



**RUNWAY**  
GROWTH FINANCE CORP

**Runway Growth Finance Corp.  
Third Quarter 2021 Investor Presentation**

November 4, 2021

# FORWARD-LOOKING STATEMENTS

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# OVERVIEW OF RUNWAY GROWTH FINANCE CORP

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

<p><b>Committed Capital Since Inception<sup>1</sup></b></p> <p><b>\$1.2B</b></p> <p>Across 50 investments</p> <p>YTD as of 9/30/2021</p>	<p><b>Weighted Average Borrower LTV<sup>2</sup></b></p> <p><b>13.2%</b></p> <p>At origination</p>	<p><b>Annualized Dollar-Weighted Yield<sup>3</sup></b></p> <p><b>15.3%</b></p> <p>As of 9/30/2021</p>	<p><b>Debt Portfolio with Floating Rates</b></p> <p><b>93.5%</b></p> <p>As of 9/30/2021</p>	<p><b>Loss Rate<sup>4,5</sup></b></p> <p><b>Gross 1.2% / Net 0.7%</b></p> <p>Cumulative since inception</p>	<p><b>Net Asset Value Per Share</b></p> <p><b>\$14.60</b></p> <p>As of 9/30/2021</p>
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## Investment Activity in Q3 2021

- Funded \$101.3 million of investments in six new and existing portfolio companies
- Received \$104.7 million from principal repayments

## Total Investment Income

- \$18.6 million

## Net Investment Income

- \$10.7 million
- \$0.32 per share

## Net Asset Value

- \$14.60 per share

# THE RUNWAY DIFFERENCE



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

- Robust venture capital ecosystem & exit environment enables portfolio growth and sustainable earnings profile
- Customers across growth life cycle provide risk mitigation across multiple economic and market cycles



## Flexible 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



## Creative 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's Chairman, CEO, CIO, & Founder, named to Forbes Magazine's Midas List four times
- Senior executive team has average of 26+ years of experience
- Enters the public markets with an established 5-year track record in the venture lending space
  - Demonstrated by 15 consecutive quarterly distributions since inception

**An established, differentiated venture lending platform with a clear path to create value**

# INVESTMENT HIGHLIGHTS

# KEY INVESTMENT HIGHLIGHTS

1

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

2

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

3

Provide Critical Capital to Robust, High-Growth Companies

4

Rigorous Disciplined Investment Process and Proprietary Risk Analytics

5

Diversified Portfolio across Sponsored/Non-sponsored, Industries & Geographies

6

Attractive Financial Profile to Generate Sustainable and Growing Earnings



# VENTURE CAPITAL CONTINUES TO SEE ELEVATED LEVELS OF ACTIVITY

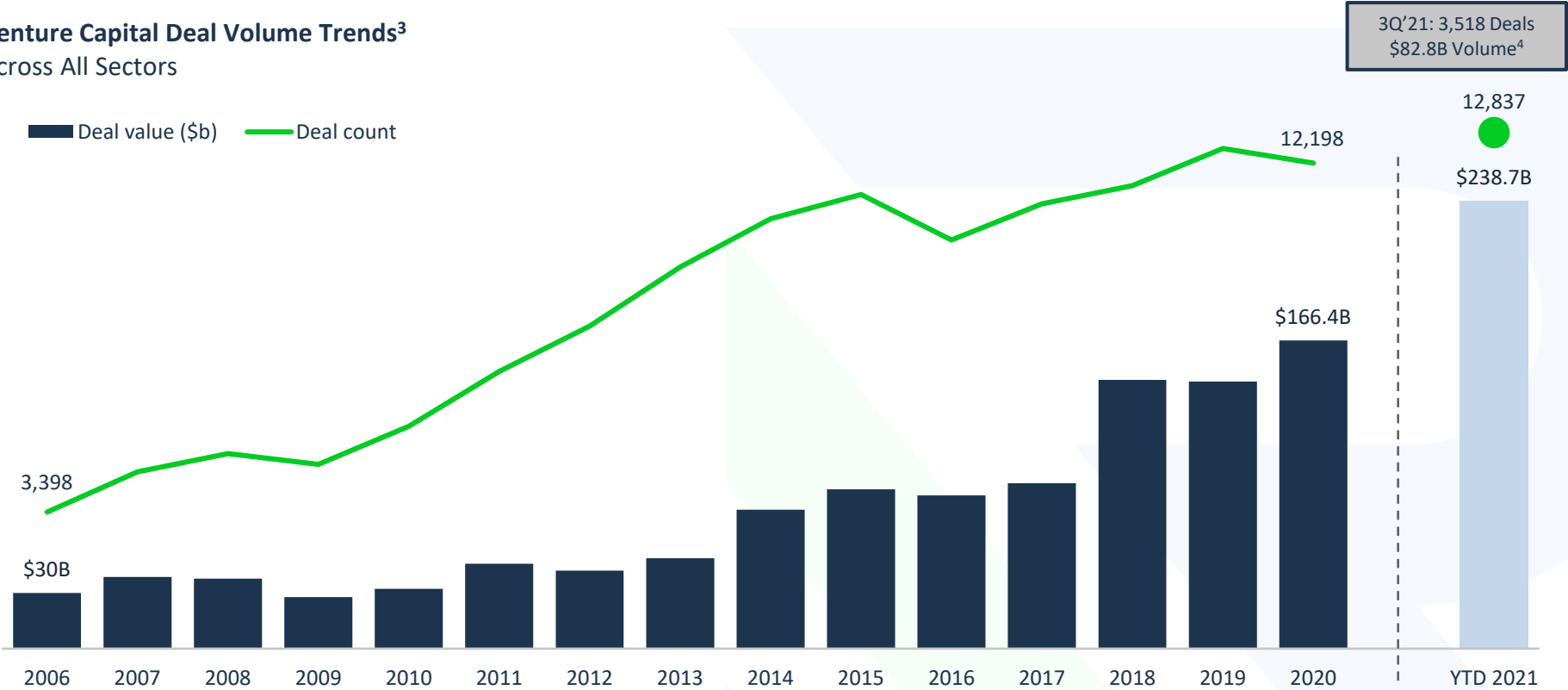
~2,500 venture funds,  
managing \$450B in  
AUM<sup>1</sup>

~29,000 venture backed  
companies in the US<sup>2</sup>

2021 will be the fourth  
consecutive year with  
deployments >\$100B in  
Venture Equity<sup>1</sup>

\$221B dry powder  
available to support  
future investment<sup>4</sup>

**Venture Capital Deal Volume Trends<sup>3</sup>**  
Across All Sectors



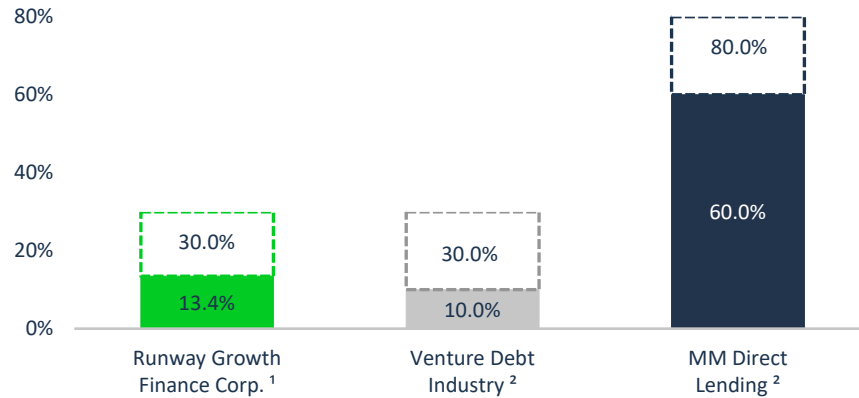
**2020 Set New US VC Records In Total Deal Value, Exit Value, and Capital Raised For VC Funds**

1. Pitchbook-NVCA Venture Monitor, December 2020  
 2. PitchBook Data, Inc. as of September 3, 2021  
 3. Pitchbook-NVCA Venture Monitor, June 2021  
 4. Pitchbook-NVCA Venture Monitor, October 2021

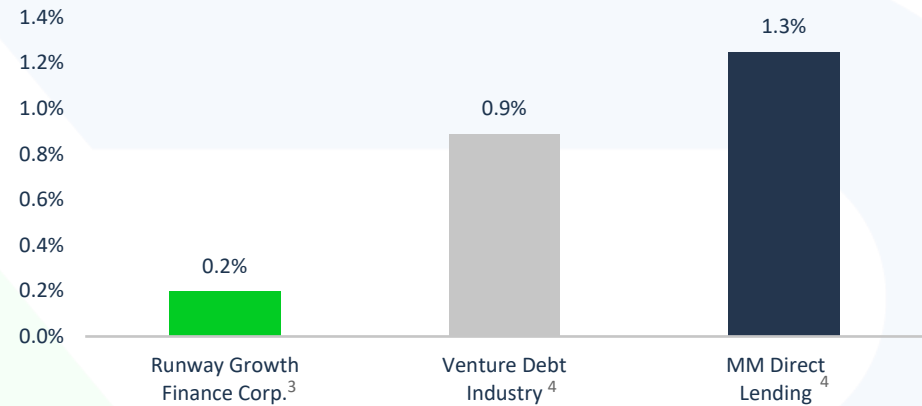
# VENTURE LENDING IN PERSPECTIVE— COMPARISON TO MIDDLE MARKET LENDING



**Loan To Value (LTV) Comparison, current versus max level**



**Realized Loss Rates (Net, Annualized)**













Low loan to value ratios provide insulation against economic impairment when valuation multiples decline



# STRONG AND EXPERIENCED TEAM

Senior executive team has average of 26+ years of experience  
Investment professionals have average of 23+ years of experience

Years of experience

 	 	 	 	 
<b>David Spreng</b> Chairman, CEO, CIO, Founder	<b>Tom Raterman</b> Chief Financial Officer	<b>Greg Greifeld</b> Managing Director, Head of Credit	<b>Mark Donnelly</b> Managing Director, Head of Origination	<b>Rob Lake</b> Managing Director, Head of Life Sciences
<b>Prior Experiences</b> <ul style="list-style-type: none"><li>• Co-Founder of Decathlon Capital Partners and Crescendo Ventures</li><li>• Served on the board of 11 public companies</li></ul>	<b>Prior Experiences</b> <ul style="list-style-type: none"><li>• Co-Founder and EVP LKQ Corporation</li><li>• Several C-Suite roles at specialty finance companies</li></ul>	<b>Prior Experiences</b> <ul style="list-style-type: none"><li>• HPS Investment Partners</li><li>• J.P. Morgan</li></ul>	<b>Prior Experiences</b> <ul style="list-style-type: none"><li>• Riverside Company</li><li>• DW Healthcare Partners</li><li>• Bain &amp; Company</li></ul>	<b>Prior Experiences</b> <ul style="list-style-type: none"><li>• Founder of the Life Sciences Group at Bridge Bank</li><li>• High-ranking positions at several other firms</li></ul>

Oaktree Capital Management

Strategic partner and anchor platform investor

# ORIGINATION MODEL

## Sponsored Growth Lending

- Loans to late and growth-stage companies backed by venture capital 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 of 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

## 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?



## 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 gives us the confidence to protect our investors' capital

## Experience

- Investment professionals have average of 23+ years of experience
- Can speak the same language as the borrowers

## Creative 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 the ability to create new loan structures for our borrowers as they continue to grow
- 8.5% of commitments are related to upsizes from existing borrowers

## Robust Network

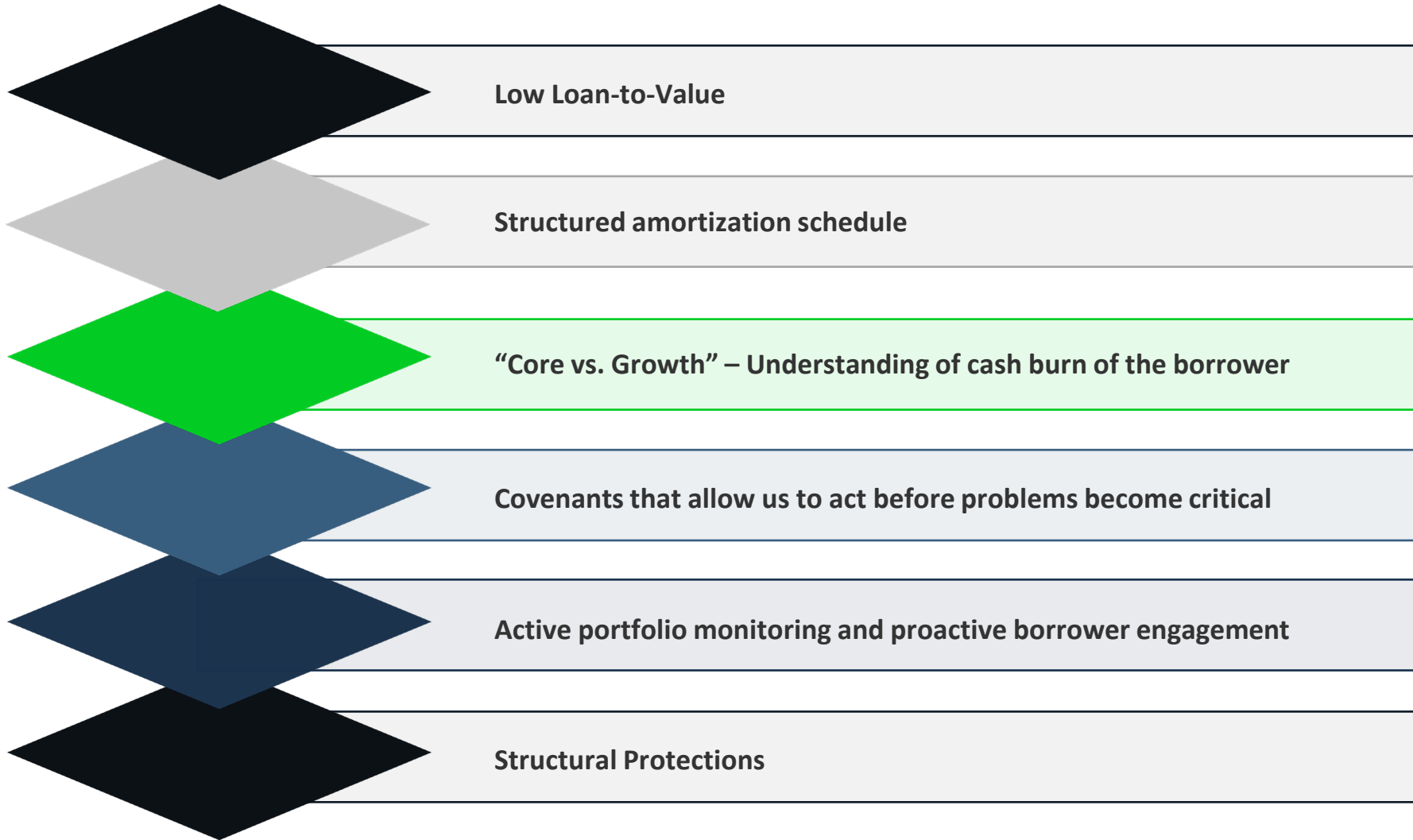
- Expansive network of contacts within the venture capital industry across equity providers, lenders, advisers, etc.
- Useful advantage for many of our borrowers
- Gives us credibility among other venture equity providers

# RUNWAY HAS AN EDGE IN PRICING RISK AND ASCRIBING COMPANY VALUE

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## APPROACH TO UNDERWRITING

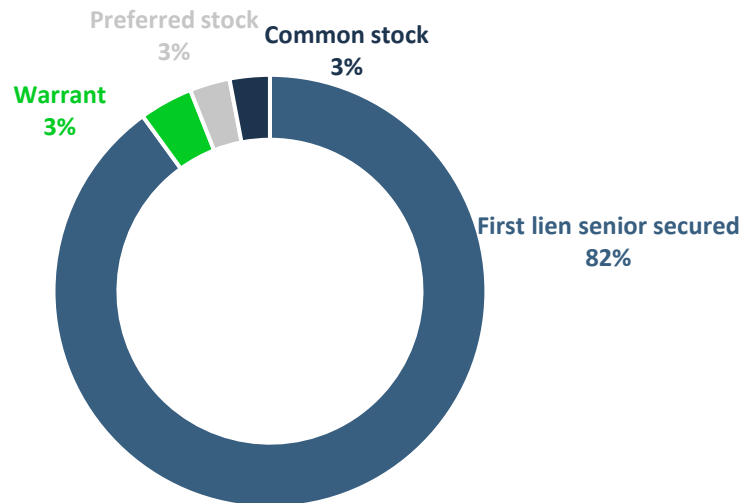
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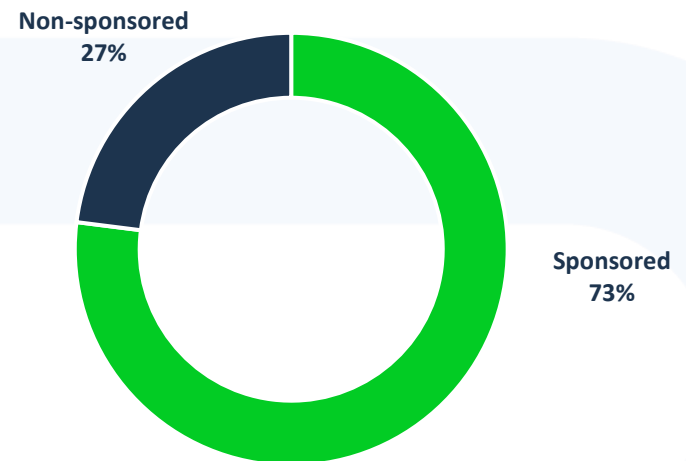
# PORTFOLIO OVERVIEW (as of 9/30/21)

**Portfolio at Fair Value  
\$586.4 million<sup>1</sup>**

**Current Investments by Security Type (by FMV)**



**Current Investments by Origination Channel (by FMV)**



**Cumulative since inception**

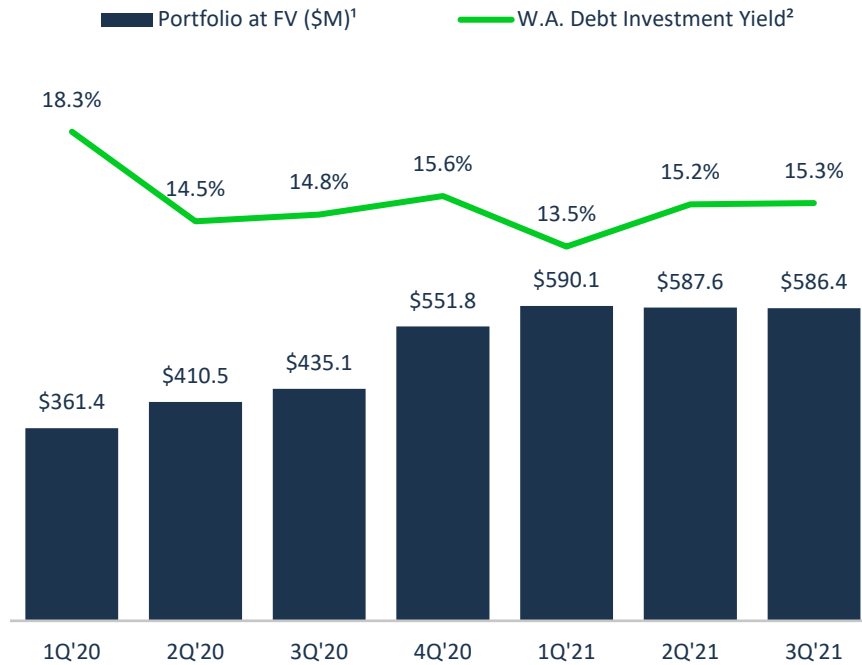
Total Loan Commitments <sup>2</sup>	\$1.2B
Average Loan Size (\$M)	\$25.8M
Number of Investments Made <sup>2</sup>	50
Number of Realized Investments	24
Cumulative Gross/Net Loss Rate	1.2%/0.7%

**Current portfolio at origination**

Average Operating History <sup>4</sup>	14 Years
Average Enterprise Value <sup>4</sup>	\$262M
Average Revenue <sup>4</sup>	\$74M
Average LTV <sup>4</sup>	13.4%
Loan Structure	100% First Lien

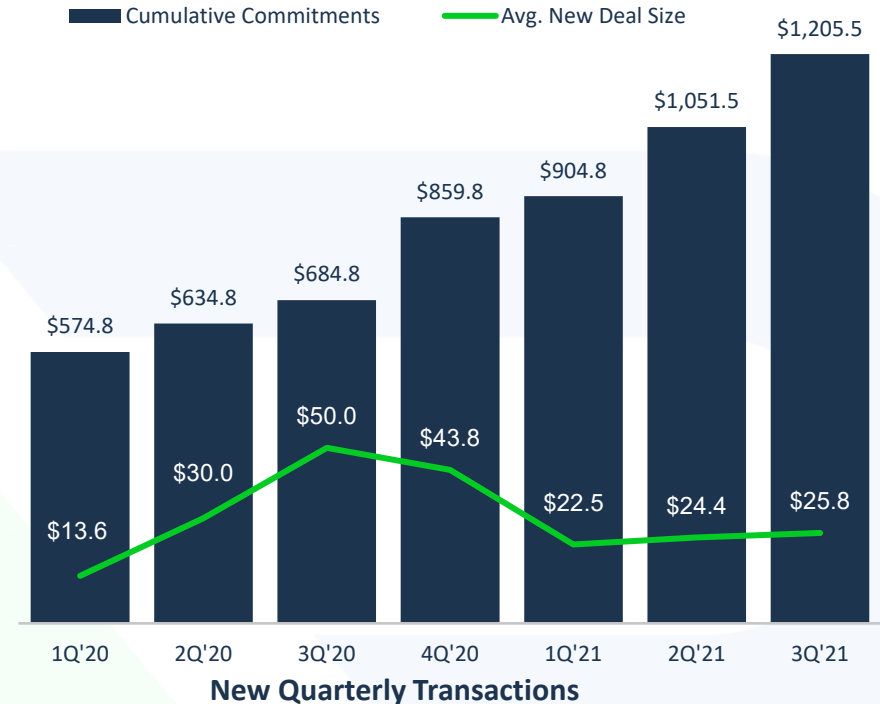
# KEY PORTFOLIO METRICS

## Investment Yield



Continuing expansion of senior origination and credit teams to drive portfolio expansion. Six senior originators as of October 1, 2021

## Committed Capital (\$M)

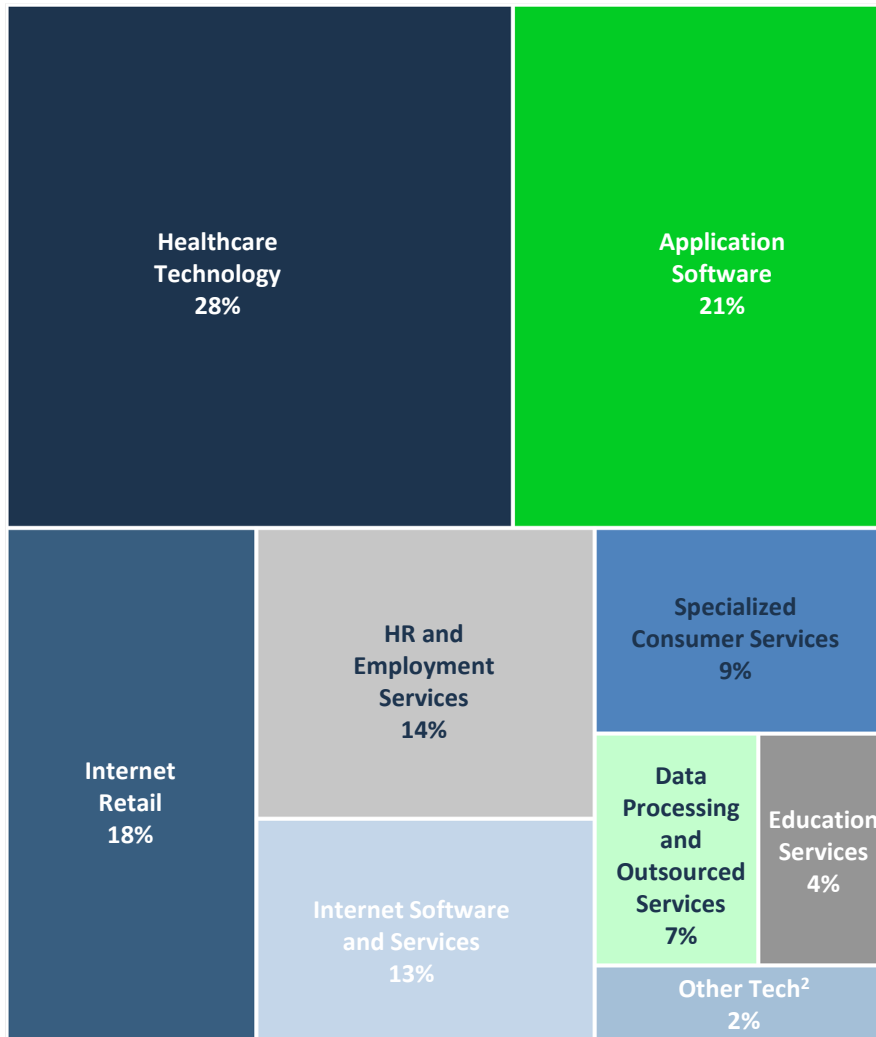


New Quarterly Transactions						
5	1	2	4	2	6	3
Senior Originators						
2	3	3	3	3	4	5

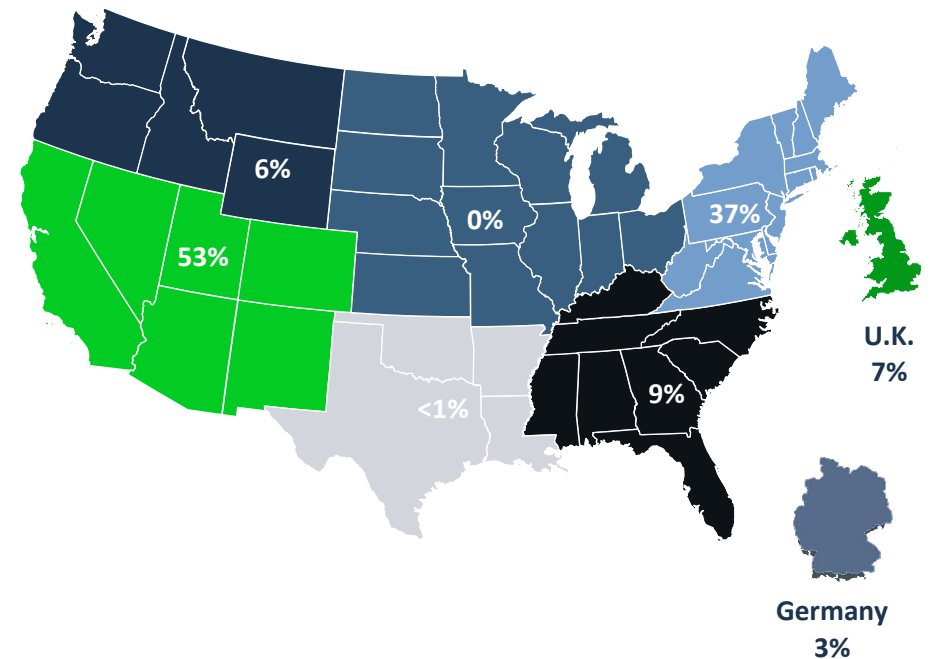
**24 debt investments to 38 portfolio companies outstanding as of 9/30/2021**

# HIGHLY DIVERSIFIED PORTFOLIO (as of 9/30/21)

Investments by Sub-Industry as a % of Net Assets<sup>1</sup>



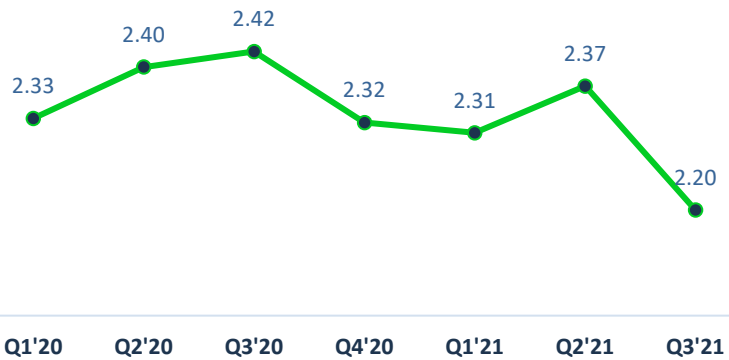
Investments by Geography % of Net Assets<sup>3</sup>



1. The following industries cumulatively represent <1% of the portfolio and are not depicted in the chart; system software, computer & electronics retail and advertising
2. Technology hardware, storage and peripherals
3. The following regions cumulatively represent <1% of the portfolio and are not depicted in the chart: South Central U.S. and Canada

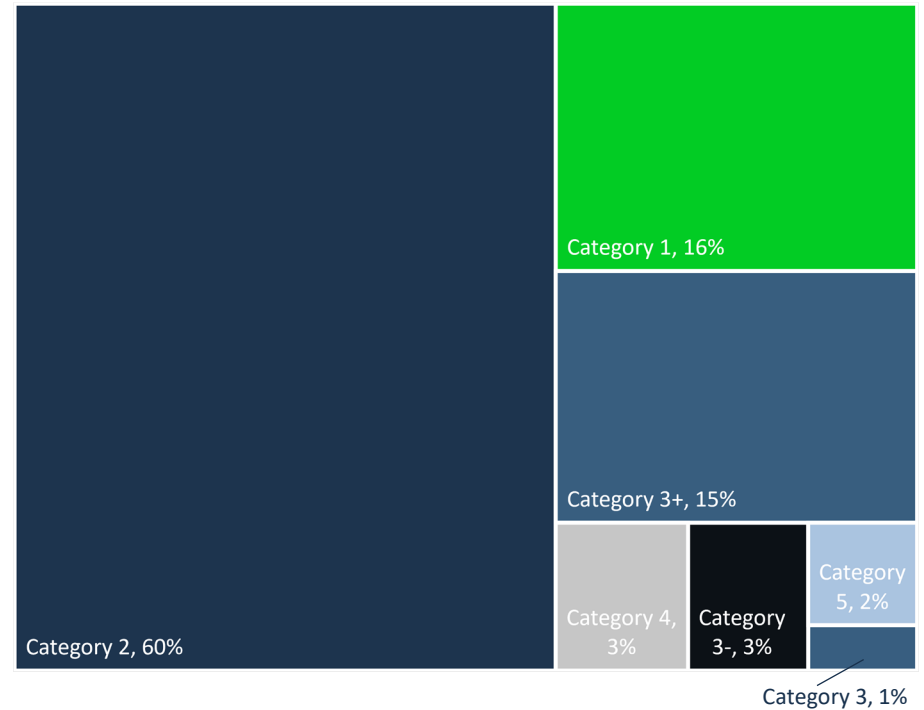
# PORTFOLIO RISK RATINGS

## Weighted Average Risk Rating



Scale of 1-5, lower score indicates higher credit quality rating

## Debt Investments at Fair Value by Risk Rating



**Consistently strong credit quality; a result of (1) initial underwriting and due diligence process and (2) continued credit stability supported by active management and monitoring**



# WARRANTS & EQUITY PORTFOLIO

## Warrants and Other Equity (\$M)



## Warrant and Other Equity Holdings

- 20 Companies both loan and warrant investments
- 10 Companies with warrant investments only
- 7 Companies both loan and/or shares of common or preferred stock

**49 WARRANTS AND/OR EQUITY INVESTMENTS  
IN 37 COMPANIES**

## Year-to-Date IPO and M&A Activity

### IPO

- Brilliant Earth, a Nasdaq-listed, digital-first jewelry company

### M&A Transactions

- Ouster, a NYSE-listed, lidar solutions company, went public through a SPAC merger with Colonnade Acquisition Corp.
- Fidelis Cybersecurity, Inc. acquisition of CloudPassage

## Potential Warrant Upside

Portfolio Company	Future Potential Realization <sup>2</sup>
Ouster	\$8,490,768
Brilliant Earth <sup>1</sup>	\$6,407,599

# STRONG BALANCE SHEET PROVIDES FOR FLEXIBILITY & GROWTH

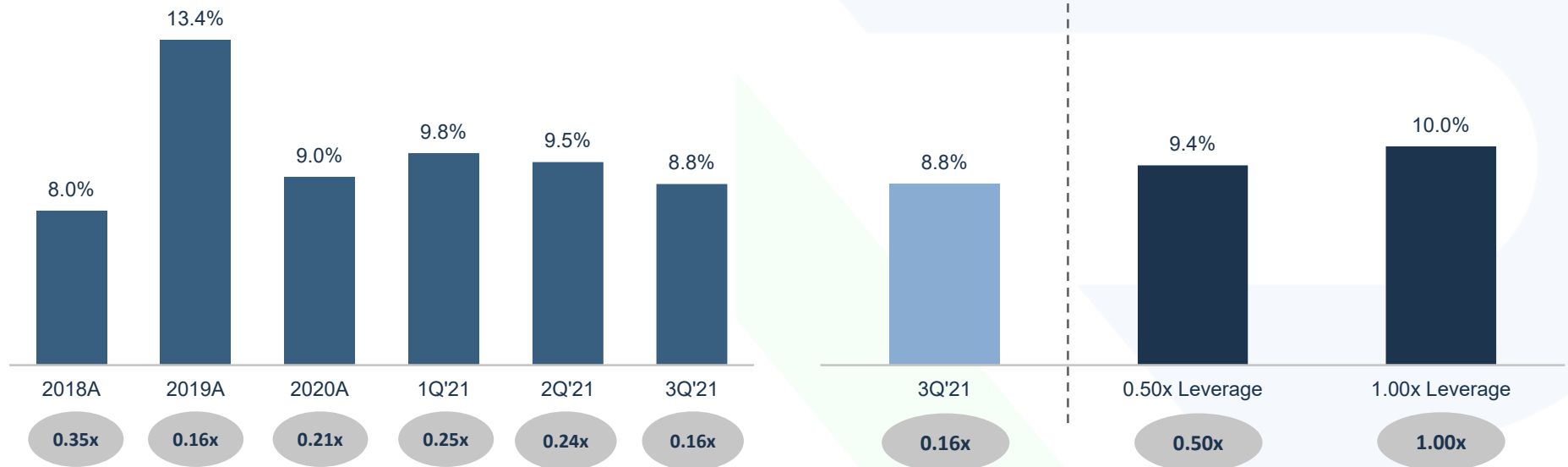
*Opportunity to expand investment portfolio and leverage; near term D/E target of 0.8–1.1x*



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



## Illustrative 3Q21 ROE<sup>2</sup> at Higher Leverage



***Runway received a BBB+ Rating from Egan Jones in October 2021***

# KEY FINANCIAL METRICS

## Liquidity

### Select Balance Sheet Data (\$M)

	2021		
	1Q	2Q	3Q
Cash & Equivalents	\$1.8	\$0.9	\$0.9
Credit Facilities	\$117.0	\$117.0	\$80.0
Total Net Assets	\$473.5	\$477.7	\$504.2

### Credit Facility Detail (as of 9/30/21)

<b>\$135M</b>	<b>\$215M</b>	<b>\$350M</b>
Revolver availability as of 3Q'21	RCF / Term Loan facility size	Maximum accordion commitment

## Post-IPO Liquidity

### Balance Sheet subsequent to IPO

Cash on hand	\$ 2.7
IPO proceeds <sup>2</sup>	\$ 94.0
Cash available post-IPO	\$ 96.7
➤ Debt outstanding	\$ -
➤ Debt availability	\$ 215.0
➤ Total funding capacity	\$ 278.7

### Credit Facility Detail (as of 11/4/21)

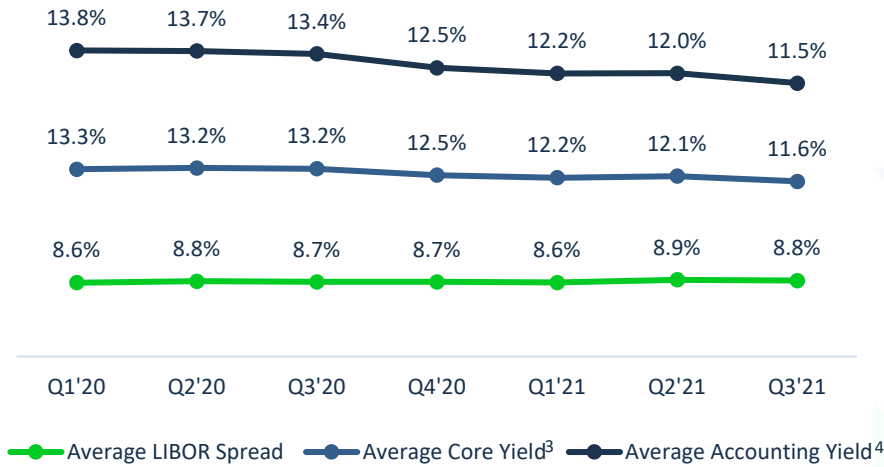
<b>\$215M</b>	<b>\$215M</b>	<b>\$350M</b>
Revolver availability today	RCF / Term Loan facility size	Maximum accordion commitment



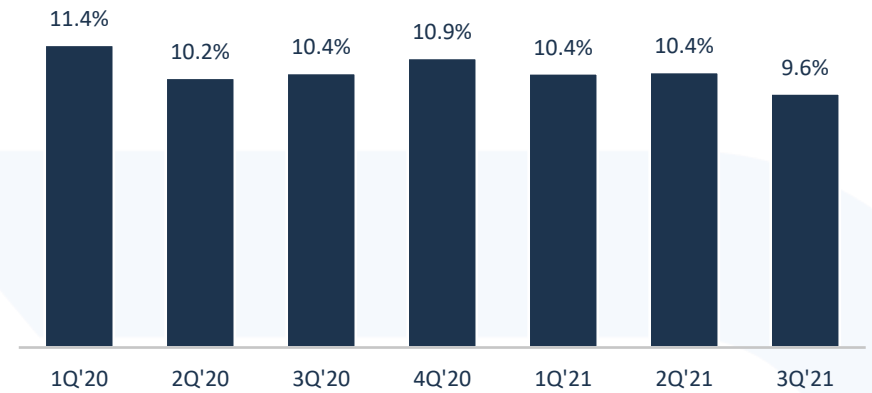
**THIRD QUARTER 2021  
PORTFOLIO & FINANCIAL HIGHLIGHTS**

# PORTFOLIO HIGHLIGHTS

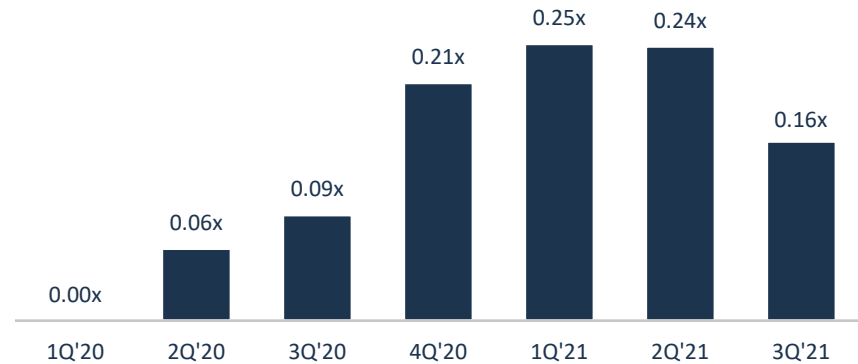
## Portfolio Yields



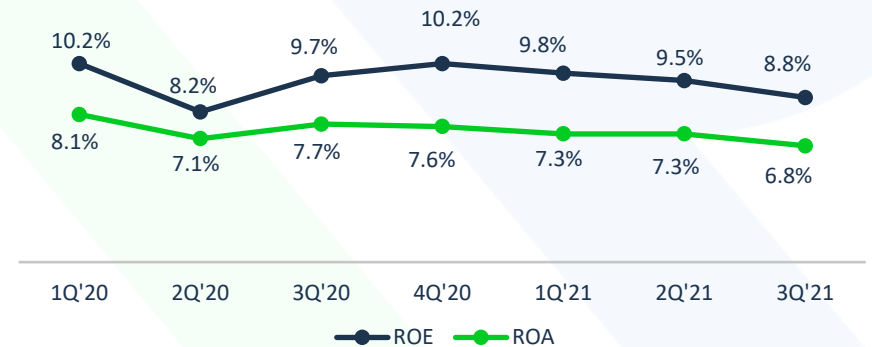
## Annualized Dividend Yield<sup>1</sup>



## GAAP Debt-to-Equity





## Annualized Return on Equity and Assets<sup>2</sup>



1. Compounded/annualized; sum of BoP NAV/share + Dividend/share divided by BoP NAV/share  
 2. ROE and ROA calculated by dividing NII for the quarter by average of EOP and BoP equity and asset balance respectively for the period and annualizing  
 3. Core yield is defined as the debt-only yield (inclusive of LIBOR stream rate, upfront, and end-of-term fees) plus the change in LIBOR since origination  
 4. Accounting yield is the yield resulting from the amortization of principal, interest, and OID, calculated on a constant yield basis

## FINANCIAL HIGHLIGHTS

 STATEMENT OF OPERATIONS	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Total investment income	18,610,066	14,215,723	53,778,440	40,837,634
Total operating expenses	7,868,942	4,693,143	20,215,110	13,797,626
Net investment income	10,741,124	9,522,580	33,563,330	27,040,008
Net realized and unrealized gain (losses)	(510,072)	1,386,448	(7,249,607)	(809,447)
Net increase in net assets from operations	10,231,052	10,909,028	26,313,723	26,230,561

 STATEMENT OF ASSETS & LIABILITIES	September 30, 2021	June 30, 2021	March 31, 2021	December 30, 2020
Total investments at fair value	646,353,037	617,617,043	615,147,590	621,826,650
Cash and cash equivalents	936,503	892,584	1,780,788	14,886,246
Total assets	651,252,977	621,381,413	619,723,262	639,891,397
Credit facilities	80,000,000	117,000,000	117,000,000	99,000,000
Total liabilities	147,051,992	143,642,316	146,245,838	173,647,712
Total net assets	504,200,985	477,739,097	473,477,424	466,243,685
Net asset value per share	14.60	14.61	14.77	14.84



**RUNWAY**  
GROWTH FINANCE CORP

Thank You