Non-sponsored, VC/PE-backed, Industries & Geographies



Experienced, Proven Management Team Supported by a Deep Bench of Dedicated Investment Professionals



Attractive Financial Profile Generates Sustainable and Growing Earnings with Risk Mitigation



Rigorous Disciplined Investment Process and Proprietary Risk Analytics



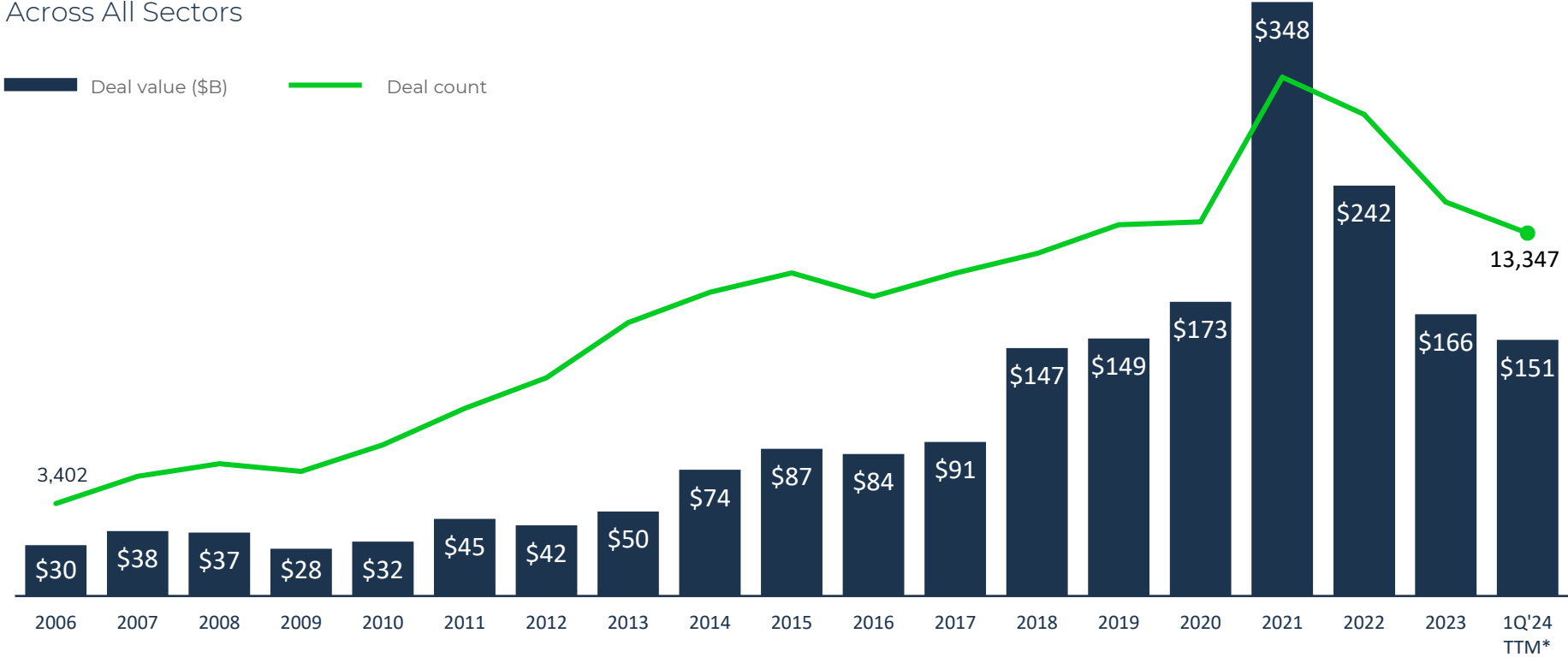
Leveraging Multiple Paths to Return Value to Shareholders



# Venture Capital Activity

## Venture Capital Deal Volume Trends<sup>1</sup>

Across All Sectors



**Venture capital has broadly observed a slowdown in recent years given prevailing market dynamics, run-rate demand for venture debt funding remains ~\$30 billion**

<sup>1</sup> Pitchbook-NVCA Venture Monitor data, Q1 2024  
 \* As of March 31, 2024

# Strong And Experienced Team

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Investment manager's senior executive team has experience across multiple economic cycles



**David Spreng**  
CEO, CIO, Founder

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**Prior Experiences**

- Co-Founder of Decathlon Capital Partners and Crescendo Ventures
- Served on the board of 11 public companies



**Tom Raterman**  
CFO, COO

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**Prior Experiences**

- Co-Founder and EVP LKQ Corporation
- Several C-Suite roles at financial service and other operating companies



**Greg Greifeld**  
Managing Director, Deputy CIO,  
Head of Credit

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**Prior Experiences**

- HPS Investment Partners
- J.P. Morgan

# Our Credit-first, Weatherproof Approach

## Runway Is Built For All Economic Environments With Differentiated Experience To Judiciously Deploy Capital

<b>Underwriting Rigor</b>	<ul style="list-style-type: none"> <li>• Credit-first philosophy</li> <li>• Loan portfolio is 100% floating rate assets</li> <li>• 99% of underlying investments are first lien senior secured loans (1% is “second-lien” behind a bank facility which we have the ability to “buy out”)</li> <li>• Low “loan to our value”</li> <li>• Minimal downstream financing risk</li> </ul>
<b>Origination Momentum</b>	<ul style="list-style-type: none"> <li>• Activity reflects extremely selective evaluation criteria</li> <li>• Accomplished origination team</li> </ul>
<b>Conservative Balance Sheet</b>	<ul style="list-style-type: none"> <li>• Thoughtfully utilizing secured and unsecured leverage</li> <li>• Target leverage ratio (0.8x to 1.25x)</li> </ul>
<b>Long-term Partnerships</b>	<ul style="list-style-type: none"> <li>• Experience navigating challenging situations</li> <li>• Continued partnerships with companies well into their life as a public company</li> </ul>
<b>Portfolio Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Active portfolio monitoring and borrower engagement</li> <li>• Ability to support portfolio companies when it makes sense and be opportunistic when circumstances necessitate</li> </ul>
<b>Investor Friendly Fee Structure</b>	<ul style="list-style-type: none"> <li>• Tiered management fee structure that decreases as assets continue to grow             <ul style="list-style-type: none"> <li>• Gross Assets<sup>1</sup>:                 <ul style="list-style-type: none"> <li>• Less than \$500.0M – 1.75% <i>annualized</i></li> <li>• \$500.0M – 1.0B – 1.60% <i>annualized</i></li> <li>• Greater than \$1.0B – 1.50% <i>annualized</i></li> </ul> </li> </ul> </li> <li>• Income incentive fee subject to favorable hurdle rate and less than 100% catch up (determined quarterly on pre-incentive fee net income) –             <ul style="list-style-type: none"> <li>• No incentive fee if the Company’s pre-incentive fee net investment income does not exceed the hurdle rate of 2.0% per quarter</li> <li>• 80% of pre-incentive fee net investment income that exceeds the hurdle rate but is less than 2.667% in any calendar quarter (the “catch-up”)</li> <li>• 20.0% of pre-incentive fee net investment income that exceeds 2.667% in any calendar quarter</li> </ul> </li> </ul>

# Focused On Late and Growth Stage Companies

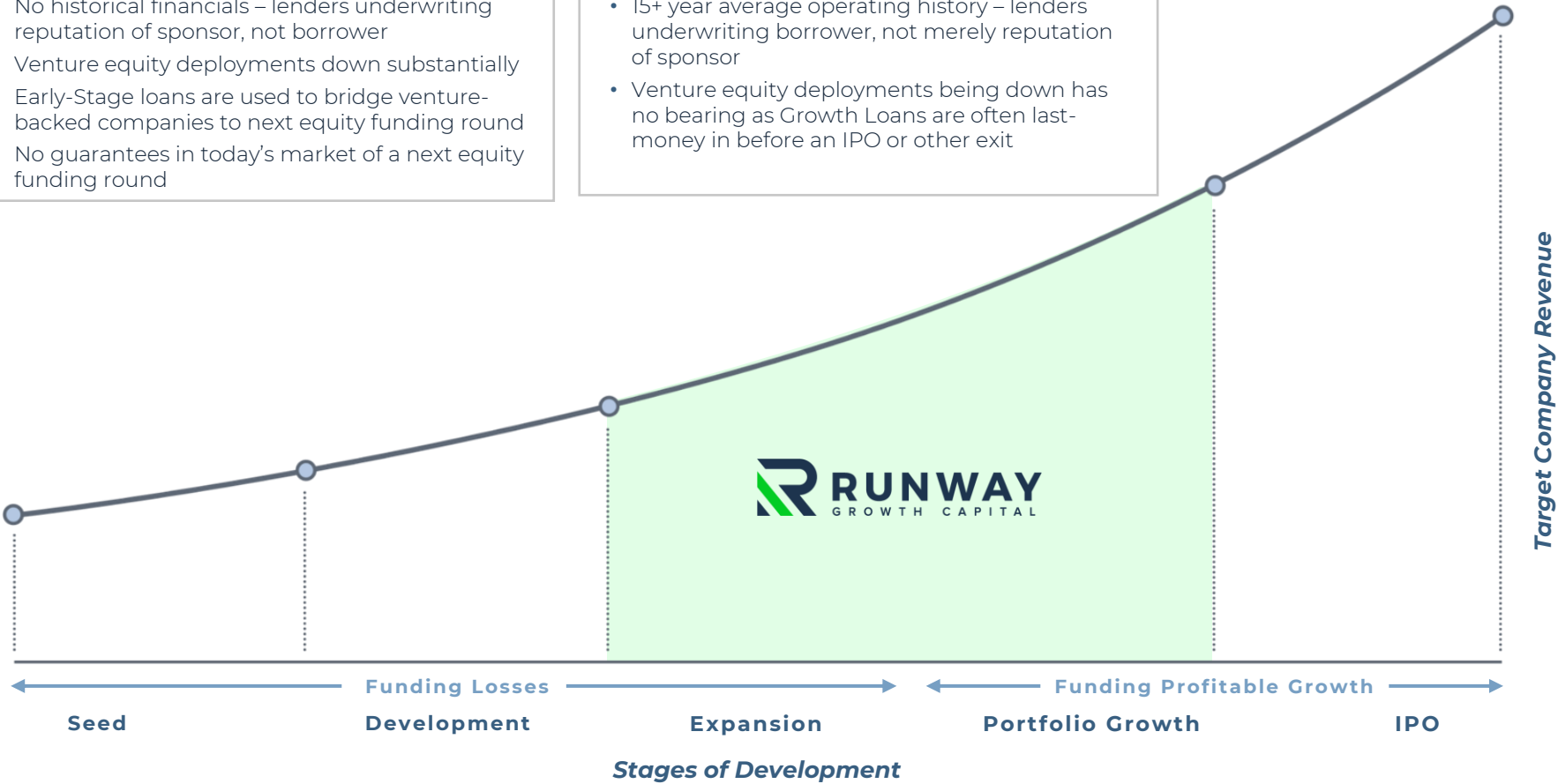
## Illustrative Venture/Growth Lending Funding Continuum

**Early-Stage Venture Debt**

- No historical financials – lenders underwriting reputation of sponsor, not borrower
- Venture equity deployments down substantially
- Early-Stage loans are used to bridge venture-backed companies to next equity funding round
- No guarantees in today's market of a next equity funding round

**Late-Stage Venture and Growth Debt**

- 15+ year average operating history – lenders underwriting borrower, not merely reputation of sponsor
- Venture equity deployments being down has no bearing as Growth Loans are often last-money in before an IPO or other exit



**Runway's core focus is on sponsor-backed late and growth stage venture companies that have a demonstrated track record of performance and are on their way to IPO or other liquidity event alternatives**

# Origination Model

## Sponsored Growth Lending

- Loans to late- and growth-stage companies backed by venture capital and private equity firms
- Loans typically have higher yields relative to larger, mature companies and usually include equity upside potential
- Provides access to many high-quality companies backed by top tier venture capital & private equity investors
- Ability to participate in equity upside through acquisition of warrants

## Non-Sponsored Growth Lending

- Loans to late- and growth-stage, private companies that are funded directly by entrepreneurs and founders, or no longer require institutional equity
- Financing available to these companies is typically based on the underlying value assets and/or the entrepreneur's resources
- Frequently the only senior lender to these companies
- Underwriting approach focuses on business fundamentals, commitment of the entrepreneur and sources of repayment
- Higher underwriting bar in absence of deep-pocketed sponsor

## Sample of Origination Channels

### VC & PE Funds

Our origination team has deep experience in both venture capital and venture debt and maintains strong industry relationships.

### Direct-Lead Generation

We have been successful generating leads for companies without private equity sponsorship through email outreach, conferences, events, and market research.

### Venture Banks

We maintain relationships with all major venture banks who routinely refer deals that exceed their credit capacity.

### Advisors & Brokers

We have relationships with the major venture debt advisory firms, investment banks, lawyers and other advisors.

# Why Do Borrowers Choose Runway?

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## Steady Hand

- We work with companies to navigate choppy waters, while others may take punitive measures at the earliest signs of trouble
- Our underwriting, deep credit analysis, and understanding of borrower enterprise value, give us the confidence to protect our investors' capital



## Experience

- Senior investment professionals have average of 21+ years of experience
- Can speak the same language as the borrowers



## Disciplined and Sophisticated Loan Structures

- While competitive on price, we are rarely the cheapest option
- Diligent and creative with loan structures, balancing flexibility and risk mitigation



## Ability to Scale

- Bespoke solutions allow us to create new loan structures for our borrowers as they continue to grow
- Since inception, 31% of portfolio companies have upsized and 15% have refinanced with an upsized.

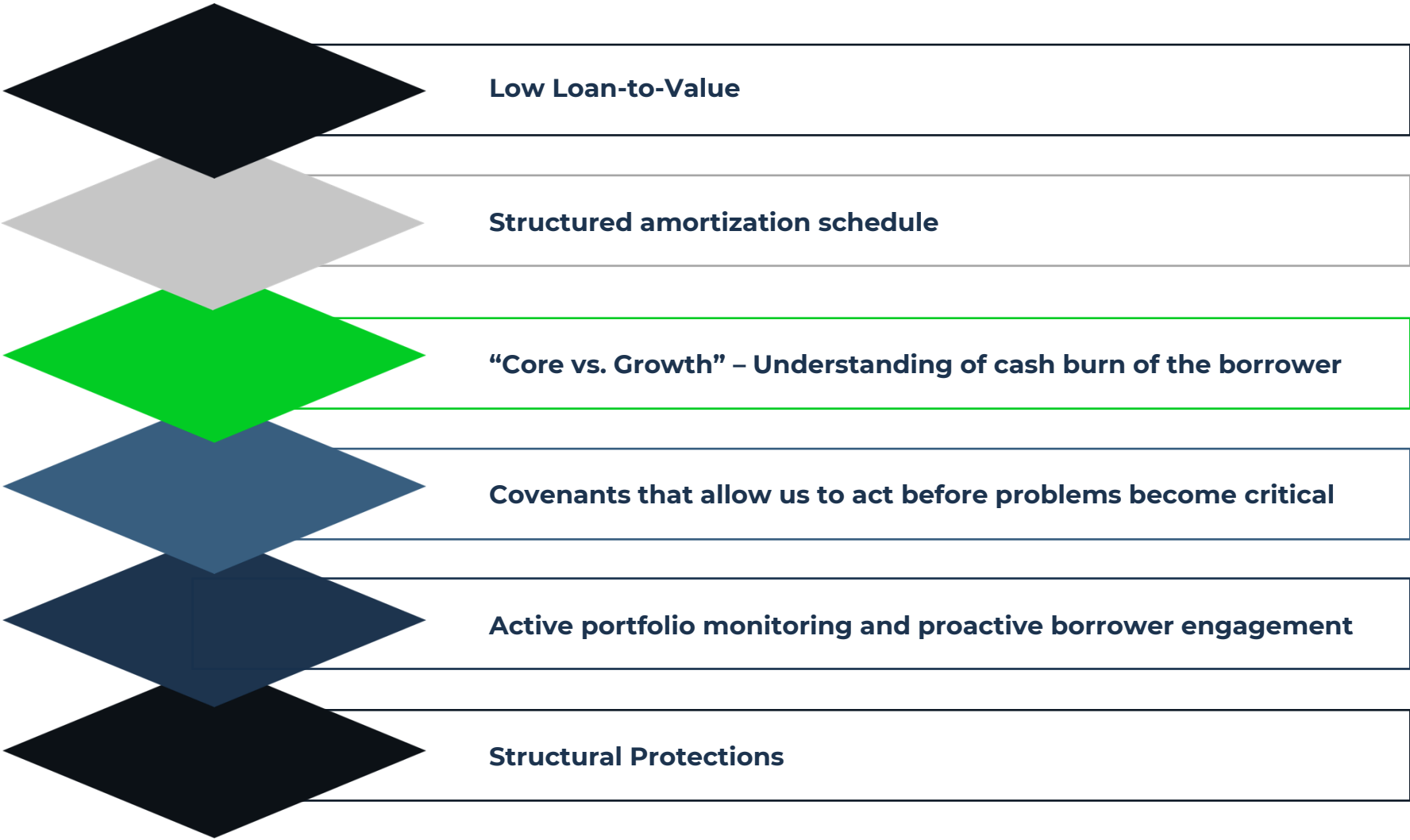


## Robust Network

- Expansive network of contacts within the venture capital industry across equity providers, lenders, advisers, etc.
- Useful advantage for many of our borrowers
- Gives us credibility among other venture equity providers

# Runway Has an Edge in Pricing Risk and Ascribing Company Value

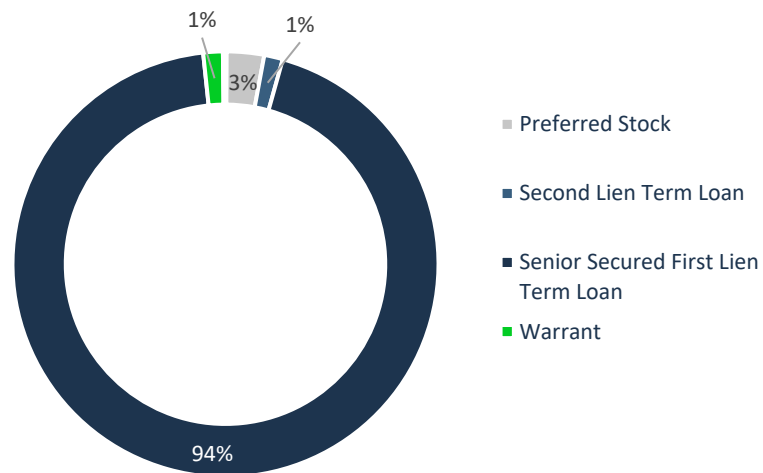
## APPROACH TO UNDERWRITING



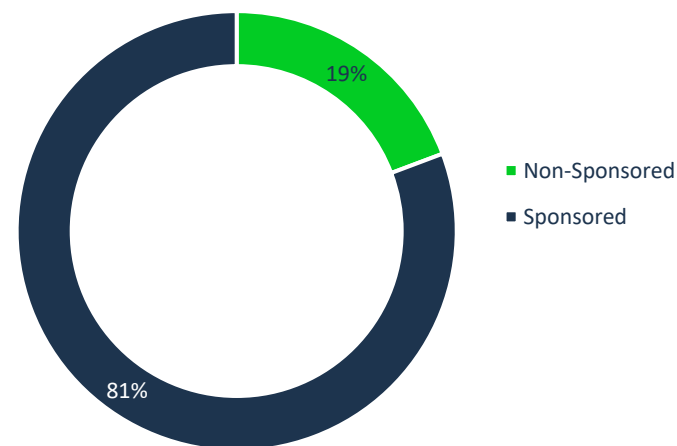
# Portfolio Overview

Portfolio at Fair Value<sup>1</sup>: **\$1,016 million**

## Current Investments by Security Type (by FMV)<sup>2</sup>



## Current Investments by Origination Channel (by FMV)



## Cumulative since inception<sup>3</sup>

Total Loan Commitments	\$2.6B
Average Loan Commitment	\$33.1M
Number of Investments Made	78
Number of Realized Investments <sup>4</sup>	44
Cumulative Gross/Net Loss Rate	0.96%/0.77%

## Current portfolio at origination

Average Operating History <sup>5</sup>	16.2 Years
Average Enterprise Value <sup>5</sup>	\$250.5M
Average Revenue <sup>5</sup>	\$58.6M
Average LTV <sup>5</sup>	18.7%
Loan Structure	99% First Lien

Past performance is not an indication of future results

1. Excludes investments in U.S. Treasury Bills

2. Common Stock, Convertible Note and Equity Interest comprise 0.3%

3. Cumulative since inception – from December 2016 through March 2024

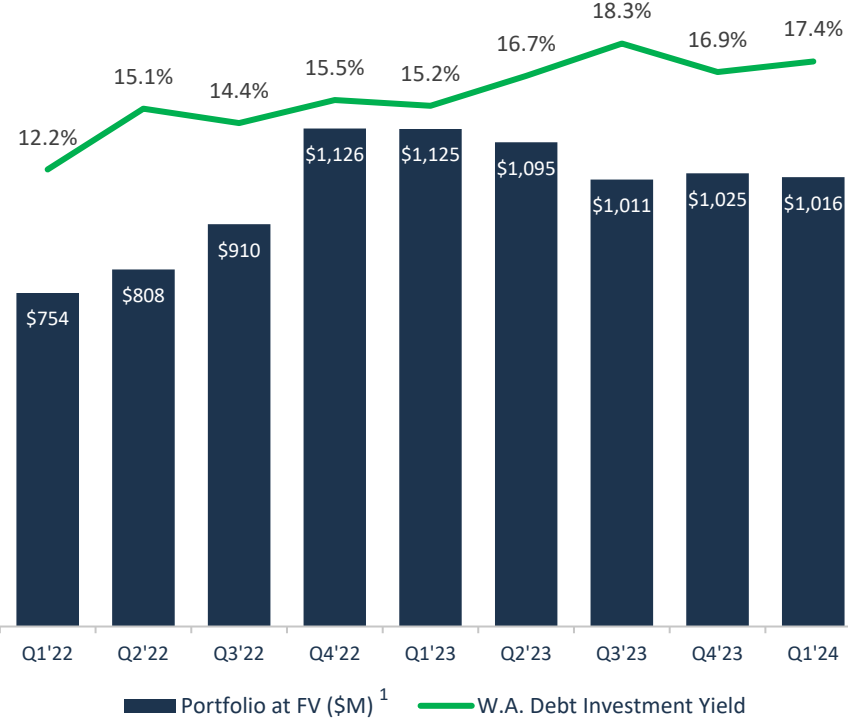
4. Excludes 4 active investments that have refinanced with Runway Growth

5. Weighted average on funded at origination for current investment portfolio as of March 31, 2024

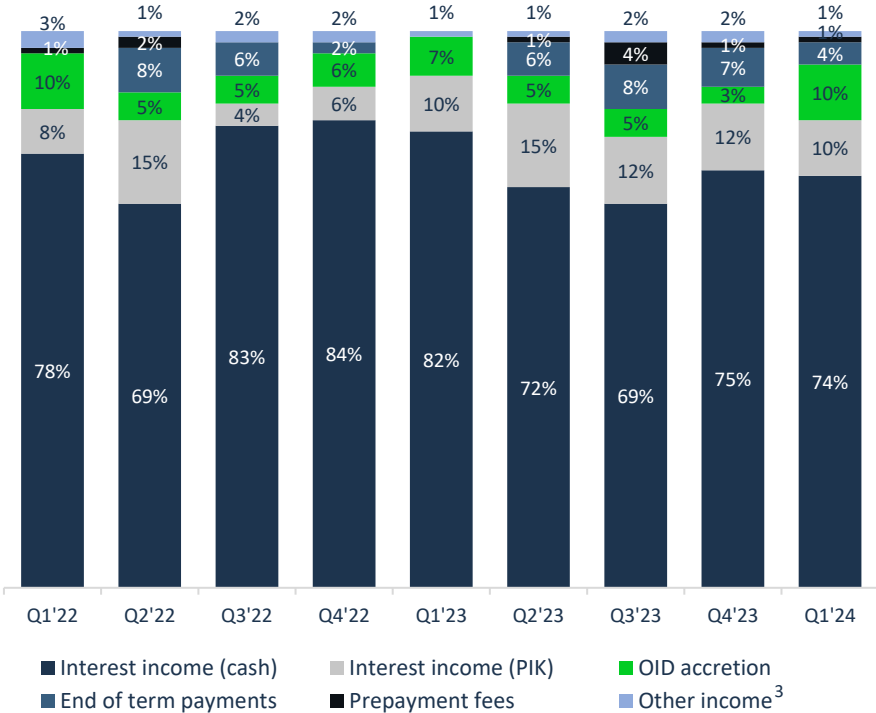


# Key Portfolio Metrics

### Portfolio at FV & Investment Yield



### Sources of Investment Income

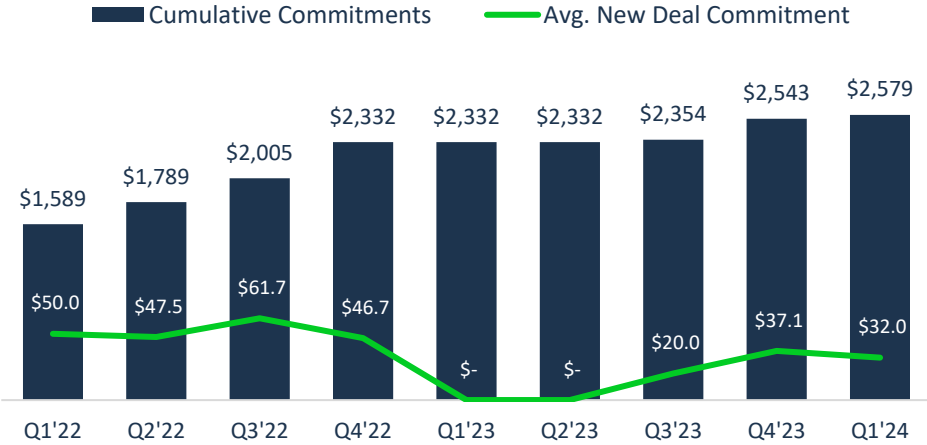


**30 debt and 80 equity investments to 53 portfolio companies as of 3/31/2024**

Past performance is not an indication of future results  
 1. Excludes investments in U.S. Treasury Bills  
 2. Calculated by taking total debt-related income during the quarter divided by the average fair value of debt investments outstanding during the period, annualized; Includes prepayments  
 3. "Other" consists of U.S. Treasury Bills, dividend income, interest income on money market funds, and other sources of income

# Key Portfolio Metrics

## Committed Capital (\$M)



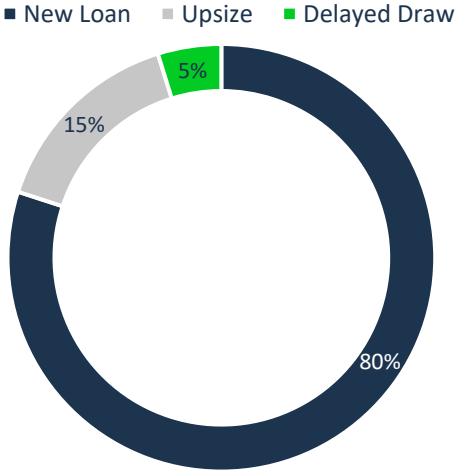
### Inception-to-Date:

- 31% Portfolio Companies Upsized (21 Portfolio Companies, 32 Upsize Transactions)
- 10 Refinances or 15% of Portfolio Companies

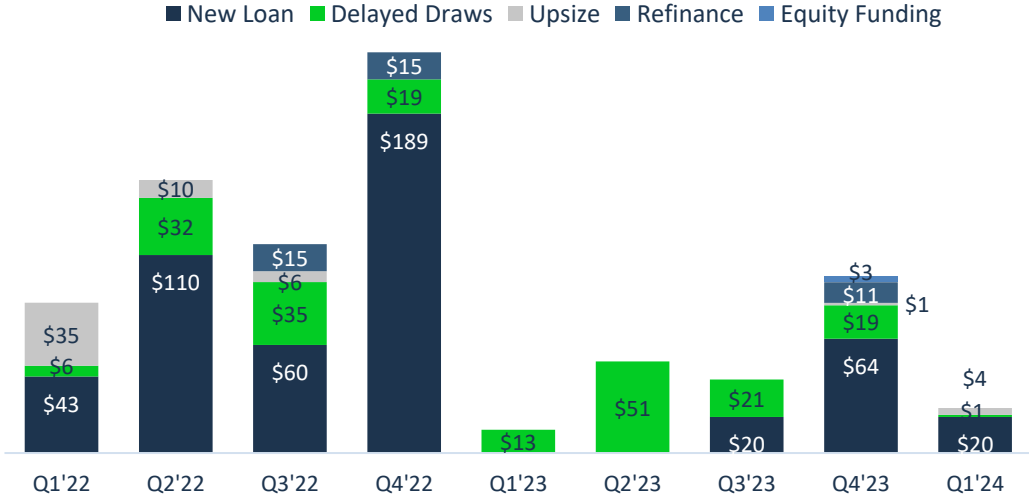
### Trailing 12 Months:

- \$33.9M average new deal commitment
- \$24.5M average funding at origination

## Q1-2024 Gross Fundings by Type (%)



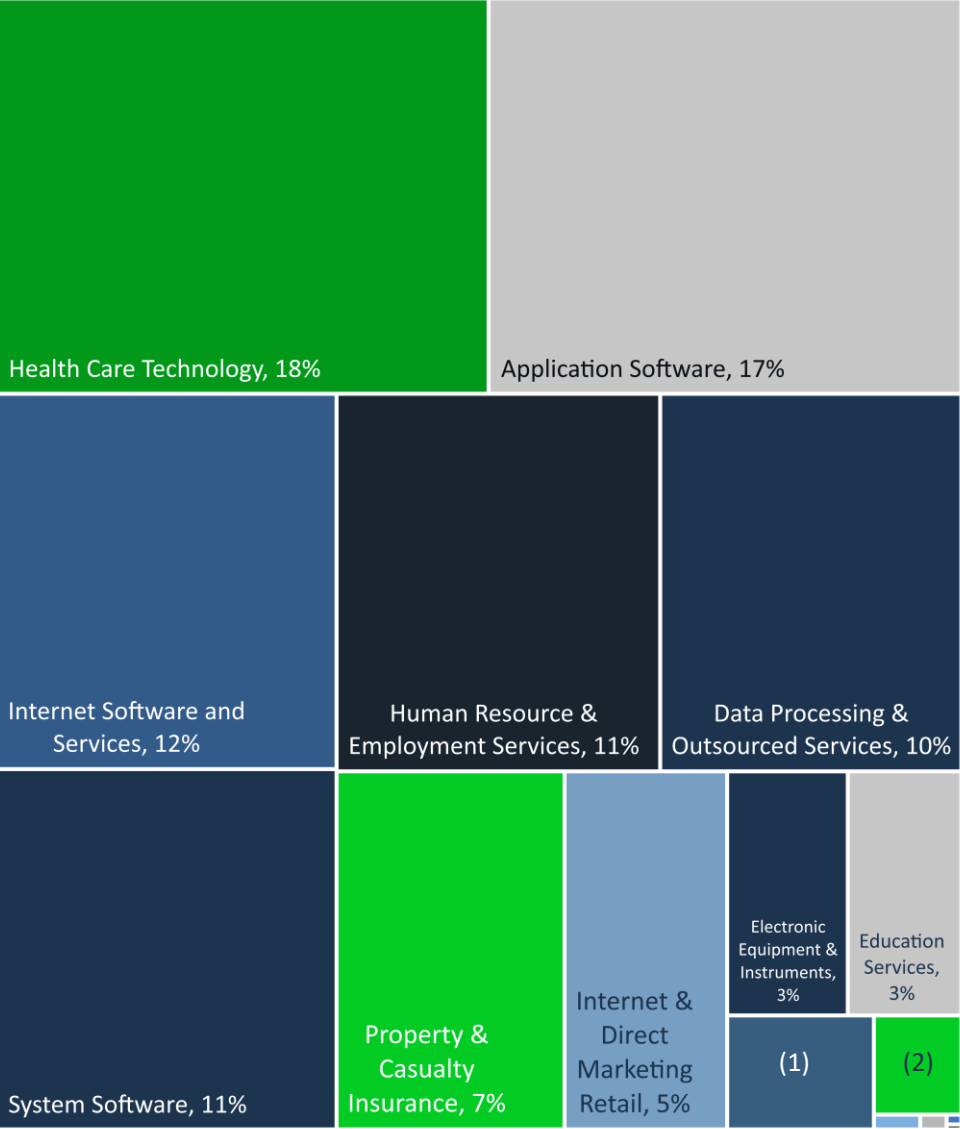
## Net Quarterly Fundings by Type<sup>1</sup> (\$M)



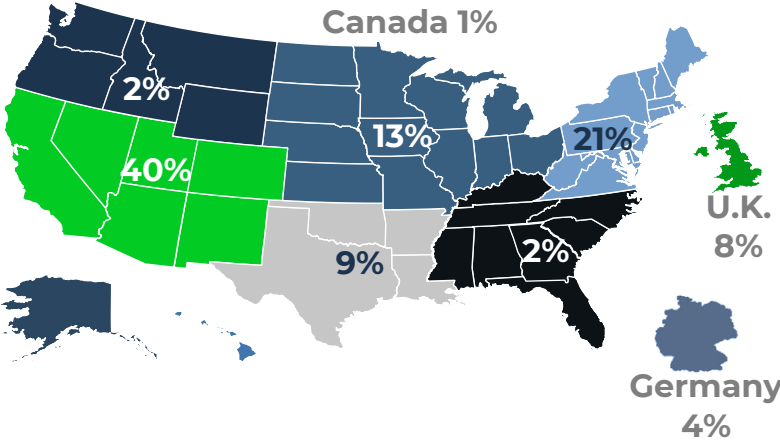
1. Reflects quarterly fundings by type, net of refinances

# Highly Diversified Portfolio

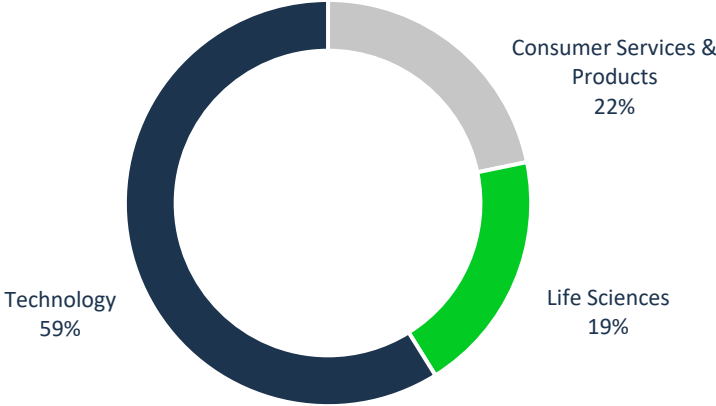
Portfolio at Fair Value by Industry



Portfolio Fair Value by Geography

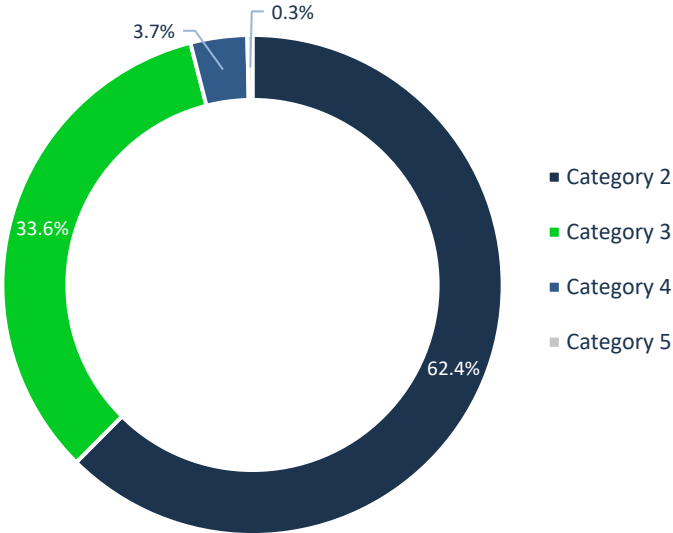


Breakout Across Verticals

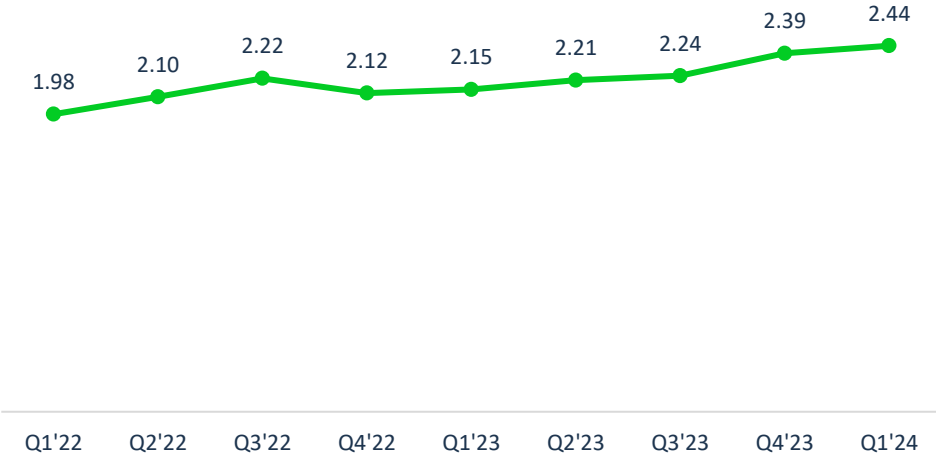


# Portfolio Risk Ratings

Investments at Fair Value by Risk Rating Category<sup>1</sup>



Weighted Average Risk Rating<sup>1</sup>

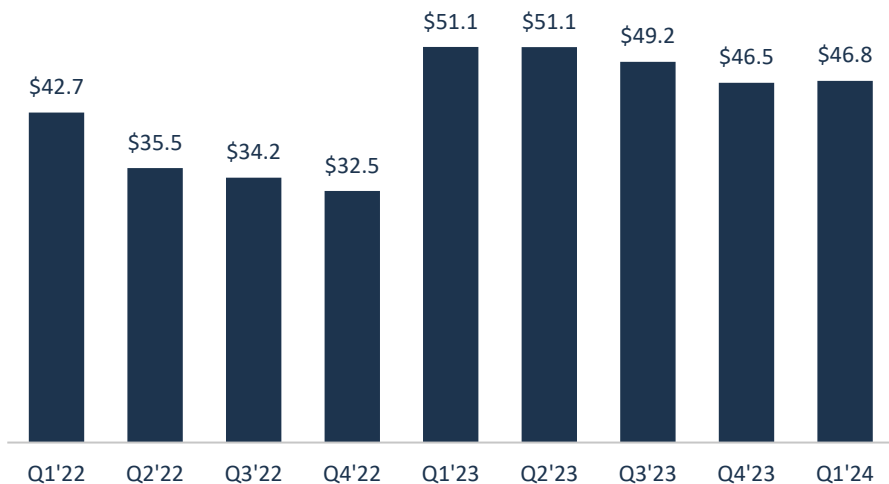


**96% Of The Portfolio Has A Weighted Average Risk Rating Of 3 Or Better**

1. 1-5 rating scale with a lower number reflecting a higher credit quality rating.

# Warrants & Equity Portfolio

## Warrants and Other Equity (\$M)



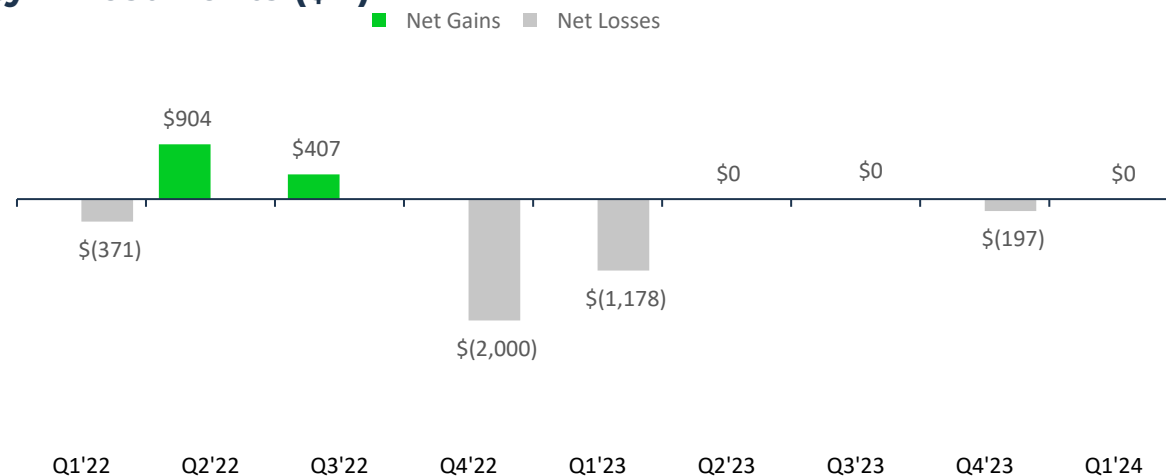
## Warrant and Other Equity Holdings

- **23** Companies with both loan and warrant investments
- **16** Companies with warrant investments only
- **6** Companies with shares of common or preferred stock only or a combination with warrants
- **3** Companies with a loan, warrant, and shares of common or preferred stock
- **1** Company with 100% equity interest

**80 WARRANTS AND/OR EQUITY INVESTMENTS IN 49 COMPANIES**

## Net Realized Gains (Losses) on Equity Investments (\$K)

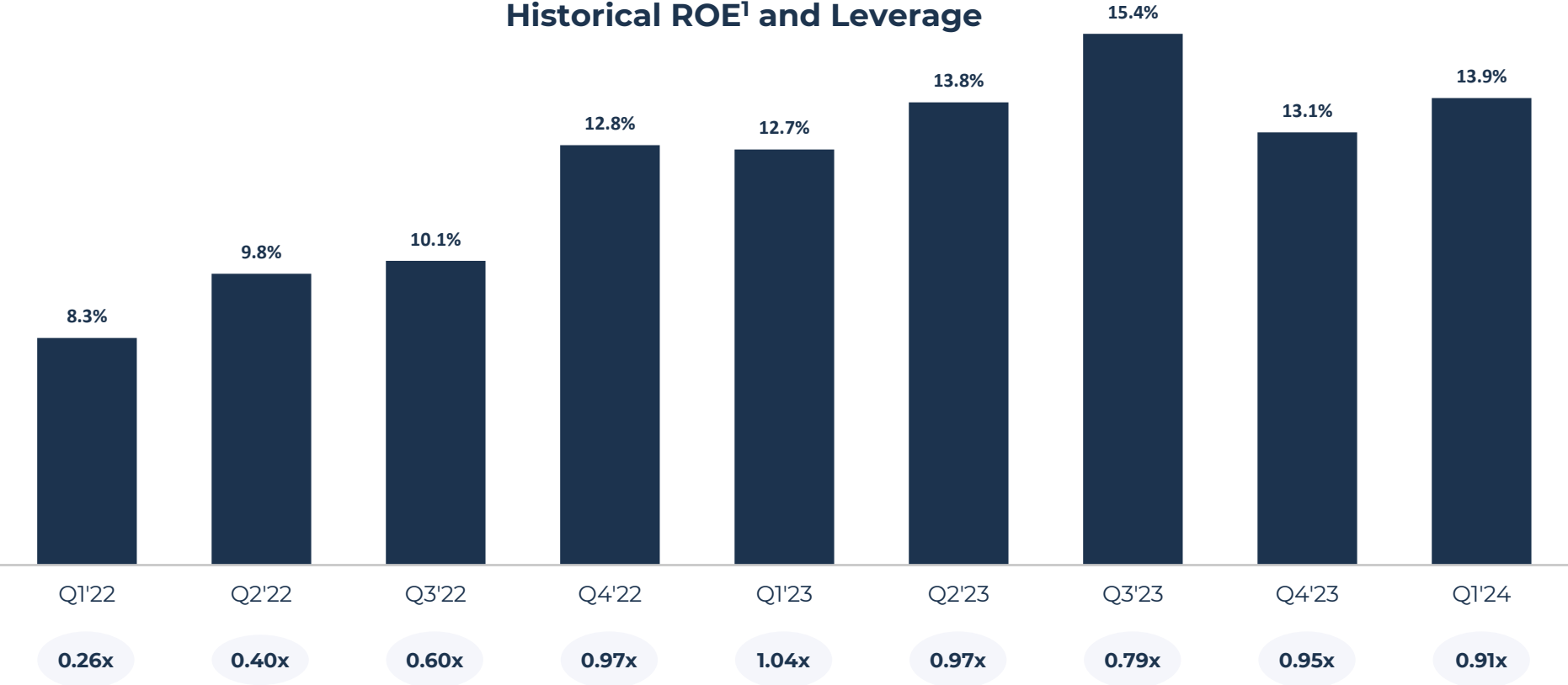
**Inception-to-date:**  
 Net equity gains of \$4.8M offsetting \$24.8M in credit losses



Past performance is not an indication of future results

# Strong Balance Sheet Provides For Flexibility & Growth

Historical ROE<sup>1</sup> and Leverage



**Among industry's lowest leverage ratio with a D/E target of 0.8-1.25x.**

Past performance is not an indication of future results  
1. ROE calculated by dividing NII for the quarter by average of EOP and BOP equity balance for the period and annualizing

# Leverage & Liquidity

Liquidity													
	2021				2022				2023				2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Cash & Equivalents	\$1.8	\$0.9	\$0.9	\$4.7	\$3.5	\$6.8	\$5.8	\$5.8	\$3.3	\$37.7	\$15.0	\$3.0	\$6.9
Credit Facility Availability	\$98.0	\$98.0	\$135.0	\$154.0	\$129.0	\$117.7	\$250.0	\$88.0	\$128.0	\$190.0	\$297.0	\$278.0	\$313.0
Net Assets	\$473.5	\$477.7	\$504.2	\$606.2	\$597.5	\$579.4	\$573.7	\$576.1	\$569.8	\$573.9	\$570.5	\$547.1	\$529.5

Debt Capital Structure <sup>1</sup>			
KeyBank Credit Facility	<b>\$237M</b> Revolver availability	<b>\$550M</b> Revolving Credit Facility	<b>\$600M</b> Maximum accordion commitment
2026 8.54% Notes	<b>\$25M</b> Aggregate principal	<b>8.54%</b> Interest Rate	<b>April 13, 2026</b> Stated Maturity
2026 4.25% Notes	<b>\$70M</b> Aggregate principal	<b>4.25%</b> Interest Rate	<b>December 10, 2026</b> Stated Maturity
2027 7.50% Notes	<b>\$80.5M</b> Aggregate principal	<b>7.50%</b> Interest Rate	<b>July 21, 2027</b> Stated Maturity
2027 7.00% Notes	<b>\$20M</b> Aggregate principal	<b>7.00%</b> Interest Rate	<b>August 31, 2027</b> Stated Maturity
2027 8.00% Notes	<b>\$51.8M</b> Aggregate principal	<b>8.00%</b> Interest Rate	<b>December 28, 2027</b> Stated Maturity



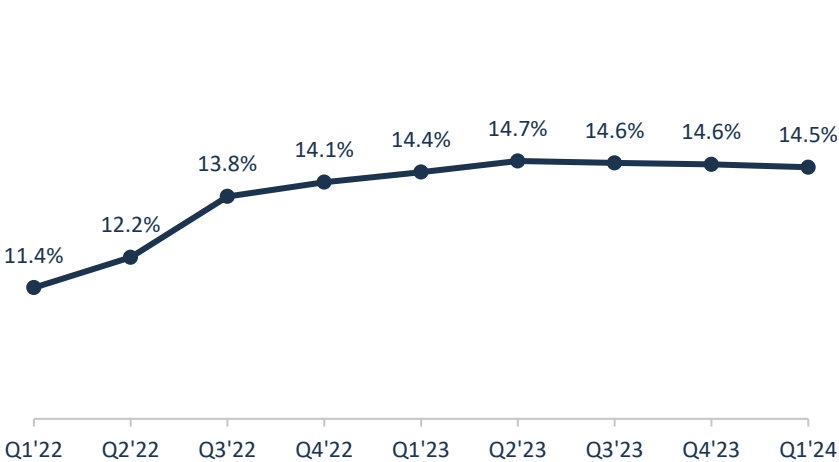
FIRST QUARTER 2024

# Portfolio & Financial Highlights

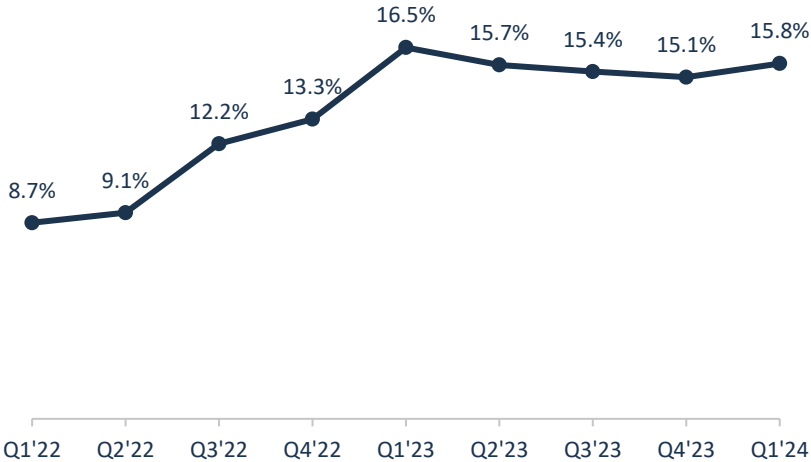


# Portfolio Highlights

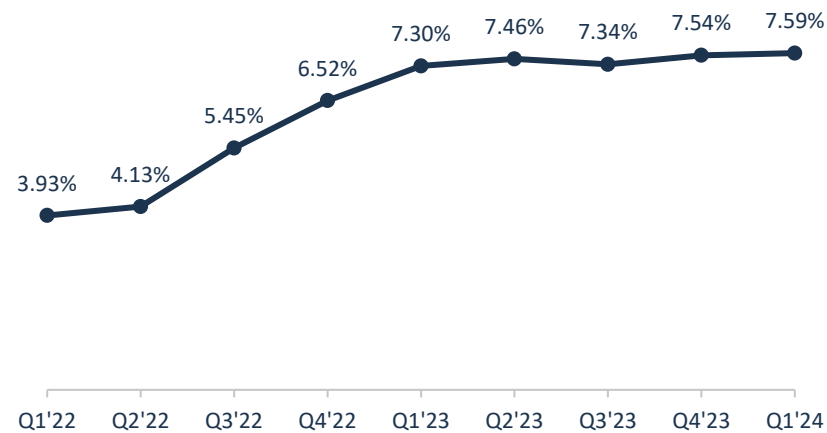
## Average Accounting Yield<sup>1</sup>



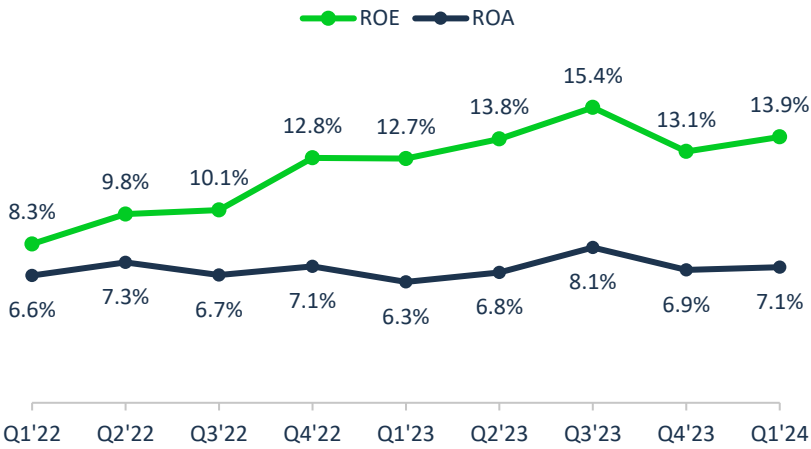
## Annualized Dividend Yield<sup>2</sup>



## Weighted Average Interest Expense



## Annualized Return on Equity and Assets<sup>3</sup>



# Financial Highlights

STATEMENT OF ASSETS & LIABILITIES <sup>1</sup>	Three Months Ended March 31, 2024	Three Months Ended December 31, 2023
Total investments at fair value	1,016,332	1,067,009
Cash and cash equivalents	6,915	2,970
<b>Total assets</b>	<b>1,030,938</b>	<b>1,079,153</b>
Debt <sup>2</sup>	475,914	510,078
<b>Total liabilities</b>	<b>501,469</b>	<b>532,082</b>
<b>Total net assets</b>	<b>529,469</b>	<b>547,071</b>
Net asset value per share	13.36	13.50

STATEMENT OF OPERATIONS <sup>1</sup>	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Total investment income	40,009	39,310
Total operating expenses	21,345	21,064
<b>Net investment income</b>	<b>18,664</b>	<b>18,246</b>
Net realized and unrealized gain (loss)	(6,617)	(6,262)
<b>Net increase (decrease) in net assets from operations</b>	<b>12,047</b>	<b>11,984</b>
Net investment income per share	0.46	0.45

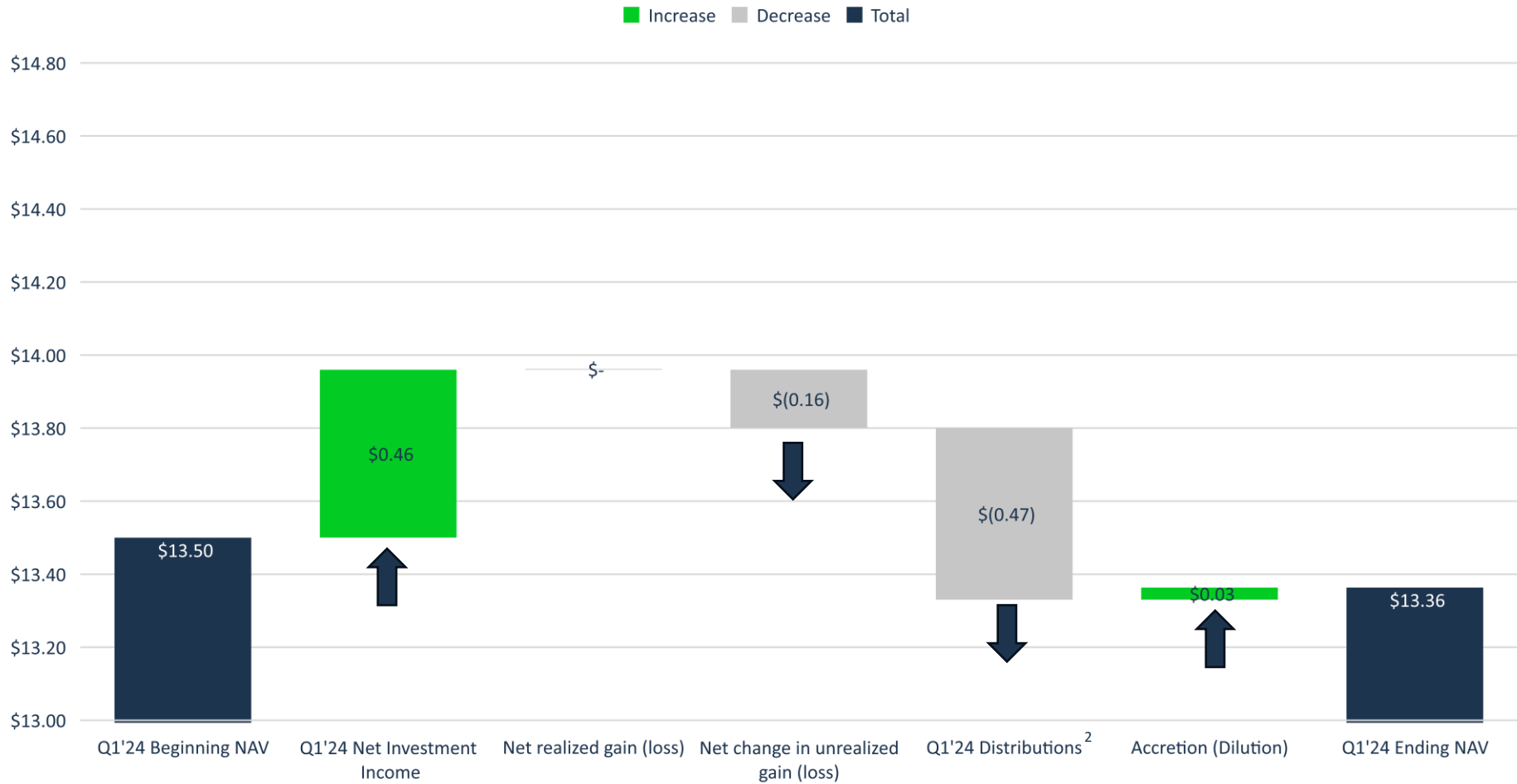
Note: Past performance is not an indication of future results. Shown in thousands except per share data.

1. In thousands, except per share data

2. Net of unamortized deferred debt costs

# Q1-2024 NAV/Share Bridge

## Reconciliation of Quarterly Nav per Share<sup>1</sup>



1. NAV/share calculated using weighted average share outstanding during Q1 2024 of 40,392,255  
 2. Distributions are based on taxable income rather than GAAP income (i.e. NII) and include spillover from prior year undistributed NII. The \$0.47 dividend is comprised of a \$0.40 regular dividend and a \$0.07 special dividend (prior year spillover).



# Analyst Coverage

# Robust Industry Analyst Coverage

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Finian O'Shea, CFA



Melissa Wedel, CFA



Mitchel Penn, CFA



Casey Alexander



Vilas Abraham



Erik Zwick, CFA



Mickey Schleien, CFA



Bryce Rowe, CFA



John Rowan





# Supplemental Information

# Regulation and Structure

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Runway Growth is an externally managed, non-diversified closed-end management investment company that has elected to be regulated as a BDC and treated as a RIC for tax purposes.

Business Development Company (BDC)
<ul style="list-style-type: none"><li>• Regulated by the SEC under the Investment Company Act of 1940 (the “1940 Act”)</li><li>• Externally-managed by Runway Growth Capital</li><li>• Leverage limited to 2:1 debt/equity</li><li>• Investments are required to be carried at fair value</li><li>• Required to offer managerial assistance to portfolio companies</li></ul>

Regulated Investment Company (RIC)
<ul style="list-style-type: none"><li>• Must distribute at least 90% of income to shareholders as dividend distributions, subject to approval by Runway Growth’s Board of Directors</li><li>• Mandates asset diversification</li><li>• Eliminates corporate taxation</li><li>• Allows for retention of capital gains and/or spillover taxable income</li></ul>



**Contact us with any  
questions or comments.**

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