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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 20549

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**FORM 10-Q**

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(Mark One)

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

For The Quarterly Period Ended March 31, 2023

OR

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

Commission File Number: 814-00702

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**HERCULES CAPITAL, INC.**

(Exact Name of Registrant as Specified in its Charter)

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**Maryland**  
(State or Jurisdiction of  
Incorporation or Organization)

**400 Hamilton Ave., Suite 310**  
Palo Alto, California  
(Address of Principal Executive Offices)

**74-3113410**  
(IRS Employer  
Identification Number)

**94301**  
(Zip Code)

**(650) 289-3060**

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Shares, par value \$0.001 per share	HTGC	New York Stock Exchange
6.25% Notes due 2033	HCCY	New York Stock Exchange

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 periods 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, a smaller reporting company, or an emerging growth company. See 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with a 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

On April 26, 2023, there were 142,427,079 shares outstanding of the Registrant's common stock, \$0.001 par value.

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**HERCULES CAPITAL, INC.**  
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## PART I: FINANCIAL INFORMATION

In this Quarterly Report, the “Company,” “Hercules,” “we,” “us” and “our” refer to Hercules Capital, Inc., its wholly owned subsidiaries, and its affiliated securitization trust unless the context otherwise requires.

### ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

#### HERCULES CAPITAL, INC. CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

(in thousands, except per share data)	March 31, 2023 (unaudited)	December 31, 2022
<b>Assets</b>		
Investments, at fair value:		
Non-control/Non-affiliate investments (cost of \$3,063,553 and \$2,918,425, respectively)	\$ 3,044,852	\$ 2,887,497
Control investments (cost of \$87,293 and \$87,271, respectively)	85,326	76,458
Total investments, at fair value (cost of \$3,150,846 and \$3,005,696, respectively; fair value amounts related to a VIE \$258,876 and \$236,585, respectively)	3,130,178	2,963,955
Cash and cash equivalents	71,129	15,797
Restricted cash (amounts related to a VIE \$7,819 and \$10,079, respectively)	7,819	10,079
Interest receivable	31,485	31,682
Right of use asset	4,350	4,986
Other assets	6,858	2,356
<b>Total assets</b>	<b>\$ 3,251,819</b>	<b>\$ 3,028,855</b>
<b>Liabilities</b>		
Debt (net of debt issuance costs - Note 5; amounts related to a VIE \$148,104 and \$147,957, respectively)	\$ 1,714,479	\$ 1,574,351
Accounts payable and accrued liabilities	33,368	47,539
Operating lease liability	4,966	5,506
<b>Total liabilities</b>	<b>\$ 1,752,813</b>	<b>\$ 1,627,396</b>
<b>Net assets consist of:</b>		
Common stock, par value	\$ 139	\$ 134
Capital in excess of par value	1,409,168	1,341,416
Total distributable earnings	89,699	59,909
<b>Total net assets</b>	<b>\$ 1,499,006</b>	<b>\$ 1,401,459</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,251,819</b>	<b>\$ 3,028,855</b>
<b>Shares of common stock outstanding (\$0.001 par value and 200,000 authorized)</b>	138,596	133,045
<b>Net asset value per share</b>	\$ 10.82	\$ 10.53

See notes to consolidated financial statements

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**

(in thousands, except per share data)

	Three Months Ended March 31,	
	2023	2022
<b>Investment income:</b>		
Interest and dividend income:		
Non-control/Non-affiliate investments	\$ 98,781	\$ 60,090
Control investments	1,116	1,115
Affiliate investments	—	1,047
Total interest and dividend income	99,897	62,252
Fee income:		
Non-control/Non-affiliate investments	5,174	2,889
Control investments	19	16
Total fee income	5,193	2,905
<b>Total investment income</b>	<b>105,090</b>	<b>65,157</b>
<b>Operating expenses:</b>		
Interest	16,625	11,647
Loan fees	2,329	1,842
General and administrative	4,126	3,818
Tax expenses	1,387	712
Employee compensation:		
Compensation and benefits	14,617	8,329
Stock-based compensation	3,186	4,424
Total employee compensation	17,803	12,753
Total gross operating expenses	42,270	30,772
Expenses allocated to the Adviser Subsidiary	(2,679)	(1,402)
<b>Total net operating expenses</b>	<b>39,591</b>	<b>29,370</b>
<b>Net investment income</b>	<b>65,499</b>	<b>35,787</b>
<b>Net realized gain (loss) and net change in unrealized appreciation (depreciation):</b>		
Net realized gain (loss):		
Non-control/Non-affiliate investments	7,960	(2,467)
Affiliate investments	—	3,772
Loss on extinguishment of debt	—	(3,686)
Total net realized gain (loss)	7,960	(2,381)
Net change in unrealized appreciation (depreciation):		
Non-control/Non-affiliate investments	12,259	(38,949)
Control investments	8,846	1,454
Affiliate investments	—	753
Total net change in unrealized appreciation (depreciation)	21,105	(36,742)
<b>Total net realized gain (loss) and net change in unrealized appreciation (depreciation)</b>	<b>29,065</b>	<b>(39,123)</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 94,564</b>	<b>\$ (3,336)</b>
<b>Net investment income before gains and losses per common share:</b>		
Basic	\$ 0.48	\$ 0.30
<b>Change in net assets resulting from operations per common share:</b>		
Basic	\$ 0.69	\$ (0.03)
Diluted	\$ 0.68	\$ (0.03)
Weighted average shares outstanding:		
Basic	135,252	118,296
Diluted	137,056	118,296
Distributions paid per common share:		
Basic	\$ 0.47	\$ 0.48

See notes to consolidated financial statements

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**(unaudited)**

(amounts in thousands)

	Common Stock		Capital in excess of par value	Distributable Earnings (loss)	Net Assets
	Shares	Par Value			
<b>For the Three Months Ended March 31, 2023</b>					
<b>Balance as of December 31, 2022</b>	<u>133,045</u>	<u>\$ 134</u>	<u>\$ 1,341,416</u>	<u>\$ 59,909</u>	<u>\$ 1,401,459</u>
Net increase (decrease) in net assets resulting from operations	—	—	—	94,564	94,564
Public offering, net of offering expenses	4,659	4	65,338	—	65,342
Issuance of common stock due to stock option exercises	10	—	139	—	139
Retired shares from net issuance of stock options exercises	(1)	—	(15)	—	(15)
Issuance of common stock under restricted stock plan	937	1	(1)	—	—
Retired shares for restricted stock vesting	(115)	—	(1,502)	—	(1,502)
Distributions reinvested in common stock	61	—	940	—	940
Distributions	—	—	—	(64,774)	(64,774)
Stock-based compensation <sup>(1)</sup>	—	—	2,853	—	2,853
<b>Balance as of March 31, 2023</b>	<u>138,596</u>	<u>\$ 139</u>	<u>\$ 1,409,168</u>	<u>\$ 89,699</u>	<u>\$ 1,499,006</u>

(1) Stock-based compensation includes \$20 thousand of restricted stock and option expense related to director compensation for the three months ended March 31, 2023.

(amounts in thousands)

	Common Stock		Capital in excess of par value	Distributable Earnings (loss)	Net Assets
	Shares	Par Value			
<b>For the Three Months Ended March 31, 2022</b>					
<b>Balance as of December 31, 2021</b>	<u>116,619</u>	<u>\$ 117</u>	<u>\$ 1,091,907</u>	<u>\$ 216,523</u>	<u>\$ 1,308,547</u>
Net increase (decrease) in net assets resulting from operations	—	—	—	(3,336)	(3,336)
Public offering, net of offering expenses	4,860	5	85,244	—	85,249
Issuance of common stock due to stock option exercises	37	—	454	—	454
Retired shares from net issuance of stock options exercises	(2)	—	(32)	—	(32)
Issuance of common stock under restricted stock plan	765	1	(1)	—	—
Retired shares for restricted stock vesting	(126)	—	(3,694)	—	(3,694)
Distributions reinvested in common stock	60	—	1,025	—	1,025
Issuance of common stock from conversion of 2022 Convertible Notes	981	1	(1)	—	—
Distributions	—	—	—	(57,882)	(57,882)
Stock-based compensation <sup>(1)</sup>	—	—	3,117	—	3,117
<b>Balance as of March 31, 2022</b>	<u>123,194</u>	<u>\$ 124</u>	<u>\$ 1,178,019</u>	<u>\$ 155,305</u>	<u>\$ 1,333,448</u>

(1) Stock-based compensation includes \$40 thousand of restricted stock and option expense related to director compensation for the three months ended March 31, 2022.

See notes to consolidated financial statements

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

(in thousands)	For the Three Months Ended March 31,	
	2023	2022
<b>Cash flows provided by (used in) operating activities:</b>		
Net increase (decrease) in net assets resulting from operations	\$ 94,564	\$ (3,336)
<i>Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:</i>		
Purchases of investments	(476,162)	(351,601)
Fundings assigned to Adviser Funds	120,846	61,081
Principal and fee repayments received on debt investments	207,466	96,311
Proceeds from the sale of equity investments	14,972	8,816
Net change in unrealized (appreciation) depreciation	(21,105)	36,742
Net realized (gain) loss	(7,960)	(1,305)
Accretion of paid-in-kind principal	(5,528)	(4,976)
Accretion of loan discounts	(1,636)	(972)
Accretion of loan discount on convertible notes	—	112
Accretion of loan exit fees	(5,924)	(5,709)
Change in loan income, net of collections	5,995	3,535
Unearned fees related to unfunded commitments	(110)	1,037
Realized loss on extinguishment of debt	—	3,686
Amortization of debt fees and issuance costs	1,723	1,371
Depreciation and amortization	44	54
Stock-based compensation and amortization of restricted stock grants <sup>(1)</sup>	2,853	3,117
<i>Change in operating assets and liabilities:</i>		
Interest receivable	201	(2,289)
Other assets	3,565	(13,229)
Accrued liabilities	(14,678)	(21,067)
Net cash provided by (used in) operating activities	(80,874)	(188,622)
<b>Cash flows provided by (used in) investing activities:</b>		
Purchases of capital equipment	(94)	(50)
Net cash provided by (used in) investing activities	(94)	(50)
<b>Cash flows provided by (used in) financing activities:</b>		
Issuance of common stock	66,172	86,184
Offering expenses	(830)	(935)
Retirement of employee shares, net	(1,378)	(3,272)
Distributions paid	(63,834)	(56,857)
Issuance of debt	225,000	535,500
Repayment of debt	(86,000)	(441,000)
Debt issuance costs	—	(4,140)
Fees paid for credit facilities and debentures	(5,090)	(616)
Net cash provided by (used in) financing activities	134,040	114,864
Net increase (decrease) in cash, cash equivalents, and restricted cash	53,072	(73,808)
Cash, cash equivalents, and restricted cash at beginning of period	25,876	136,265
<b>Cash, cash equivalents, and restricted cash at end of period</b>	<b>\$ 78,948</b>	<b>\$ 62,457</b>
<b>Supplemental disclosures of cash flow information and non-cash investing and financing activities:</b>		
Interest paid	\$ 23,840	\$ 19,010
Income tax, including excise tax, paid	\$ 4,763	\$ 7,119
Distributions reinvested	\$ 940	\$ 1,025

(1) Stock-based compensation includes \$20 thousand and \$40 thousand of restricted stock and option expense related to director compensation for the three months ended March 31, 2023 and 2022, respectively.

The following table presents a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Statements of Assets and Liabilities that sum to the total of the same such amounts in the Consolidated Statements of Cash Flows:

(in thousands)	For the Three Months Ended March 31,	
	2023	2022
Cash and cash equivalents	\$ 71,129	\$ 59,330
Restricted cash	7,819	3,127
Total cash, cash equivalents, and restricted cash presented in the Consolidated Statements of Cash Flows	\$ 78,948	\$ 62,457

See “Note 2 – Summary of Significant Accounting Policies” for a description of cash, cash equivalents, and restricted cash.

See notes to consolidated financial statements

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**March 31, 2023 (unaudited)**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor <sup>(1)</sup>	Principal Amount	Cost <sup>(2)</sup>	Value	Footnotes
<b>Debt Investments</b>							
<b>Biotechnology Tools</b>							
Alamar Biosciences, Inc.	Senior Secured	June 2026	Prime + 3.00%, Floor rate 6.50%, PIK Interest 1.00%, 5.95% Exit Fee	\$ 5,011	\$ 4,987	\$ 4,987	(13)(14)(17)
PathAI, Inc.	Senior Secured	January 2027	Prime + 2.15%, Floor rate 9.15%, 11.21% Exit Fee	\$ 28,000	27,540	27,540	(17)
<b>Subtotal: Biotechnology Tools (2.17%)*</b>					<b>32,527</b>	<b>32,527</b>	
<b>Communications &amp; Networking</b>							
Aryaka Networks, Inc.	Senior Secured	July 2026	Prime + 3.25%, Floor rate 6.75%, PIK Interest 1.05%, 3.55% Exit Fee	\$ 15,036	14,842	15,377	(14)(17)(19)
Cytracom Holdings LLC	Senior Secured	February 2025	3-month SOFR + 9.72%, Floor rate 10.62%	\$ 3,292	3,247	3,256	(11)(17)(18)
Rocket Lab Global Services, LLC	Senior Secured	June 2024	Prime + 4.90%, Floor rate 8.15%, PIK Interest 1.25%, 3.25% Exit Fee	\$ 84,846	85,982	88,450	(11)(12)(13)(14)(16)
<b>Subtotal: Communications &amp; Networking (7.14%)*</b>					<b>104,071</b>	<b>107,083</b>	
<b>Consumer &amp; Business Services</b>							
AppDirect, Inc.	Senior Secured	April 2026	Prime + 5.50%, Floor rate 8.75%, 8.29% Exit Fee	\$ 40,790	42,034	42,902	(12)(17)
Carwow LTD	Senior Secured	December 2024	Prime + 4.70%, Floor rate 7.95%, PIK Interest 1.45%, 4.95% Exit Fee	£ 19,166	26,212	23,888	(5)(10)(14)(17)
Collective Health, Inc.	Senior Secured	September 2023	Prime + 4.75%, Floor rate 12.50%	\$ 4,000	3,964	3,964	
Houzz, Inc.	Convertible Debt	May 2028	PIK Interest 5.50%	\$ 22,154	22,154	21,536	(9)(14)
Jobandtalent USA, Inc.	Senior Secured	February 2025	1-month SOFR + 8.86%, Floor rate 9.75%, 3.00% Exit Fee	\$ 14,000	13,910	14,002	(5)(10)
Modern Life, Inc.	Senior Secured	February 2027	Prime + 2.75%, Floor rate 8.75%, 5.00% Exit Fee	\$ 17,000	16,617	16,617	(17)
Provi	Senior Secured	December 2026	Prime + 4.40%, Floor rate 10.65%, 2.95% Exit Fee	\$ 15,000	14,778	14,778	(15)
Rhino Labs, Inc.	Senior Secured	March 2024	Prime + 5.50%, Floor rate 8.75%, PIK Interest 2.25%	\$ 16,593	16,475	16,475	(14)(15)
RVShare, LLC	Senior Secured	December 2026	3-month LIBOR + 5.50%, Floor rate 6.50%, PIK Interest 4.00%	\$ 28,009	27,576	27,657	(13)(14)(15)(17)
SeatGeek, Inc.	Senior Secured	June 2023	Prime + 5.00%, Floor rate 10.50%, PIK Interest 0.50%	\$ 60,992	60,911	61,072	(12)(13)(14)(16)
	Senior Secured	May 2026	Prime + 7.00%, Floor rate 10.50%, PIK Interest 0.50%	\$ 25,103	24,954	25,885	(11)(14)(16)
Total SeatGeek, Inc.				\$ 86,095	85,865	86,957	
Skyword, Inc.	Senior Secured	November 2026	Prime + 2.75%, Floor rate 9.25%, PIK Interest 1.75%, 3.00% Exit Fee	\$ 9,047	8,984	9,002	(13)(14)
Tectura Corporation	Senior Secured	July 2024	PIK Interest 5.00%	\$ 23,703	13,263	—	(7)(8)(14)
	Senior Secured	July 2024	FIXED 8.25%	\$ 8,250	8,250	7,774	(7)
Total Tectura Corporation				\$ 31,953	21,513	7,774	
Thumbtack, Inc.	Senior Secured	April 2026	Prime + 4.95%, Floor rate 8.20%, PIK Interest 1.50%, 3.95% Exit Fee	\$ 10,141	10,114	10,304	(12)(14)(17)
Udacity, Inc.	Senior Secured	September 2024	Prime + 4.50%, Floor rate 7.75%, PIK Interest 2.00%, 3.00% Exit Fee	\$ 52,197	52,678	50,982	(12)(14)
Veem, Inc.	Senior Secured	March 2025	Prime + 4.00%, Floor rate 7.25%, PIK Interest 1.25%, 4.50% Exit Fee	\$ 5,058	5,042	5,108	(13)(14)
	Senior Secured	March 2025	Prime + 4.70%, Floor rate 7.95%, PIK Interest 1.50%, 4.50% Exit Fee	\$ 5,052	5,043	5,185	(14)
Total Veem, Inc.				\$ 10,110	10,085	10,293	
Vida Health, Inc.	Senior Secured	March 2026	Prime + -3.25%, Floor rate 9.20%, Cap rate 10.20%, 4.95% Exit Fee	\$ 11,822	11,683	11,447	(17)
Worldremit Group Limited	Senior Secured	February 2025	3-month LIBOR + 9.25%, Floor rate 10.25%, 3.20% Exit Fee	\$ 94,500	94,528	94,506	(5)(10)(11)(12)(16)(19)
<b>Subtotal: Consumer &amp; Business Services (30.89%)*</b>					<b>479,170</b>	<b>463,084</b>	
<b>Diversified Financial Services</b>							
Gibraltar Acquisition, LLC (p.k.a. Gibraltar Business Capital, LLC)	Unsecured	September 2026	FIXED 11.50%	\$ 25,000	24,589	24,589	(7)
Hercules Adviser LLC	Unsecured	June 2025	FIXED 5.00%	\$ 12,000	12,000	12,000	(7)
Next Insurance, Inc.	Senior Secured	February 2028	Prime + -1.50%, Floor rate 4.75%, PIK Interest 5.50%	\$ 10,040	9,836	9,836	(14)(17)(19)
<b>Subtotal: Diversified Financial Services (3.10%)*</b>					<b>46,425</b>	<b>46,425</b>	

See notes to consolidated financial statements

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**March 31, 2023 (unaudited)**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor <sup>(1)</sup>	Principal Amount	Cost <sup>(2)</sup>	Value	Footnotes
<b>Drug Discovery &amp; Development</b>							
Akero Therapeutics, Inc.	Senior Secured	January 2027	Prime + 3.65%, Floor rate 7.65%, 5.85% Exit Fee	\$ 12,500	\$ 12,321	\$ 12,734	(10)(13)(17)
Aldeyra Therapeutics, Inc.	Senior Secured	October 2024	Prime + 3.10%, Floor rate 8.60%, 8.90% Exit Fee	\$ 15,000	15,961	16,111	(11)
Alladapt Immunotherapeutics Inc.	Senior Secured	September 2026	Prime + 3.65%, Floor rate 8.40%, Cap rate 10.90%, 9.09% Exit Fee	\$ 17,500	17,455	17,323	(13)(17)
AmplifyBio, LLC	Senior Secured	January 2027	Prime + 2.50%, Floor rate 9.50%, Cap rate 10.75%, 5.85% Exit Fee	\$ 24,000	23,771	23,771	(15)
ATAI Life Sciences N.V.	Senior Secured	August 2026	Prime + 4.55%, Floor rate 8.55%, 6.95% Exit Fee	\$ 10,500	10,559	10,570	(5)(10)(17)
Axsome Therapeutics, Inc.	Senior Secured	January 2028	Prime + 2.20%, Floor rate 9.95%, Cap rate 10.70%, 5.93% Exit Fee	\$ 121,600	121,143	121,464	(10)(11)(12)(16)(17)
Bicycle Therapeutics PLC	Senior Secured	July 2025	Prime + 4.55%, Floor rate 8.05%, Cap rate 9.05%, 5.00% Exit Fee	\$ 11,500	11,788	11,519	(5)(10)(11)(12)
BiomX, INC	Senior Secured	September 2025	Prime + 5.70%, Floor rate 8.95%, 6.55% Exit Fee	\$ 8,749	8,971	8,904	(5)(10)(11)
BridgeBio Pharma, Inc.	Senior Secured	November 2026	FIXED 9.00%, 2.00% Exit Fee	\$ 37,598	37,380	33,695	(12)(13)(14)
Cellarity, Inc.	Senior Secured	June 2026	Prime + 5.70%, Floor rate 8.95%, 3.75% Exit Fee	\$ 30,000	29,947	30,380	(13)(15)
Century Therapeutics, Inc.	Senior Secured	April 2024	Prime + 6.30%, Floor rate 9.55%, 3.95% Exit Fee	\$ 10,000	10,275	10,498	(11)
Codiak Biosciences, Inc.	Senior Secured	October 2025	Prime + 5.00%, Floor rate 8.25%, 5.50% Exit Fee	\$ 17,500	18,337	16,343	(11)
Corium, Inc.	Senior Secured	September 2026	Prime + 5.70%, Floor rate 8.95%, 7.75% Exit Fee	\$ 132,675	134,041	136,593	(13)(16)
Eloxx Pharmaceuticals, Inc.	Senior Secured	April 2025	Prime + 6.25%, Floor rate 9.50%, 6.55% Exit Fee	\$ 5,000	5,621	5,542	(15)
enGene, Inc.	Senior Secured	July 2025	Prime + 5.00%, Floor rate 8.25%, 6.35% Exit Fee	\$ 11,000	11,150	11,115	(5)(10)(12)(13)
G1 Therapeutics, Inc.	Senior Secured	November 2026	Prime + 5.90%, Floor rate 9.15%, 9.86% Exit Fee	\$ 58,125	58,872	58,817	(11)(12)(15)(17)
Geron Corporation	Senior Secured	April 2025	Prime + 5.75%, Floor rate 9.00%, 6.55% Exit Fee	\$ 18,500	19,176	19,379	(10)(12)(13)
Gritstone Bio, Inc.	Senior Secured	July 2027	Prime + 3.15%, Floor rate 7.15%, Cap rate 8.65%, PIK Interest 2.00%, 5.75% Exit Fee	\$ 22,689	22,693	21,942	(13)(14)(17)
HiberCell, Inc.	Senior Secured	May 2025	Prime + 5.40%, Floor rate 8.65%, 4.95% Exit Fee	\$ 17,000	17,381	17,369	(13)(15)
HilleVax, Inc.	Senior Secured	May 2027	Prime + 1.05%, Floor rate 4.55%, Cap rate 6.05%, PIK Interest 2.85%, 7.15% Exit Fee	\$ 12,150	12,167	11,462	(14)(15)(17)
Iveric Bio, Inc.	Senior Secured	August 2027	Prime + 4.00%, Floor rate 8.75%, Cap rate 10.25%, 4.25% Exit Fee	\$ 49,500	49,211	48,495	(10)(12)(17)
Kura Oncology, Inc.	Senior Secured	November 2027	Prime + 2.40%, Floor rate 8.65%, 15.13% Exit Fee	\$ 5,500	5,468	5,468	(10)(15)(17)
Locus Biosciences, Inc.	Senior Secured	July 2025	Prime + 6.10%, Floor rate 9.35%, 4.95% Exit Fee	\$ 7,544	7,699	7,701	(15)
Madrigal Pharmaceutical, Inc.	Senior Secured	May 2026	Prime + 2.45%, Floor rate 8.25%, 5.35% Exit Fee	\$ 57,800	57,574	57,885	(10)(17)
Phathom Pharmaceuticals, Inc.	Senior Secured	October 2026	Prime + 2.25%, Floor rate 5.50%, PIK Interest 3.35%, 7.50% Exit Fee	\$ 95,494	96,111	95,310	(10)(12)(14)(15)(16)(17)(22)
Provention Bio, Inc.	Senior Secured	September 2027	Prime + 2.20%, Floor rate 8.20%, 6.60% Exit Fee	\$ 65,000	64,186	70,594	
Redshift Bioanalytics, Inc.	Senior Secured	January 2026	Prime + 4.25%, Floor rate 7.50%, 3.80% Exit Fee	\$ 5,000	4,979	5,001	(15)
Replimune Group, Inc.	Senior Secured	October 2027	Prime + 1.75%, Floor rate 7.25%, Cap rate 9.00%, PIK Interest 1.50%, 4.95% Exit Fee	\$ 20,832	20,781	20,781	(10)(14)(17)
Scynexis, Inc.	Senior Secured	March 2025	Prime + 5.80%, Floor rate 9.05%, 3.95% Exit Fee	\$ 18,667	18,758	19,544	(12)(13)
Seres Therapeutics, Inc.	Senior Secured	October 2024	Prime + 6.40%, Floor rate 9.65%, 4.98% Exit Fee	\$ 37,500	38,768	38,982	(12)(13)
Tarsus Pharmaceuticals, Inc.	Senior Secured	February 2027	Prime + 4.45%, Floor rate 8.45%, Cap rate 11.45%, 4.75% Exit Fee	\$ 10,313	10,346	10,397	(10)(13)(17)
TG Therapeutics, Inc.	Senior Secured	January 2026	Prime + 1.20%, Floor rate 8.95%, PIK Interest 2.25%, 5.69% Exit Fee	\$ 64,648	64,368	64,374	(10)(11)(12)(14)(17)
uniQure B.V.	Senior Secured	December 2025	Prime + 4.70%, Floor rate 7.95%, 8.03% Exit Fee	\$ 70,000	72,628	74,010	(5)(10)(11)(12)

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Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor <sup>(1)</sup>	Principal Amount	Cost <sup>(2)</sup>	Value	Footnotes
Unity Biotechnology, Inc.	Senior Secured	August 2024	Prime + 6.10%, Floor rate 9.35%, 6.25% Exit Fee	\$ 20,000	\$ 21,165	\$ 21,136	(13)
Valo Health, LLC	Senior Secured	May 2024	Prime + 6.45%, Floor rate 9.70%, 3.85% Exit Fee	\$ 6,708	7,021	7,030	(11)(13)
Viridian Therapeutics, Inc.	Senior Secured	October 2026	Prime + 4.20%, Floor rate 7.45%, Cap rate 8.95%, 6.00% Exit Fee	\$ 2,000	2,019	1,943	(10)(13)(17)
X4 Pharmaceuticals, Inc.	Senior Secured	April 2026	Prime + 3.15%, Floor rate 10.15%, 6.35% Exit Fee	\$ 32,500	32,445	32,445	(11)(12)(13)
<b>Subtotal: Drug Discovery &amp; Development (78.49%)*</b>					<b>1,172,536</b>	<b>1,176,627</b>	
<b>Electronics &amp; Computer Hardware</b>							
Locus Robotics Corp.	Senior Secured	June 2026	Prime + 4.50%, Floor rate 8.00%, 1.00% Exit Fee	\$ 18,281	18,213	19,081	(17)(19)
<b>Subtotal: Electronics &amp; Computer Hardware (1.27%)*</b>					<b>18,213</b>	<b>19,081</b>	
<b>Healthcare Services, Other</b>							
Better Therapeutics, Inc.	Senior Secured	August 2025	Prime + 5.70%, Floor rate 8.95%, 5.95% Exit Fee	\$ 11,652	11,883	11,615	(15)
Blue Sprig Pediatrics, Inc.	Senior Secured	November 2026	3-month LIBOR + 5.00%, Floor rate 6.00%, PIK Interest 4.45%	\$ 52,055	51,415	50,547	(11)(13)(14)
Carbon Health Technologies, Inc.	Senior Secured	March 2025	Prime + 5.60%, Floor rate 8.85%, 4.61% Exit Fee	\$ 46,125	46,702	47,052	(11)(13)(19)
Equality Health, LLC	Senior Secured	February 2026	Prime + 6.25%, Floor rate 9.50%, PIK Interest 1.55%	\$ 53,795	53,407	53,963	(11)(12)(14)
Oak Street Health, Inc.	Senior Secured	October 2027	Prime + 2.45%, Floor rate 7.95%, Cap rate 9.45%, PIK Interest 1.00%, 4.95% Exit Fee	\$ 45,143	44,924	48,154	(10)(14)(17)
<b>Subtotal: Healthcare Services, Other (14.10%)*</b>					<b>208,331</b>	<b>211,331</b>	
<b>Information Services</b>							
Capella Space Corp.	Senior Secured	November 2025	Prime + 5.00%, Floor rate 8.25%, PIK Interest 1.10%, 7.00% Exit Fee	\$ 20,305	20,663	20,822	(14)(15)(19)
Signal Media Limited	Senior Secured	June 2025	Prime + 5.50%, Floor rate 9.00%, Cap rate 12.00%, 3.45% Exit Fee	\$ 3,000	2,956	2,956	(5)(10)(17)
Yipit, LLC	Senior Secured	September 2026	1-month SOFR + 9.14%, Floor rate 10.04%	\$ 31,875	31,396	31,805	(17)(18)
<b>Subtotal: Information Services (3.71%)*</b>					<b>55,015</b>	<b>55,583</b>	
<b>Manufacturing Technology</b>							
Bright Machines, Inc.	Senior Secured	April 2025	Prime + 4.00%, Floor rate 9.50%, 5.00% Exit Fee	\$ 11,050	10,951	11,045	(13)
MacroFab, Inc.	Senior Secured	March 2026	Prime + 4.35%, Floor rate 7.60%, PIK Interest 1.25%, 4.50% Exit Fee	\$ 20,191	19,808	20,330	(14)
Ouster, Inc.	Senior Secured	May 2026	Prime + 6.15%, Floor rate 9.40%, 7.45% Exit Fee	\$ 14,000	14,038	14,509	(10)(13)
<b>Subtotal: Manufacturing Technology (3.06%)*</b>					<b>44,797</b>	<b>45,884</b>	
<b>Media/Content/Info</b>							
Fever Labs, Inc.	Senior Secured	September 2026	Prime + 3.50%, Floor rate 9.00%, 3.67% Exit Fee	\$ 6,667	6,594	6,594	(19)
	Senior Secured	September 2025	Prime + 3.50%, Floor rate 9.00%, 2.67% Exit Fee	\$ 1,667	1,652	1,652	(19)
	Senior Secured	December 2025	Prime + 3.50%, Floor rate 9.00%, 2.98% Exit Fee	\$ 1,667	1,646	1,646	(19)
Total Fever Labs, Inc.				\$ 10,001	9,892	9,892	
<b>Subtotal: Media/Content/Info (0.66%)*</b>					<b>9,892</b>	<b>9,892</b>	
<b>Software</b>							
3GTMS, LLC	Senior Secured	February 2025	3-month LIBOR + 9.27%, Floor rate 10.27%	\$ 13,205	13,078	13,140	(11)(17)(18)
Agilence, Inc.	Senior Secured	October 2026	1-month BSBY + 9.00%, Floor rate 10.00%	\$ 9,283	9,075	8,975	(12)(17)(18)
Alchemer LLC	Senior Secured	May 2028	1-month SOFR + 8.14%, Floor rate 9.14%	\$ 20,908	20,459	20,975	(13)(17)(18)
Annex Cloud	Senior Secured	February 2027	1-month BSBY + 8.99%, Floor rate 9.99%	\$ 8,500	8,302	8,270	(13)(17)
Automation Anywhere, Inc.	Senior Secured	September 2027	Prime + 4.25%, Floor rate 9.00%, 2.50% Exit Fee	\$ 19,600	19,127	19,653	(11)(17)(19)
Babel Street	Senior Secured	December 2027	3-month SOFR + 7.89%, Floor rate 8.89%	\$ 45,000	43,844	43,844	(15)(17)(18)

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**HERCULES CAPITAL, INC.**  
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Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor <sup>(1)</sup>	Principal Amount	Cost <sup>(2)</sup>	Value	Footnotes
Brain Corporation	Senior Secured	April 2025	Prime + 3.70%, Floor rate 6.95%, PIK Interest 1.00%, 3.95% Exit Fee	\$ 20,217	\$ 20,366	\$ 20,399	(13)(14)(15)(17)
Campaign Monitor Limited	Senior Secured	November 2025	3-month SOFR + 8.90%, Floor rate 9.90%	\$ 33,000	32,608	33,000	(13)(19)
Catchpoint Systems, Inc.	Senior Secured	June 2026	3-month SOFR + 8.86%, Floor rate 9.76%	\$ 10,149	9,966	10,028	(18)
Ceros, Inc.	Senior Secured	September 2026	6-month LIBOR + 8.89%, Floor rate 9.89%	\$ 23,026	22,574	23,176	(17)(18)
Constructor.io Corporation	Senior Secured	July 2027	1-month SOFR + 8.44%, Floor rate 9.44%	\$ 4,688	4,578	4,704	(17)(18)
Convoy, Inc.	Senior Secured	March 2026	Prime + 3.20%, Floor rate 6.45%, PIK Interest 1.95%, 4.55% Exit Fee	\$ 74,348	73,672	74,294	(14)(19)
Copper CRM, Inc	Senior Secured	March 2025	Prime + 4.50%, Floor rate 8.25%, Cap rate 10.25%, PIK Interest 1.95%, 4.50% Exit Fee	\$ 9,925	9,971	9,652	(11)(14)
Cutover, Inc.	Senior Secured	October 2025	Prime + 5.20%, Floor rate 9.95%, 4.95% Exit Fee	\$ 5,500	5,464	5,597	(5)(10)(12)(17)
Cybermaxx Intermediate Holdings, Inc.	Senior Secured	August 2026	6-month SOFR + 8.63%, Floor rate 9.38%	\$ 7,975	7,821	7,514	(13)(17)
Cybermaxx Intermediate Holdings, Inc.	Senior Secured	August 2026	6-month SOFR + 12.36%, Floor rate 13.11%	\$ 2,553	2,489	2,487	(17)
Total Cybermaxx Intermediate Holdings, Inc.				\$ 10,528	10,310	10,001	
Dashlane, Inc.	Senior Secured	July 2025	Prime + 3.05%, Floor rate 7.55%, PIK Interest 1.10%, 6.29% Exit Fee	\$ 34,513	34,518	34,413	(11)(13)(14)(17)(19)
Dispatch Technologies, Inc.	Senior Secured	April 2028	3-month SOFR + 8.01%, Floor rate 8.76%	\$ 7,500	7,302	7,325	(17)(18)
Eigen Technologies Ltd.	Senior Secured	April 2025	Prime + 5.10%, Floor rate 8.35%, 2.95% Exit Fee	\$ 3,750	3,758	3,742	(5)(10)
Elation Health, Inc.	Senior Secured	March 2026	Prime + 4.25%, Floor rate 9.00%, PIK Interest 1.95%, 3.95% Exit Fee	\$ 5,046	4,886	5,009	(14)(17)(19)
Enmark Systems, Inc.	Senior Secured	September 2026	3-month LIBOR + 6.76%, Floor rate 7.76%, PIK Interest 2.15%	\$ 8,268	8,107	8,184	(11)(14)(17)(18)
Esme Learning Solutions, Inc.	Senior Secured	February 2025	Prime + 5.50%, Floor rate 8.75%, PIK Interest 1.50%, 3.00% Exit Fee	\$ 4,783	4,628	1,193	(8)(14)
Fortified Health Security	Senior Secured	December 2027	6-month SOFR + 7.79%, Floor rate 8.54%	\$ 7,000	6,830	6,830	(17)(18)
Flight Schedule Pro, LLC	Senior Secured	October 2027	1-month SOFR + 7.80%, Floor rate 8.70%	\$ 5,948	5,777	5,778	(17)(18)
Ikon Science Limited	Senior Secured	October 2024	3-month Eurodollar + 9.00%, Floor rate 10.00%	\$ 6,475	6,353	6,394	(5)(10)(17)(18)
Imperva, Inc.	Senior Secured	January 2027	3-month LIBOR + 7.75%, Floor rate 8.75%	\$ 20,000	19,881	20,200	(19)
Khoros (p.k.a Lithium Technologies)	Senior Secured	January 2024	3-month SOFR + 8.00%, Floor rate 9.00%	\$ 56,208	56,096	56,096	(17)
Kore.ai, Inc.	Senior Secured	April 2027	Prime + 1.50%, Floor rate 9.25%, PIK Interest 2.20%, 2.25% Exit Fee	\$ 30,000	29,541	29,541	
Leapwork ApS	Senior Secured	February 2026	Prime + 0.25%, Floor rate 7.25%, PIK Interest 1.95%, 2.70% Exit Fee	\$ 3,757	3,723	3,723	(5)(10)(14)(17)
Loftware, Inc.	Senior Secured	March 2028	3-month SOFR + 7.88%, Floor rate 8.88%	\$ 25,900	25,255	25,255	(17)(18)
LogicSource	Senior Secured	July 2027	3-month SOFR + 8.93%, Floor rate 9.93%	\$ 13,300	13,039	13,172	(17)
Mobile Solutions Services	Senior Secured	December 2025	3-month LIBOR + 9.06%, Floor rate 10.06%	\$ 18,366	18,033	17,754	(18)

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Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor <sup>(1)</sup>	Principal Amount	Cost <sup>(2)</sup>	Value	Footnotes
Nextroll, Inc.	Senior Secured	July 2023	Prime + 3.75%, Floor rate 7.75%, PIK Interest 2.95%, 1.95% Exit Fee	\$ 22,375	\$ 22,619	\$ 22,619	(12)(14)
Nuvolo Technologies Corporation	Senior Secured	July 2025	Prime + 5.25%, Floor rate 8.50%, 2.42% Exit Fee	\$ 22,500	22,575	22,929	(12)(13)(17)(19)
Omeda Holdings, LLC	Senior Secured	July 2027	3-month SOFR + 8.05%, Floor rate 9.05%	\$ 7,500	7,270	7,295	(17)(18)
Riviera Partners LLC	Senior Secured	April 2027	6-month SOFR + 7.53%, Floor rate 8.53%	\$ 26,053	25,516	25,074	(17)(18)
Salary.com, LLC	Senior Secured	September 2027	6-month SOFR + 8.25%, Floor rate 9.00%	\$ 17,955	17,622	17,994	(18)
ShadowDragon, LLC	Senior Secured	December 2026	1-month LIBOR + 8.97%, Floor rate 9.97%	\$ 5,985	5,848	5,780	(17)(18)
Simon Data, Inc.	Senior Secured	March 2027	Prime + 1.00%, Floor rate 8.75%, PIK Interest 1.95%, 2.95% Exit Fee	\$ 15,000	14,892	14,892	
Streamline Healthcare Solutions	Senior Secured	March 2028	6-month SOFR + 7.25%, Floor rate 8.25%	\$ 13,200	12,921	12,921	(17)(18)
Tact.ai Technologies, Inc.	Senior Secured	February 2024	Prime + 4.00%, Floor rate 8.75%, PIK Interest 2.00%, 5.50% Exit Fee	\$ 3,474	3,448	3,448	(14)
ThreatConnect, Inc.	Senior Secured	May 2026	6-month LIBOR + 9.00%, Floor rate 10.00%	\$ 11,004	10,765	10,827	(17)(18)
Tipalti Solutions Ltd.	Senior Secured	April 2027	Prime + 0.45%, Floor rate 7.95%, PIK Interest 2.00%, 3.75% Exit Fee	\$ 10,500	10,349	10,349	(5)(10)(17)
VideoAmp, Inc.	Senior Secured	February 2025	Prime + 3.70%, Floor rate 6.95%, PIK Interest 1.25%, 5.25% Exit Fee	\$ 63,384	63,224	64,281	(14)(15)(19)
Zappi, Inc.	Senior Secured	December 2027	3-month SOFR + 8.03%, Floor rate 9.03%	\$ 9,213	9,001	9,001	(5)(10)(17)(18)
Zimperium, Inc.	Senior Secured	May 2027	3-month SOFR + 8.31%, Floor rate 9.31%	\$ 16,313	16,014	16,251	(17)(18)
<b>Subtotal: Software (52.97%)*</b>					<b>793,185</b>	<b>793,978</b>	
<b>Sustainable and Renewable Technology</b>							
Ampion, PBC	Senior Secured	May 2025	Prime + 4.70%, Floor rate 7.95%, PIK Interest 1.45%, 3.95% Exit Fee	\$ 4,052	4,018	4,048	(13)(14)
Pineapple Energy LLC	Senior Secured	December 2024	PIK Interest 10.00%	\$ 3,318	3,318	3,108	(14)
<b>Subtotal: Sustainable and Renewable Technology (0.48%)*</b>					<b>7,336</b>	<b>7,156</b>	
<b>Total: Debt Investments (198.04%)*</b>					<b>\$ 2,971,498</b>	<b>\$ 2,968,651</b>	

Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
<b>Equity Investments</b>							
<b>Consumer &amp; Business Products</b>							
Grove Collaborative, Inc.	Equity	4/30/2021	Common Stock	61,300	\$ 433	\$ 27	(4)
Savage X Holding, LLC	Equity	4/30/2010	Class A Units	42,137	13	210	
TechStyle, Inc.	Equity	4/30/2010	Common Stock	42,989	128	135	
TFG Holding, Inc.	Equity	4/30/2010	Common Stock	42,989	89	101	
<b>Subtotal: Consumer &amp; Business Products (0.03%)*</b>					<b>663</b>	<b>473</b>	
<b>Consumer &amp; Business Services</b>							
Carwow LTD	Equity	12/15/2021	Preferred Series D-4	199,742	1,151	354	(5)(10)
DoorDash, Inc.	Equity	12/20/2018	Common Stock	81,996	945	5,211	(4)
Lyft, Inc.	Equity	12/26/2018	Common Stock	100,738	5,263	934	(4)
Nerdy Inc.	Equity	9/17/2021	Common Stock	100,000	1,000	418	(4)
OfferUp, Inc.	Equity	10/25/2016	Preferred Series A	286,080	1,663	383	
	Equity	10/25/2016	Preferred Series A-1	108,710	632	146	
Total OfferUp, Inc.				394,790	2,295	529	
Oportun	Equity	6/28/2013	Common Stock	48,365	577	187	(4)
Reischling Press, Inc.	Equity	7/31/2020	Common Stock	3,095	39	—	
Rhino Labs, Inc.	Equity	1/24/2022	Preferred Series B-2	7,063	1,000	752	
Tectura Corporation	Equity	5/23/2018	Common Stock	414,994,863	900	—	(7)
	Equity	6/6/2016	Preferred Series BB	1,000,000	—	—	(7)
Total Tectura Corporation				415,994,863	900	—	
<b>Subtotal: Consumer &amp; Business Services (0.56%)*</b>					<b>13,170</b>	<b>8,385</b>	

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**HERCULES CAPITAL, INC.**  
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Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
<b>Diversified Financial Services</b>							
Gibraltar Acquisition, LLC (p.k.a. Gibraltar Business Capital, LLC)	Equity	3/1/2018	Common Stock	830,000	\$ 1,884	\$ 1,170	(7)
	Equity	3/1/2018	Preferred Series A	<u>10,602,752</u>	<u>26,122</u>	<u>14,942</u>	(7)
Total Gibraltar Acquisition, LLC (p.k.a. Gibraltar Business Capital, LLC)				11,432,752	28,006	16,112	
Hercules Adviser LLC	Equity	3/26/2021	Member Units	1	35	24,595	(7)
Newfront Insurance Holdings, Inc.	Equity	9/30/2021	Preferred Series D-2	210,282	403	484	
<b>Subtotal: Diversified Financial Services (2.75%)*</b>					<b><u>28,444</u></b>	<b><u>41,191</u></b>	
<b>Drug Delivery</b>							
AcelRx Pharmaceuticals, Inc.	Equity	12/10/2018	Common Stock	8,836	1,329	6	(4)
Aytu BioScience, Inc.	Equity	3/28/2014	Common Stock	680	1,500	2	(4)
BioQ Pharma Incorporated	Equity	12/8/2015	Preferred Series D	165,000	500	—	
PDS Biotechnology Corporation	Equity	4/6/2015	Common Stock	2,498	309	15	(4)
<b>Subtotal: Drug Delivery (0.00%)*</b>					<b><u>3,638</u></b>	<b><u>23</u></b>	
<b>Drug Discovery &amp; Development</b>							
Applied Molecular Transport	Equity	4/6/2021	Common Stock	1,000	42	—	(4)(10)
Avalo Therapeutics, Inc.	Equity	8/19/2014	Common Stock	9,923	1,000	17	(4)
Axsome Therapeutics, Inc.	Equity	5/9/2022	Common Stock	127,021	4,165	7,835	(4)(10)(16)
Bicycle Therapeutics PLC	Equity	10/5/2020	Common Stock	98,100	1,871	2,087	(4)(5)(10)
BridgeBio Pharma, Inc.	Equity	6/21/2018	Common Stock	231,329	2,255	3,836	(4)
Dare Biosciences, Inc.	Equity	1/8/2015	Common Stock	13,550	1,000	14	(4)
Dynavax Technologies	Equity	7/22/2015	Common Stock	20,000	550	196	(4)(10)
Gritstone Bio, Inc.	Equity	10/26/2022	Common Stock	442,477	1,000	1,230	(4)
Hibercell, Inc.	Equity	5/7/2021	Preferred Series B	3,466,840	4,250	1,979	(15)
HilleVax, Inc.	Equity	5/3/2022	Common Stock	235,295	4,000	3,889	(4)
Humanigen, Inc.	Equity	3/31/2021	Common Stock	43,243	800	6	(4)(10)
NorthSea Therapeutics	Equity	12/15/2021	Preferred Series C	983	2,000	1,476	(5)(10)
Paratek Pharmaceuticals, Inc.	Equity	2/26/2007	Common Stock	76,362	2,744	194	(4)
Rocket Pharmaceuticals, Ltd.	Equity	8/22/2007	Common Stock	944	1,500	16	(4)
Savara, Inc.	Equity	8/11/2015	Common Stock	11,119	203	22	(4)
Sio Gene Therapies, Inc.	Equity	2/2/2017	Common Stock	16,228	1,269	7	(4)
Tarsus Pharmaceuticals, Inc.	Equity	5/5/2022	Common Stock	155,555	2,100	1,955	(4)(10)
Tricida, Inc.	Equity	2/28/2018	Common Stock	68,816	863	—	
uniQure B.V.	Equity	1/31/2019	Common Stock	17,175	332	346	(4)(5)(10)
Valo Health, LLC	Equity	12/11/2020	Preferred Series B	510,308	3,000	1,944	
	Equity	10/31/2022	Preferred Series C	<u>170,102</u>	<u>1,000</u>	<u>985</u>	
Total Valo Health, LLC				680,410	4,000	2,929	
X4 Pharmaceuticals, Inc.	Equity	11/26/2019	Common Stock	1,566,064	2,945	1,362	(4)
<b>Subtotal: Drug Discovery &amp; Development (1.96%)*</b>					<b><u>38,889</u></b>	<b><u>29,396</u></b>	
<b>Electronics &amp; Computer Hardware</b>							
Locus Robotics Corp.	Equity	11/17/2022	Preferred Series F	15,116	650	564	
Skydio, Inc.	Equity	3/8/2022	Preferred Series E	248,900	1,500	783	
<b>Subtotal: Electronics &amp; Computer Hardware (0.09%)*</b>					<b><u>2,150</u></b>	<b><u>1,347</u></b>	
<b>Healthcare Services, Other</b>							
23andMe, Inc.	Equity	3/11/2019	Common Stock	825,732	5,094	1,883	(4)
Carbon Health Technologies, Inc.	Equity	3/30/2021	Preferred Series C	217,880	1,688	985	
<b>Subtotal: Healthcare Services, Other (0.19%)*</b>					<b><u>6,782</u></b>	<b><u>2,868</u></b>	
<b>Information Services</b>							
Planet Labs, Inc.	Equity	6/21/2019	Common Stock	547,880	615	2,153	(4)
Yipit, LLC	Equity	12/30/2021	Preferred Series E	41,021	3,825	3,859	
<b>Subtotal: Information Services (0.40%)*</b>					<b><u>4,440</u></b>	<b><u>6,012</u></b>	

See notes to consolidated financial statements

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**March 31, 2023 (unaudited)**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
<b>Medical Devices &amp; Equipment</b>							
Coronado Aesthetics, LLC	Equity	10/15/2021	Common Units	180,000	\$ —	\$ 3	(7)
	Equity	10/15/2021	Preferred Series A-2	5,000,000	250	253	(7)
Total Coronado Aesthetics, LLC				5,180,000	250	256	
Flowonix Medical Incorporated	Equity	11/3/2014	Preferred Series AA	221,893	1,500	—	
Gelesis, Inc.	Equity	11/30/2009	Common Stock	1,490,700	871	243	(4)
ViewRay, Inc.	Equity	12/16/2013	Common Stock	36,457	332	126	(4)
<b>Subtotal: Medical Devices &amp; Equipment (0.04%)*</b>					<b>2,953</b>	<b>625</b>	
<b>Semiconductors</b>							
Achronix Semiconductor Corporation	Equity	7/1/2011	Preferred Series C	277,995	160	296	
<b>Subtotal: Semiconductors (0.02%)*</b>					<b>160</b>	<b>296</b>	
<b>Software</b>							
3GTMS, LLC	Equity	8/9/2021	Common Stock	1,000,000	1,000	911	
Black Crow AI, Inc. affiliates	Equity	3/24/2021	Preferred Note	3	2,792	2,793	(21)
CapLinked, Inc.	Equity	10/26/2012	Preferred Series A-3	53,614	51	—	
Contentful Global, Inc.	Equity	12/22/2020	Preferred Series C	41,000	138	233	(5)(10)
	Equity	11/20/2018	Preferred Series D	108,500	500	660	(5)(10)
Total Contentful Global, Inc.				149,500	638	893	
Docker, Inc.	Equity	11/29/2018	Common Stock	20,000	4,284	545	
Druva Holdings, Inc.	Equity	10/22/2015	Preferred Series 2	458,841	1,000	1,639	
	Equity	8/24/2017	Preferred Series 3	93,620	300	365	
Total Druva Holdings, Inc.				552,461	1,300	2,004	
HighRoads, Inc.	Equity	1/18/2013	Common Stock	190	307	—	
Lightbend, Inc.	Equity	12/4/2020	Common Stock	38,461	265	21	
Nextdoor.com, Inc.	Equity	8/1/2018	Common Stock	1,019,255	4,854	2,191	(4)
Palantir Technologies	Equity	9/23/2020	Common Stock	1,418,337	8,670	11,985	(4)
SingleStore, Inc.	Equity	11/25/2020	Preferred Series E	580,983	2,000	2,039	
	Equity	8/12/2021	Preferred Series F	52,956	280	225	
Total SingleStore, Inc.				633,939	2,280	2,264	
Verana Health, Inc.	Equity	7/8/2021	Preferred Series E	952,562	2,000	808	
ZeroFox, Inc.	Equity	5/7/2020	Common Stock	289,992	101	423	(4)
<b>Subtotal: Software (1.66%)*</b>					<b>28,542</b>	<b>24,838</b>	
<b>Surgical Devices</b>							
Gynesonics, Inc.	Equity	1/18/2007	Preferred Series B	219,298	250	—	
	Equity	6/16/2010	Preferred Series C	656,538	282	—	
	Equity	2/8/2013	Preferred Series D	1,991,157	712	—	
	Equity	7/14/2015	Preferred Series E	2,786,367	429	—	
	Equity	12/18/2018	Preferred Series F	1,523,693	118	—	
	Equity	12/18/2018	Preferred Series F-1	2,418,125	150	—	
Total Gynesonics, Inc.				9,595,178	1,941	—	
TransMedics Group, Inc.	Equity	11/7/2012	Common Stock	50,000	538	3,592	(4)(20)
<b>Subtotal: Surgical Devices (0.24%)*</b>					<b>2,479</b>	<b>3,592</b>	
<b>Sustainable and Renewable Technology</b>							
Fulcrum Bioenergy, Inc.	Equity	9/13/2012	Preferred Series C-1	187,265	711	985	
Impossible Foods, Inc.	Equity	5/10/2019	Preferred Series E-1	188,611	2,000	865	
Modumetal, Inc.	Equity	6/1/2015	Common Stock	1,035	500	—	
NantEnergy, LLC	Equity	8/31/2013	Common Units	59,665	102	—	
Pineapple Energy LLC	Equity	12/10/2020	Common Stock	304,487	3,153	484	(4)
Pivot Bio, Inc.	Equity	6/28/2021	Preferred Series D	593,080	4,500	2,341	
Proterra, Inc.	Equity	5/28/2015	Common Stock	457,841	542	696	(4)
<b>Subtotal: Sustainable and Renewable Technology (0.36%)*</b>					<b>11,508</b>	<b>5,371</b>	
<b>Total: Equity Investments (8.30%)*</b>					<b>\$ 143,818</b>	<b>\$ 124,417</b>	

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**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**March 31, 2023 (unaudited)**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
<b>Warrant Investments</b>							
<b>Biotechnology Tools</b>							
Alamar Biosciences, Inc.	Warrant	6/21/2022	Preferred Series B	15,399	\$ 24	\$ 23	
PathAI, Inc.	Warrant	12/23/2022	Common Stock	53,418	461	482	
<b>Subtotal: Biotechnology Tools (0.03%)*</b>					<b>485</b>	<b>505</b>	
<b>Communications &amp; Networking</b>							
Aryaka Networks, Inc.	Warrant	6/28/2022	Common Stock	229,611	123	118	
Spring Mobile Solutions, Inc.	Warrant	4/19/2013	Common Stock	2,834,375	418	—	
<b>Subtotal: Communications &amp; Networking (0.01%)*</b>					<b>541</b>	<b>118</b>	
<b>Consumer &amp; Business Products</b>							
Gadget Guard, LLC	Warrant	6/3/2014	Common Stock	1,662,441	228	—	
Savage X Holding, LLC	Warrant	6/27/2014	Class A Units	206,185	—	1,025	
TechStyle, Inc.	Warrant	7/16/2013	Preferred Series B	206,185	1,101	720	
TFG Holding, Inc.	Warrant	6/27/2014	Common Stock	206,185	—	—	
The Neat Company	Warrant	8/13/2014	Common Stock	54,054	365	—	
Whoop, Inc.	Warrant	6/27/2018	Preferred Series C	686,270	18	375	
<b>Subtotal: Consumer &amp; Business Products (0.14%)*</b>					<b>1,712</b>	<b>2,120</b>	
<b>Consumer &amp; Business Services</b>							
Carwow LTD	Warrant	12/14/2021	Common Stock	174,163	164	40	(5)(10)
Houzz, Inc.	Warrant	10/29/2019	Common Stock	529,661	20	—	
Landing Holdings Inc.	Warrant	3/12/2021	Common Stock	11,806	116	201	(15)
Lendio, Inc.	Warrant	3/29/2019	Preferred Series D	127,032	39	43	
Modern Life, Inc.	Warrant	3/30/2023	Common Stock	49,192	214	218	
Provi	Warrant	12/22/2022	Common Stock	117,042	166	138	(15)
Rhino Labs, Inc.	Warrant	3/12/2021	Common Stock	13,106	470	219	(15)
RumbleON, Inc.	Warrant	4/30/2018	Common Stock	5,139	88	—	(4)
SeatGeek, Inc.	Warrant	6/12/2019	Common Stock	1,379,761	842	2,027	(12)(16)
Skyword, Inc.	Warrant	11/14/2022	Common Stock	1,607,143	57	26	
	Warrant	8/23/2019	Preferred Series B	444,444	83	1	
Total Skyword, Inc.				2,051,587	140	27	
Snagajob.com, Inc.	Warrant	4/20/2020	Common Stock	600,000	16	22	
	Warrant	6/30/2016	Preferred Series A	1,800,000	782	29	
	Warrant	8/1/2018	Preferred Series B	1,211,537	62	15	
Total Snagajob.com, Inc.				3,611,537	860	66	
Thumbtack, Inc.	Warrant	5/1/2018	Common Stock	267,225	844	384	(12)
Udacity, Inc.	Warrant	9/25/2020	Common Stock	486,359	218	—	(12)
Veem, Inc.	Warrant	3/31/2022	Common Stock	98,428	126	24	
Vida Health, Inc.	Warrant	3/28/2022	Common Stock	130,355	119	14	
Worldremit Group Limited	Warrant	2/11/2021	Preferred Series D	77,215	129	13	(5)(10)(12)(16)
	Warrant	8/27/2021	Preferred Series E	1,868	26	—	(5)(10)(16)
Total Worldremit Group Limited				79,083	155	13	
<b>Subtotal: Consumer &amp; Business Services (0.23%)*</b>					<b>4,581</b>	<b>3,414</b>	
<b>Diversified Financial Services</b>							
Next Insurance, Inc.	Warrant	2/3/2023	Common Stock	522,930	214	189	
<b>Subtotal: Diversified Financial Services (0.01%)*</b>					<b>214</b>	<b>189</b>	
<b>Drug Delivery</b>							
Aerami Therapeutics Holdings, Inc.	Warrant	9/30/2015	Common Stock	110,882	74	—	
BioQ Pharma Incorporated	Warrant	10/27/2014	Common Stock	459,183	1	—	
PDS Biotechnology Corporation	Warrant	8/28/2014	Common Stock	3,929	390	—	(4)
<b>Subtotal: Drug Delivery (0.00%)*</b>					<b>465</b>	<b>—</b>	
<b>Drug Discovery &amp; Development</b>							
Acacia Pharma Inc.	Warrant	6/29/2018	Common Stock	201,330	304	—	(5)(10)
ADMA Biologics, Inc.	Warrant	2/24/2014	Common Stock	58,000	166	4	(4)
Akero Therapeutics, Inc.	Warrant	6/15/2022	Common Stock	22,949	175	562	(4)(10)
AmplifyBio, LLC	Warrant	12/27/2022	Class A Units	69,239	237	236	(15)
Axsome Therapeutics, Inc.	Warrant	9/25/2020	Common Stock	53,971	1,101	1,289	(4)(10)(12)(16)

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**HERCULES CAPITAL, INC.**  
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Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
Cellarity, Inc.	Warrant	12/8/2021	Preferred Series B	100,000	\$ 287	\$ 253	(15)
Century Therapeutics, Inc.	Warrant	9/14/2020	Common Stock	16,112	37	—	(4)
Dermavant Sciences Ltd.	Warrant	5/31/2019	Common Stock	223,642	101	129	(5)(10)
enGene, Inc.	Warrant	12/30/2021	Preferred Series 3	133,692	72	17	(5)(10)(12)
Evoform Biosciences, Inc.	Warrant	6/11/2014	Common Stock	520	266	—	(4)
Fresh Tracks Therapeutics, Inc. (p.k.a. Brickell Biotech, Inc.)	Warrant	2/18/2016	Common Stock	201	119	—	(4)
Kineta, Inc.	Warrant	12/20/2019	Common Stock	2,202	110	—	(4)
Kura Oncology, Inc.	Warrant	11/2/2022	Common Stock	14,342	88	52	(4)(10)(15)
Madrigal Pharmaceutical, Inc.	Warrant	5/9/2022	Common Stock	11,799	425	1,829	(4)(10)
Paratek Pharmaceuticals, Inc.	Warrant	8/1/2018	Common Stock	426,866	520	113	(4)
Phathom Pharmaceuticals, Inc.	Warrant	9/17/2021	Common Stock	64,687	848	60	(4)(10)(12)(15)(16)
Provention Bio, Inc.	Warrant	9/15/2022	Common Stock	205,391	640	3,312	(4)
Redshift Bioanalytics, Inc.	Warrant	3/23/2022	Preferred Series E	475,510	20	13	(15)
Scynexis, Inc.	Warrant	5/14/2021	Common Stock	106,035	296	76	(4)(12)
TG Therapeutics, Inc.	Warrant	2/28/2019	Common Stock	264,226	1,284	2,236	(4)(10)(12)
Tricida, Inc.	Warrant	3/27/2019	Common Stock	31,352	280	—	
Valo Health, LLC	Warrant	6/15/2020	Common Units	102,216	256	91	
X4 Pharmaceuticals, Inc.	Warrant	3/18/2019	Common Stock	1,392,787	510	212	(4)
<b>Subtotal: Drug Discovery &amp; Development (0.70%)*</b>					<b>8,142</b>	<b>10,484</b>	
<b>Electronics &amp; Computer Hardware</b>							
908 Devices, Inc.	Warrant	3/15/2017	Common Stock	49,078	101	101	(4)
Locus Robotics Corp.	Warrant	6/21/2022	Common Stock	8,503	34	195	
Skydio, Inc.	Warrant	11/8/2021	Common Stock	622,255	557	752	
<b>Subtotal: Electronics &amp; Computer Hardware (0.07%)*</b>					<b>692</b>	<b>1,048</b>	
<b>Information Services</b>							
Capella Space Corp.	Warrant	10/21/2021	Common Stock	176,200	207	106	(15)
INMOBI Inc.	Warrant	11/19/2014	Common Stock	65,587	82	—	(5)(10)
NetBase Solutions, Inc.	Warrant	8/22/2017	Preferred Series 1	60,000	356	318	
Signal Media Limited	Warrant	6/29/2022	Common Stock	94,857	35	20	(5)(10)
<b>Subtotal: Information Services (0.03%)*</b>					<b>680</b>	<b>444</b>	
<b>Manufacturing Technology</b>							
Bright Machines, Inc.	Warrant	3/31/2022	Common Stock	392,308	537	1,092	
MacroFab, Inc.	Warrant	3/23/2022	Common Stock	1,111,111	528	1,352	
Xometry, Inc.	Warrant	5/9/2018	Common Stock	87,784	47	665	(4)
<b>Subtotal: Manufacturing Technology (0.21%)*</b>					<b>1,112</b>	<b>3,109</b>	
<b>Media/Content/Info</b>							
Fever Labs, Inc.	Warrant	12/30/2022	Preferred Series E-1	332,433	54	64	
<b>Subtotal: Media/Content/Info (0.00%)*</b>					<b>54</b>	<b>64</b>	
<b>Medical Devices &amp; Equipment</b>							
Aspire Bariatrics, Inc.	Warrant	1/28/2015	Common Stock	22,572	455	—	
Flowonix Medical Incorporated	Warrant	11/3/2014	Preferred Series AA	110,946	362	—	
Total Flowonix Medical Incorporated	Warrant	9/21/2018	Preferred Series BB	725,806	351	—	
Intuity Medical, Inc.	Warrant	12/29/2017	Preferred Series B-1	3,076,323	294	—	
Lucira Health, Inc.	Warrant	2/4/2022	Common Stock	59,642	110	4	(4)
Outset Medical, Inc.	Warrant	9/27/2013	Common Stock	62,794	401	526	(4)
Tela Bio, Inc.	Warrant	3/31/2017	Common Stock	15,712	61	—	(4)
<b>Subtotal: Medical Devices &amp; Equipment (0.04%)*</b>					<b>2,034</b>	<b>530</b>	

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**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**March 31, 2023 (unaudited)**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
<b>Semiconductors</b>							
Achronix Semiconductor Corporation	Warrant	6/26/2015	Preferred Series D-2	750,000	\$ 99	\$ 670	
<b>Subtotal: Semiconductors (0.04%)*</b>					<b>99</b>	<b>670</b>	
<b>Software</b>							
Aria Systems, Inc.	Warrant	5/22/2015	Preferred Series G	231,535	74	—	
Automation Anywhere, Inc.	Warrant	9/23/2022	Common Stock	254,778	449	525	
Bitsight Technologies, Inc.	Warrant	11/18/2020	Common Stock	29,691	284	511	
Brain Corporation	Warrant	10/4/2021	Common Stock	194,629	165	97	(15)
CloudBolt Software, Inc.	Warrant	9/30/2020	Common Stock	211,342	117	8	
Cloudian, Inc.	Warrant	11/6/2018	Common Stock	477,454	71	21	
Cloudpay, Inc.	Warrant	4/10/2018	Preferred Series B	6,763	54	531	(5)(10)
Convoy, Inc.	Warrant	3/30/2022	Common Stock	165,456	974	346	
Couchbase, Inc.	Warrant	4/25/2019	Common Stock	105,350	462	563	(4)
Cutover, Inc.	Warrant	9/21/2022	Common Stock	102,898	26	24	(5)(10)(12)
Dashlane, Inc.	Warrant	3/11/2019	Common Stock	453,641	353	196	
Delphix Corp.	Warrant	10/8/2019	Common Stock	718,898	1,594	2,292	
Demandbase, Inc.	Warrant	8/2/2021	Common Stock	727,047	545	463	
DNAexus, Inc.	Warrant	3/21/2014	Preferred Series C	909,091	97	188	
DroneDeploy, Inc.	Warrant	6/30/2022	Common Stock	95,911	278	353	
Eigen Technologies Ltd.	Warrant	4/13/2022	Common Stock	522	8	5	(5)(10)
Elation Health, Inc.	Warrant	9/12/2022	Common Stock	362,837	584	347	
Esme Learning Solutions, Inc.	Warrant	1/27/2022	Common Stock	56,765	198	—	
First Insight, Inc.	Warrant	5/10/2018	Preferred Series B	75,917	96	47	
Fulfil Solutions, Inc.	Warrant	7/29/2022	Common Stock	84,995	325	396	
Kore.ai, Inc.	Warrant	3/31/2023	Preferred Series C	64,293	208	221	
Leapwork ApS	Warrant	1/23/2023	Common Stock	39,948	16	17	(5)(10)
Lightbend, Inc.	Warrant	2/14/2018	Preferred Series D	89,685	131	3	
Mixpanel, Inc.	Warrant	9/30/2020	Common Stock	82,362	252	252	
Nuvolo Technologies Corporation	Warrant	3/29/2019	Common Stock	70,000	172	198	(12)
Poplicus, Inc.	Warrant	5/28/2014	Common Stock	132,168	—	—	
Reltio, Inc.	Warrant	6/30/2020	Common Stock	69,120	215	346	
			Series Junior 1				
SignPost, Inc.	Warrant	1/13/2016	Preferred	474,019	314	—	
Simon Data, Inc.	Warrant	3/22/2023	Common Stock	77,934	96	100	
SingleStore, Inc.	Warrant	4/28/2020	Preferred Series D	312,596	103	533	
Tact.ai Technologies, Inc.	Warrant	2/13/2020	Common Stock	1,041,667	206	85	
The Faction Group LLC	Warrant	11/3/2014	Preferred Series AA	8,076	234	337	
Tipalti Solutions Ltd.	Warrant	3/22/2023	Ordinary Shares	254,877	174	179	(5)(10)
VideoAmp, Inc.	Warrant	1/21/2022	Common Stock	152,048	1,275	362	(15)
<b>Subtotal: Software (0.64%)*</b>					<b>10,150</b>	<b>9,546</b>	
<b>Surgical Devices</b>							
TransMedics Group, Inc.	Warrant	9/11/2015	Common Stock	14,440	39	597	(4)(20)
<b>Subtotal: Surgical Devices (0.04%)*</b>					<b>39</b>	<b>597</b>	
<b>Sustainable and Renewable Technology</b>							
Ampion, PBC	Warrant	4/15/2022	Common Stock	18,472	52	37	
Fulcrum Bioenergy, Inc.	Warrant	4/30/2013	Preferred Series C-1	93,632	64	272	
Halio, Inc.	Warrant	4/22/2014	Preferred Series A	325,000	155	48	
	Warrant	4/7/2015	Preferred Series B	131,883	63	15	
Total Halio, Inc.				456,883	218	63	
IngredientWerks Holdings, Inc. (p.k.a Agrivida, Inc.)	Warrant	6/20/2013	Preferred Series D	471,327	120	—	
Polyera Corporation	Warrant	3/24/2015	Preferred Series C	150,036	269	—	
<b>Subtotal: Sustainable and Renewable Technology (0.00%)*</b>					<b>723</b>	<b>372</b>	
<b>Total: Warrant Investments (2.22%)*</b>					<b>\$ 31,723</b>	<b>\$ 33,210</b>	
<b>Total Investments in Securities (208.56%)*</b>					<b>\$ 3,147,039</b>	<b>\$ 3,126,278</b>	
<b>Investment Funds &amp; Vehicles Investments</b>							
<b>Drug Discovery &amp; Development</b>							
<b>Forbion Growth Opportunities</b>							
Fund I C.V.	Investment Funds & Vehicles	11/16/2020			\$ 3,007	\$ 3,103	(5)(10)(17)
Forbion Growth Opportunities Fund II C.V.	Investment Funds & Vehicles	6/23/2022			419	447	(5)(10)(17)
<b>Subtotal: Drug Discovery &amp; Development (0.24%)*</b>					<b>3,426</b>	<b>3,550</b>	
<b>Software</b>							
Liberty Zim Co-Invest L.P.	Investment Funds & Vehicles	7/21/2022			381	350	(5)(10)
<b>Subtotal: Software (0.02%)*</b>					<b>381</b>	<b>350</b>	
<b>Total: Investment Funds &amp; Vehicles Investments (0.26%)*</b>					<b>\$ 3,807</b>	<b>\$ 3,900</b>	
<b>Total Investments (208.82%)*</b>					<b>\$ 3,150,846</b>	<b>\$ 3,130,178</b>	
<b>Cash &amp; Cash Equivalents</b>							
<b>GS Financial Square Government Fund</b>							
	Cash & Cash Equivalents		FGTX/38141W273		\$ 15,000	\$ 15,000	
<b>Total: Investments in Cash &amp; Cash Equivalents (1.00%)*</b>					<b>\$ 15,000</b>	<b>\$ 15,000</b>	
<b>Total: Investments after Cash and Cash Equivalents (209.82%)*</b>					<b>\$ 3,165,846</b>	<b>\$ 3,145,178</b>	

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**HERCULES CAPITAL, INC.**  
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**(dollars in thousands)**

- \* Value as a percent of net assets. All amounts are stated in U.S. Dollars unless otherwise noted. The Company uses the Standard Industrial Code for classifying the industry grouping of its portfolio companies.
- (1) Interest rate PRIME represents 8.00% as of March 31, 2023. 1-month LIBOR, 3-month LIBOR and 6-month LIBOR represent 4.86%, 5.19%, and 5.31%, respectively, as of March 31, 2023. 1-month SOFR, 3-month SOFR and 6-month SOFR represent 4.63%, 4.51%, and 4.09%, respectively, as of March 31, 2023.
  - (2) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled \$87.9 million, \$106.6 million and \$18.7 million, respectively. The tax cost of investments is \$3.1 billion.
  - (3) Preferred and common stock, warrants, and equity interest are generally non-income producing.
  - (4) Except for warrants in 24 publicly traded companies and common stock in 35 publicly traded companies, all investments are restricted as of March 31, 2023 and were valued at fair value using Level 3 significant unobservable inputs as determined in good faith by the Company's valuation committee (the "Valuation Committee") and approved by the board of directors (the "Board").
  - (5) Non-U.S. company or the company's principal place of business is outside the United States.
  - (6) [Reserved]
  - (7) Control investment as defined under the 1940 Act in which Hercules owns at least 25% of the company's voting securities or has greater than 50% representation on its board.
  - (8) Debt is on non-accrual status as of March 31, 2023, and is therefore considered non-income producing. Note that as of March 31, 2023, only the PIK, or payment-in-kind, portion is on non-accrual for the Company's debt investment in Tectura Corporation.
  - (9) Denotes that all or a portion of the debt investment is convertible debt.
  - (10) Indicates assets that the Company deems not "qualifying assets" under section 55(a) of 1940 Act. Qualifying assets must represent at least 70% of the Company's total assets at the time of acquisition of any additional non-qualifying assets.
  - (11) Denotes that all or a portion of the debt investment is pledged as collateral under the SMBC Facility (as defined in "Note 5 — Debt").
  - (12) Denotes that all or a portion of the investment is pledged as collateral under the MUFG Bank Facility (as defined in "Note 5 — Debt").
  - (13) Denotes that all or a portion of the debt investment secures the 2031 Asset-Backed Notes (as defined in "Note 5 — Debt").
  - (14) Denotes that all or a portion of the debt investment principal includes accumulated PIK interest and is net of repayments.
  - (15) Denotes that all or a portion of the investment in this portfolio company is held by Hercules Capital IV, L.P., the Company's wholly owned small business investment company.
  - (16) Denotes that the fair value of the Company's total investments in this portfolio company represent greater than 5% of the Company's total net assets as of March 31, 2023.
  - (17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company as of March 31, 2023 (Refer to "Note 11 - Commitments and Contingencies").
  - (18) Denotes unitranche debt with first lien "last-out" senior secured position and security interest in all assets of the portfolio company whereby the "last-out" portion will be subordinated to the "first-out" portion in a liquidation, sale or other disposition.
  - (19) Denotes second lien senior secured debt.
  - (20) Denotes all or a portion of the public equity or warrant investment was acquired in a transaction exempt from registration under the Securities Act of 1933 ("Securities Act") and may be deemed to be "restricted securities" under the Securities Act.
  - (21) Denotes investment in a non-voting security in the form of a promissory note. The terms of the notes provide the Company with a lien on the issuers' shares of Common Stock for Black Crow AI, Inc., subject to release upon repayment of the outstanding balance of the notes. As of March 31, 2023, the Black Crow AI, Inc. affiliates promissory notes had an outstanding balance of \$2.8 million.
  - (22) Denotes the security holds rights to royalty fee income associated with certain products of the portfolio company. The approximate cost and fair value of the royalty contract are \$4.6 million and \$3.3 million, respectively.

See notes to consolidated financial statements

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2022**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor <sup>(1)</sup>	Principal Amount	Cost <sup>(2)</sup>	Value	Footnotes
<b>Debt Investments</b>							
<b>Biotechnology Tools</b>							
Alamar Biosciences, Inc.	Senior Secured	June 2026	Prime + 3.00%, Floor rate 6.50%, PIK Interest 1.00%, 5.95% Exit Fee	\$ 5,000	\$ 4,951	\$ 4,951	(17)
PathAI, Inc.	Senior Secured	January 2027	Prime + 2.15%, Floor rate 9.15%, 11.21% Exit Fee	\$ 28,000	27,388	27,388	(17)
<b>Subtotal: Biotechnology Tools (2.31%)*</b>					<b>32,339</b>	<b>32,339</b>	
<b>Communications &amp; Networking</b>							
Aryaka Networks, Inc.	Senior Secured	July 2026	Prime + 3.25%, Floor rate 6.75%, PIK Interest 1.05%, 3.55% Exit Fee	\$ 5,023	4,969	5,053	(14)(17)(19)
Cytracom Holdings LLC	Senior Secured	February 2025	3-month LIBOR + 9.31%, Floor rate 10.31%	\$ 8,910	8,768	8,748	(11)(17)(18)
Rocket Lab Global Services, LLC	Senior Secured	June 2024	Prime + 4.90%, Floor rate 8.15%, PIK Interest 1.25%, 3.25% Exit Fee	\$ 84,581	85,430	87,933	(11)(12)(13)(14)(16)
<b>Subtotal: Communications &amp; Networking (7.26%)*</b>					<b>99,167</b>	<b>101,734</b>	
<b>Consumer &amp; Business Services</b>							
AppDirect, Inc.	Senior Secured	April 2026	Prime + 5.50%, Floor rate 8.75%, 8.29% Exit Fee	\$ 40,790	41,856	42,426	(12)(17)
Carwow LTD	Senior Secured	December 2024	Prime + 4.70%, Floor rate 7.95%, PIK Interest 1.45%, 4.95% Exit Fee	£ 18,890	26,024	22,971	(5)(10)(14)
Houzz, Inc.	Convertible Debt	May 2028	PIK Interest 5.50%	\$ 21,853	21,853	20,356	(9)(14)
Jobandtalent USA, Inc.	Senior Secured	February 2025	1-month SOFR + 8.86%, Floor rate 9.75%, 3.00% Exit Fee	\$ 14,000	13,853	13,904	(5)(10)
Provi	Senior Secured	December 2026	Prime + 4.40%, Floor rate 10.65%, 2.95% Exit Fee	\$ 15,000	14,739	14,739	(15)
Rhino Labs, Inc.	Senior Secured	March 2024	Prime + 5.50%, Floor rate 8.75%, PIK Interest 2.25%	\$ 16,500	16,328	16,496	(14)(15)
RVShare, LLC	Senior Secured	December 2026	3-month LIBOR + 5.50%, Floor rate 6.50%, PIK Interest 4.00%	\$ 27,730	27,265	27,256	(13)(14)(15)(17)
SeatGeek, Inc.	Senior Secured	June 2023	Prime + 5.00%, Floor rate 10.50%, PIK Interest 0.50%	\$ 60,915	60,721	60,721	(12)(13)(14)(16)
	Senior Secured	May 2026	Prime + 7.00%, Floor rate 10.50%, PIK Interest 0.50%	\$ 25,071	24,912	25,823	(11)(14)(16)
Total SeatGeek, Inc.				\$ 85,986	85,633	86,544	
Skyword, Inc.	Senior Secured	November 2026	Prime + 2.75%, Floor rate 9.25%, PIK Interest 1.75%, 3.00% Exit Fee	\$ 9,007	8,918	8,870	(13)(14)
Tectura Corporation	Senior Secured	July 2024	PIK Interest 5.00%	\$ 10,680	240	—	(7)(8)(14)
	Senior Secured	July 2024	FIXED 8.25%	\$ 8,250	8,250	8,042	(7)(8)(14)
	Senior Secured	July 2024	PIK Interest 5.00%	\$ 13,023	13,023	—	(7)(8)(14)
Total Tectura Corporation				\$ 31,953	21,513	8,042	
Thumbtack, Inc.	Senior Secured	April 2026	Prime + 4.95%, Floor rate 8.20%, PIK Interest 1.50%, 3.95% Exit Fee	\$ 10,103	10,050	10,167	(12)(14)(17)
Udacity, Inc.	Senior Secured	September 2024	Prime + 4.50%, Floor rate 7.75%, PIK Interest 2.00%, 3.00% Exit Fee	\$ 51,937	52,265	52,976	(12)(14)
Veem, Inc.	Senior Secured	March 2025	Prime + 4.00%, Floor rate 7.25%, PIK Interest 1.25%, 4.50% Exit Fee	\$ 5,043	5,000	5,042	(13)(14)
	Senior Secured	March 2025	Prime + 4.70%, Floor rate 7.95%, PIK Interest 1.50%, 4.50% Exit Fee	\$ 5,033	4,988	5,124	(14)
Total Veem, Inc.				\$ 10,076	9,988	10,166	
Worldremit Group Limited	Senior Secured	February 2025	3-month LIBOR + 9.25%, Floor rate 10.25%, 3.00% Exit Fee	\$ 94,500	94,418	93,837	(5)(10)(11)(12)(16)(19)
<b>Subtotal: Consumer &amp; Business Services (30.59%)*</b>					<b>444,703</b>	<b>428,750</b>	
<b>Diversified Financial Services</b>							
Gibraltar Business Capital, LLC	Unsecured	September 2026	FIXED 14.50%	\$ 15,000	14,715	12,802	(7)
	Unsecured	September 2026	FIXED 11.50%	\$ 10,000	9,852	8,898	(7)
Total Gibraltar Business Capital, LLC				\$ 25,000	24,567	21,700	
Hercules Adviser LLC	Unsecured	June 2025	FIXED 5.00%	\$ 12,000	12,000	12,000	(7)
<b>Subtotal: Diversified Financial Services (2.40%)*</b>					<b>36,567</b>	<b>33,700</b>	

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**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2022**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor <sup>(1)</sup>	Principal Amount	Cost <sup>(2)</sup>	Value	Footnotes
<b>Drug Discovery &amp; Development</b>							
Akero Therapeutics, Inc.	Senior Secured	January 2027	Prime + 3.65%, Floor rate 7.65%, 5.85% Exit Fee	\$ 5,000	\$ 4,986	\$ 5,039	(10)(13)(17)
Aldeyra Therapeutics, Inc.	Senior Secured	October 2024	Prime + 3.10%, Floor rate 8.60%, 8.90% Exit Fee	\$ 15,000	15,879	15,974	(11)
Alladapt Immunotherapeutics Inc.	Senior Secured	September 2026	Prime + 3.65%, Floor rate 8.40%, Cap rate 10.90%, 10.60% Exit Fee	\$ 15,000	14,920	14,920	(13)(17)
AmplifyBio, LLC	Senior Secured	January 2027	Prime + 2.50%, Floor rate 9.50%, Cap rate 10.75%, 5.85% Exit Fee	\$ 24,000	23,663	23,663	(15)
ATAI Life Sciences N.V.	Senior Secured	August 2026	Prime + 4.55%, Floor rate 8.55%, 6.95% Exit Fee	\$ 10,500	10,513	10,513	(5)(10)
Aveo Pharmaceuticals, Inc.	Senior Secured	September 2024	Prime + 6.40%, Floor rate 9.65%, Cap rate 15.00%, 6.95% Exit Fee	\$ 40,000	41,644	43,183	(11)(15)
Axsome Therapeutics, Inc.	Senior Secured	October 2026	Prime + 5.70%, Floor rate 8.95%, Cap rate 10.70%, 5.31% Exit Fee	\$ 81,725	81,631	78,074	(10)(11)(12)(16)(17)
Bicycle Therapeutics PLC	Senior Secured	July 2025	Prime + 4.55%, Floor rate 8.05%, Cap rate 9.05%, 5.00% Exit Fee	\$ 11,500	11,757	11,435	(5)(10)(11)(12)
BiomX, INC	Senior Secured	September 2025	Prime + 5.70%, Floor rate 8.95%, 6.55% Exit Fee	\$ 9,000	9,174	9,052	(5)(10)(11)
BridgeBio Pharma, Inc.	Senior Secured	November 2026	FIXED 9.00%, 2.00% Exit Fee	\$ 37,312	37,039	33,344	(12)(13)(14)
Cellarity, Inc.	Senior Secured	June 2026	Prime + 5.70%, Floor rate 8.95%, 3.75% Exit Fee	\$ 30,000	29,841	30,097	(13)(15)
Century Therapeutics, Inc.	Senior Secured	April 2024	Prime + 6.30%, Floor rate 9.55%, 3.95% Exit Fee	\$ 10,000	10,235	10,292	(11)
Codiak Biosciences, Inc.	Senior Secured	October 2025	Prime + 5.00%, Floor rate 8.25%, 5.50% Exit Fee	\$ 25,000	25,759	25,177	(11)
Corium, Inc.	Senior Secured	September 2026	Prime + 5.70%, Floor rate 8.95%, 7.75% Exit Fee	\$ 132,675	133,557	135,619	(13)(16)
Eloxx Pharmaceuticals, Inc.	Senior Secured	April 2025	Prime + 6.25%, Floor rate 9.50%, 6.55% Exit Fee	\$ 12,500	12,753	12,535	(15)
enGene, Inc.	Senior Secured	July 2025	Prime + 5.00%, Floor rate 8.25%, 6.35% Exit Fee	\$ 11,000	11,072	11,067	(5)(10)(12)(13)
Finch Therapeutics Group, Inc.	Senior Secured	November 2026	Prime + 4.05%, Floor rate 7.55%, Cap rate 8.80%, 5.50% Exit Fee	\$ 15,000	15,012	13,940	
G1 Therapeutics, Inc.	Senior Secured	November 2026	Prime + 5.90%, Floor rate 9.15%, 9.86% Exit Fee	\$ 58,125	58,674	58,407	(11)(12)(15)(17)
Geron Corporation	Senior Secured	October 2024	Prime + 5.75%, Floor rate 9.00%, 6.55% Exit Fee	\$ 18,500	19,109	19,174	(10)(12)(13)
Gritstone Bio, Inc.	Senior Secured	July 2027	Prime + 3.15%, Floor rate 7.15%, Cap rate 8.65%, PIK Interest 2.00%, 5.75% Exit Fee	\$ 15,113	15,109	15,109	(14)(17)
Hibercell, Inc.	Senior Secured	May 2025	Prime + 5.40%, Floor rate 8.65%, 4.95% Exit Fee	\$ 17,000	17,313	17,265	(13)(15)
HilleVax, Inc.	Senior Secured	May 2027	Prime + 1.05%, Floor rate 4.55%, Cap rate 6.05%, PIK Interest 2.85%, 7.15% Exit Fee	\$ 12,072	12,043	11,333	(14)(15)(17)
Iveric Bio, Inc.	Senior Secured	August 2027	Prime + 4.00%, Floor rate 8.75%, Cap rate 10.25%, 4.25% Exit Fee	\$ 49,500	49,090	49,090	(10)(12)
Kura Oncology, Inc.	Senior Secured	November 2027	Prime + 2.40%, Floor rate 8.65%, 15.13% Exit Fee	\$ 5,500	5,448	5,448	(10)(15)(17)
Locus Biosciences, Inc.	Senior Secured	July 2025	Prime + 6.10%, Floor rate 9.35%, 4.95% Exit Fee	\$ 8,000	8,120	8,085	(15)
Madrigal Pharmaceutical, Inc.	Senior Secured	May 2026	Prime + 3.95%, Floor rate 7.45%, 5.35% Exit Fee	\$ 34,000	33,945	33,987	(10)(17)
Nabriva Therapeutics	Senior Secured	June 2023	Prime + 4.30%, Floor rate 9.80%, 9.95% Exit Fee	\$ 2,079	2,734	2,804	(5)(10)(13)
Phathom Pharmaceuticals, Inc.	Senior Secured	October 2026	Prime + 2.25%, Floor rate 5.50%, PIK Interest 3.35%, 7.50% Exit Fee	\$ 94,737	95,032	93,916	(10)(12)(14)(15)(16)(17)(22)
Provention Bio, Inc.	Senior Secured	September 2027	Prime + 2.70%, Floor rate 8.20%, 6.60% Exit Fee	\$ 25,000	24,670	24,670	(17)
Redshift Bioanalytics, Inc.	Senior Secured	January 2026	Prime + 4.25%, Floor rate 7.50%, 3.80% Exit Fee	\$ 5,000	4,957	4,946	(15)
Replimune Group, Inc.	Senior Secured	October 2027	Prime + 1.75%, Floor rate 7.25%, Cap rate 9.00%, PIK Interest 1.50%, 4.95% Exit Fee	\$ 20,754	20,656	20,656	(10)(14)(17)
Scynexis, Inc.	Senior Secured	March 2025	Prime + 5.80%, Floor rate 9.05%, 3.95% Exit Fee	\$ 18,667	18,675	18,698	(12)(13)
Seres Therapeutics, Inc.	Senior Secured	October 2024	Prime + 6.40%, Floor rate 9.65%, 4.98% Exit Fee	\$ 37,500	38,638	38,816	(12)(13)
Tarsus Pharmaceuticals, Inc.	Senior Secured	February 2027	Prime + 5.20%, Floor rate 8.45%, 4.75% Exit Fee	\$ 8,250	8,274	8,423	(10)(13)(17)
TG Therapeutics, Inc.	Senior Secured	January 2026	Prime + 2.15%, Floor rate 5.40%, PIK Interest 3.45%, 5.95% Exit Fee	\$ 47,983	47,889	48,649	(10)(11)(12)(14)
uniQure B.V.	Senior Secured	December 2025	Prime + 4.70%, Floor rate 7.95%, 7.28% Exit Fee	\$ 70,000	72,329	73,019	(5)(10)(11)(12)(16)

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**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2022**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor <sup>(1)</sup>	Principal Amount	Cost <sup>(2)</sup>	Value	Footnotes
Unity Biotechnology, Inc.	Senior Secured	August 2024	Prime + 6.10%, Floor rate 9.35%, 6.25% Exit Fee	\$ 20,000	\$ 21,079	\$ 20,967	(13)
Valo Health, LLC	Senior Secured	May 2024	Prime + 6.45%, Floor rate 9.70%, 3.85% Exit Fee	\$ 8,146	8,416	8,410	(11)(13)
Viridian Therapeutics, Inc.	Senior Secured	October 2026	Prime + 4.20%, Floor rate 7.45%, Cap rate 8.95%, 4.76% Exit Fee	\$ 2,000	2,012	1,934	(10)(13)(17)
X4 Pharmaceuticals, Inc.	Senior Secured	July 2024	Prime + 3.75%, Floor rate 8.75%, 8.80% Exit Fee	\$ 32,500	33,705	33,700	(11)(12)(13)
<b>Subtotal: Drug Discovery &amp; Development (78.59%)*</b>					<b>1,107,352</b>	<b>1,101,430</b>	
<b>Electronics &amp; Computer Hardware</b>							
Locus Robotics Corp.	Senior Secured	June 2026	Prime + 4.50%, Floor rate 8.00%, 1.00% Exit Fee	\$ 18,281	18,171	18,723	(19)
<b>Subtotal: Electronics &amp; Computer Hardware (1.34%)*</b>					<b>18,171</b>	<b>18,723</b>	
<b>Healthcare Services, Other</b>							
Better Therapeutics, Inc.	Senior Secured	August 2025	Prime + 5.70%, Floor rate 8.95%, 5.95% Exit Fee	\$ 12,000	12,162	12,053	(15)
Blue Sprig Pediatrics, Inc.	Senior Secured	November 2026	1-month LIBOR + 5.00%, Floor rate 6.00%, PIK Interest 4.45%	\$ 51,480	50,813	49,732	(11)(13)(14)
Carbon Health Technologies, Inc.	Senior Secured	March 2025	Prime + 5.60%, Floor rate 8.85%, 4.61% Exit Fee	\$ 46,125	46,552	46,548	(11)(13)(19)
Equality Health, LLC	Senior Secured	February 2026	Prime + 6.25%, Floor rate 9.50%, PIK Interest 1.55%	\$ 53,587	53,164	53,871	(12)(14)
Oak Street Health, Inc.	Senior Secured	October 2027	Prime + 2.45%, Floor rate 7.95%, Cap rate 9.45%, PIK Interest 1.00%, 4.95% Exit Fee	\$ 33,808	33,651	33,651	(10)(14)(17)
<b>Subtotal: Healthcare Services, Other (13.98%)*</b>					<b>196,342</b>	<b>195,855</b>	
<b>Information Services</b>							
Capella Space Corp.	Senior Secured	November 2025	Prime + 5.00%, Floor rate 8.25%, PIK Interest 1.10%, 7.00% Exit Fee	\$ 20,250	20,506	20,574	(14)(15)(19)
Signal Media Limited	Senior Secured	June 2025	Prime + 5.50%, Floor rate 9.00%, Cap rate 12.00%, 3.45% Exit Fee	\$ 750	742	738	(5)(10)(17)
Yipit, LLC	Senior Secured	September 2026	1-month SOFR + 9.08%, Floor rate 10.08%	\$ 31,875	31,371	30,763	(17)(18)
<b>Subtotal: Information Services (3.72%)*</b>					<b>52,619</b>	<b>52,075</b>	
<b>Manufacturing Technology</b>							
Bright Machines, Inc.	Senior Secured	April 2025	Prime + 4.00%, Floor rate 9.50%, 5.00% Exit Fee	\$ 11,050	10,832	10,832	(13)
MacroFab, Inc.	Senior Secured	March 2026	Prime + 4.35%, Floor rate 7.60%, PIK Interest 1.25%, 4.50% Exit Fee	\$ 17,137	16,766	16,917	(14)(17)
Ouster, Inc.	Senior Secured	May 2026	Prime + 6.15%, Floor rate 9.40%, 7.45% Exit Fee	\$ 14,000	13,970	14,204	(10)(13)
<b>Subtotal: Manufacturing Technology (2.99%)*</b>					<b>41,568</b>	<b>41,953</b>	
<b>Semiconductors</b>							
Fungible, Inc.	Senior Secured	December 2024	Prime + 5.00%, Floor rate 8.25%, 4.95% Exit Fee	\$ 20,000	19,639	21,192	(15)(19)
<b>Subtotal: Semiconductors (1.51%)*</b>					<b>19,639</b>	<b>21,192</b>	
<b>Software</b>							
3GTMS, LLC	Senior Secured	February 2025	3-month LIBOR + 9.28%, Floor rate 10.28%	\$ 10,426	10,291	10,317	(11)(18)
	Senior Secured	February 2025	3-month LIBOR + 6.57%, Floor rate 7.57%	\$ 2,750	2,744	2,681	(18)
Total 3GTMS, LLC				\$ 13,176	13,035	12,998	
Agilence, Inc.	Senior Secured	October 2026	1-month BSBY + 9.00%, Floor rate 10.00%	\$ 9,306	9,088	8,977	(12)(17)(18)
Alchemer LLC	Senior Secured	May 2028	1-month SOFR + 7.89%, Floor rate 8.89%	\$ 20,463	19,999	20,123	(17)(18)
Annex Cloud	Senior Secured	February 2027	1-month BSBY + 8.99%, Floor rate 10.00%	\$ 8,500	8,292	8,176	(13)(17)
Automation Anywhere, Inc.	Senior Secured	September 2027	Prime + 4.25%, Floor rate 9.00%, 2.50% Exit Fee	\$ 19,600	19,059	19,059	(11)(17)(19)
Babel Street	Senior Secured	December 2027	3-month SOFR + 7.89%, Floor rate 8.89%	\$ 45,000	43,801	43,801	(15)(17)(18)

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**HERCULES CAPITAL, INC.**  
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**(dollars in thousands)**

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor <sup>(1)</sup>	Principal Amount	Cost <sup>(2)</sup>	Value	Footnotes
Brain Corporation	Senior Secured	April 2025	Prime + 3.70%, Floor rate 6.95%, PIK Interest 1.00%, 3.95% Exit Fee	\$ 20,166	\$ 20,242	\$ 20,138	(13)(14)(15)(17)
Campaign Monitor Limited	Senior Secured	November 2025	6-month SOFR + 8.90%, Floor rate 9.90%	\$ 33,000	32,578	33,000	(13)(19)
Catchpoint Systems, Inc.	Senior Secured	June 2026	3-month SOFR + 8.86%, Floor rate 9.76%	\$ 10,175	9,980	9,996	(18)
Ceros, Inc.	Senior Secured	September 2026	6-month LIBOR + 9.67%, Floor rate 10.67%	\$ 21,445	21,003	21,050	(17)(18)
CloudBolt Software, Inc.	Senior Secured	October 2024	Prime + 6.70%, Floor rate 9.95%, 3.45% Exit Fee	\$ 10,000	10,069	10,498	(11)(19)
Constructor.io Corporation	Senior Secured	July 2027	1-month SOFR + 8.44%, Floor rate 9.44%	\$ 4,688	4,573	4,573	(17)(18)
Convoy, Inc.	Senior Secured	March 2026	Prime + 3.20%, Floor rate 6.45%, PIK Interest 1.95%, 4.55% Exit Fee	\$ 73,987	73,060	73,498	(14)(16)(19)
Copper CRM, Inc	Senior Secured	March 2025	Prime + 4.50%, Floor rate 8.25%, Cap rate 10.25%, PIK Interest 1.95%, 4.50% Exit Fee	\$ 10,144	10,150	9,820	(11)(14)
Cutover, Inc.	Senior Secured	October 2025	Prime + 5.20%, Floor rate 9.95%, 4.95% Exit Fee	\$ 5,000	4,949	4,949	(5)(10)(12)(17)
Cybermaxx Intermediate Holdings, Inc.	Senior Secured	August 2026	6-month SOFR + 9.53%, Floor rate 10.28%	\$ 10,528	10,298	10,114	(13)(17)
Dashlane, Inc.	Senior Secured	July 2025	Prime + 3.05%, Floor rate 7.55%, PIK Interest 1.10%, 4.95% Exit Fee	\$ 31,930	32,346	32,012	(11)(13)(14)(17)(19)
Demandbase, Inc.	Senior Secured	August 2025	Prime + 2.25%, Floor rate 5.50%, PIK Interest 3.00%, 5.00% Exit Fee	\$ 28,503	28,442	28,664	(13)(14)(17)(19)
Dispatch Technologies, Inc.	Senior Secured	April 2028	3-month SOFR + 8.01%, Floor rate 8.76%	\$ 7,500	7,295	7,339	(17)(18)
Eigen Technologies Ltd.	Senior Secured	April 2025	Prime + 5.10%, Floor rate 8.35%, 2.95% Exit Fee	\$ 3,750	3,744	3,746	(5)(10)
Elation Health, Inc.	Senior Secured	March 2026	Prime + 4.25%, Floor rate 9.00%, PIK Interest 1.95%, 3.95% Exit Fee	\$ 5,021	4,839	4,839	(14)(17)(19)
Enmark Systems, Inc.	Senior Secured	September 2026	3-month LIBOR + 6.77%, Floor rate 7.77%, PIK Interest 2.16%	\$ 8,223	8,054	8,043	(11)(14)(17)(18)
Esentire, Inc.	Senior Secured	May 2024	3-month LIBOR + 9.96%, Floor rate 10.96%	\$ 8,436	8,361	8,376	(5)(10)(11)(18)
Esme Learning Solutions, Inc.	Senior Secured	February 2025	Prime + 5.50%, Floor rate 8.75%, PIK Interest 1.50%, 3.00% Exit Fee	\$ 4,892	4,737	1,671	(8)(14)
Fortified Health Security	Senior Secured	December 2027	6-month SOFR + 7.79%, Floor rate 8.54%	\$ 7,000	6,824	6,824	(17)(18)
Flight Schedule Pro, LLC	Senior Secured	October 2027	1-month SOFR + 7.79%, Floor rate 8.70%	\$ 5,948	5,771	5,771	(17)(18)
Ikon Science Limited	Senior Secured	October 2024	3-month Eurodollar + 9.00%, Floor rate 10.00%	\$ 6,563	6,422	6,484	(5)(10)(17)(18)
Imperva, Inc.	Senior Secured	January 2027	3-month LIBOR + 7.75%, Floor rate 8.75%	\$ 20,000	19,875	20,200	(19)
Kazoo, Inc. (p.k.a. YouEarnedIt, Inc.)	Senior Secured	July 2023	3-month SOFR + 10.14%, Floor rate 11.14%	\$ 10,681	10,593	10,593	(18)
Khoros (p.k.a. Lithium Technologies)	Senior Secured	January 2024	3-month SOFR + 8.00%, Floor rate 9.00%	\$ 56,208	56,062	55,520	(17)
LogicSource	Senior Secured	July 2027	3-month SOFR + 8.93%, Floor rate 9.93%	\$ 13,300	13,028	13,028	(17)
Logicworks	Senior Secured	January 2024	Prime + 7.50%, Floor rate 10.75%	\$ 14,500	14,398	14,473	(12)
Mobile Solutions Services	Senior Secured	December 2025	3-month LIBOR + 9.06%, Floor rate 10.06%	\$ 17,915	17,556	17,474	(17)(18)

See notes to consolidated financial statements

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2022**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor <sup>(1)</sup>	Principal Amount	Cost <sup>(2)</sup>	Value	Footnotes
Nextroll, Inc.	Senior Secured	July 2023	Prime + 3.75%, Floor rate 7.75%, PIK Interest 2.95%, 1.95% Exit Fee	\$ 22,211	\$ 22,284	\$ 22,284	(12)(14)
Nuvolo Technologies Corporation	Senior Secured	July 2025	Prime + 5.25%, Floor rate 8.50%, 2.42% Exit Fee	\$ 22,500	22,508	22,817	(12)(13)(17)(19)
Omeda Holdings, LLC	Senior Secured	July 2027	3-month SOFR + 8.05%, Floor rate 9.05%	\$ 7,500	7,261	7,261	(17)(18)
Riviera Partners LLC	Senior Secured	April 2027	6-month SOFR + 7.53%, Floor rate 8.53%	\$ 26,184	25,622	25,487	(17)(18)
Salary.com, LLC	Senior Secured	September 2027	6-month SOFR + 8.00%, Floor rate 9.00%	\$ 18,000	17,654	17,654	(18)
ShadowDragon, LLC	Senior Secured	December 2026	3-month LIBOR + 9.00%, Floor rate 10.00%	\$ 5,985	5,841	5,830	(17)(18)
Tact.ai Technologies, Inc.	Senior Secured	February 2024	Prime + 4.00%, Floor rate 8.75%, PIK Interest 2.00%, 5.50% Exit Fee	\$ 4,250	4,481	4,446	(14)
ThreatConnect, Inc.	Senior Secured	May 2026	6-month LIBOR + 9.00%, Floor rate 10.00%	\$ 11,032	10,778	10,793	(17)(18)
VideoAmp, Inc.	Senior Secured	February 2025	Prime + 3.70%, Floor rate 6.95%, PIK Interest 1.25%, 5.25% Exit Fee	\$ 63,187	62,640	63,429	(14)(15)(19)
Zappi, Inc.	Senior Secured	December 2027	3-month SOFR + 8.03%, Floor rate 9.03%	\$ 9,000	8,779	8,779	(5)(10)(17)(18)
Zimperium, Inc.	Senior Secured	May 2027	3-month SOFR + 8.31%, Floor rate 9.31%	\$ 16,313	16,000	16,072	(17)(18)
<b>Subtotal: Software (54.28%)*</b>						<u>762,371</u>	<u>760,679</u>
<b>Sustainable and Renewable Technology</b>							
Ampion, PBC	Senior Secured	May 2025	Prime + 4.70%, Floor rate 7.95%, PIK Interest 1.45%, 3.95% Exit Fee	\$ 4,037	3,985	4,008	(13)(14)
Pineapple Energy LLC	Senior Secured	December 2024	PIK Interest 10.00%	\$ 3,237	3,237	3,006	(14)
<b>Subtotal: Sustainable and Renewable Technology (0.50%)*</b>						<u>7,222</u>	<u>7,014</u>
<b>Total: Debt Investments (199.47%)*</b>						<u>\$ 2,818,060</u>	<u>\$ 2,795,444</u>

Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
<b>Equity Investments</b>							
<b>Consumer &amp; Business Products</b>							
Grove Collaborative, Inc.	Equity	4/30/2021	Common Stock	61,300	\$ 433	\$ 24	(4)
Savage X Holding, LLC	Equity	4/30/2010	Class A Units	42,137	13	226	
TechStyle, Inc.	Equity	4/30/2010	Common Stock	42,989	128	132	
TFG Holding, Inc.	Equity	4/30/2010	Common Stock	42,989	89	116	
<b>Subtotal: Consumer &amp; Business Products (0.04%)*</b>					<u>663</u>	<u>498</u>	
<b>Consumer &amp; Business Services</b>							
Carwow LTD	Equity	12/15/2021	Preferred Series D-4	199,742	1,151	257	(5)(10)
DoorDash, Inc.	Equity	12/20/2018	Common Stock	81,996	945	4,003	(4)
Lyft, Inc.	Equity	12/26/2018	Common Stock	100,738	5,263	1,110	(4)
Nerdy Inc.	Equity	9/17/2021	Common Stock	100,000	1,000	225	(4)
OfferUp, Inc.	Equity	10/25/2016	Preferred Series A	286,080	1,663	372	
	Equity	10/25/2016	Preferred Series A-1	108,710	632	141	
Total OfferUp, Inc.				394,790	2,295	513	
Oportun	Equity	6/28/2013	Common Stock	48,365	577	266	(4)
Reischling Press, Inc.	Equity	7/31/2020	Common Stock	3,095	39	—	
Rhino Labs, Inc.	Equity	1/24/2022	Preferred Series B-2	7,063	1,000	805	
Tectura Corporation	Equity	5/23/2018	Common Stock	414,994,863	900	—	(7)
	Equity	6/6/2016	Preferred Series BB	1,000,000	—	—	(7)
Total Tectura Corporation				415,994,863	900	—	
Uber Technologies, Inc.	Equity	12/1/2020	Common Stock	32,991	318	816	(4)
<b>Subtotal: Consumer &amp; Business Services (0.57%)*</b>					<u>13,488</u>	<u>7,995</u>	

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**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2022**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
<b>Diversified Financial Services</b>							
Gibraltar Business Capital, LLC	Equity	3/1/2018	Common Stock	830,000	\$ 1,884	\$ 1,107	(7)
	Equity	3/1/2018	Preferred Series A	10,602,752	26,122	14,137	(7)
Total Gibraltar Business Capital, LLC				11,432,752	28,006	15,244	
Hercules Adviser LLC	Equity	3/26/2021	Member Units	1	35	19,153	(7)
Newfront Insurance Holdings, Inc.	Equity	9/30/2021	Preferred Series D-2	210,282	403	472	
<b>Subtotal: Diversified Financial Services (2.49%)*</b>					<b>28,444</b>	<b>34,869</b>	
<b>Drug Delivery</b>							
AcelRx Pharmaceuticals, Inc.	Equity	12/10/2018	Common Stock	8,836	1,329	20	(4)
Aytu BioScience, Inc.	Equity	3/28/2014	Common Stock	13,600	1,500	3	(4)
BioQ Pharma Incorporated	Equity	12/8/2015	Preferred Series D	165,000	500	33	
PDS Biotechnology Corporation	Equity	4/6/2015	Common Stock	2,498	309	33	(4)
<b>Subtotal: Drug Delivery (0.01%)*</b>					<b>3,638</b>	<b>89</b>	
<b>Drug Discovery &amp; Development</b>							
Akero Therapeutics, Inc.	Equity	9/19/2022	Common Stock	38,461	1,000	2,108	(4)(10)
Albireo Pharma, Inc.	Equity	9/14/2020	Common Stock	25,000	1,000	540	(4)(10)
Applied Molecular Transport	Equity	4/6/2021	Common Stock	1,000	42	—	(4)(10)
Avalo Therapeutics, Inc.	Equity	8/19/2014	Common Stock	9,924	1,000	50	(4)
Aveo Pharmaceuticals, Inc.	Equity	7/31/2011	Common Stock	190,179	1,715	2,843	(4)
Axsome Therapeutics, Inc.	Equity	5/9/2022	Common Stock	127,021	4,165	9,797	(4)(10)(16)
Bicycle Therapeutics PLC	Equity	10/5/2020	Common Stock	98,100	1,871	2,904	(4)(5)(10)
BridgeBio Pharma, Inc.	Equity	6/21/2018	Common Stock	231,329	2,255	1,763	(4)
Concert Pharmaceuticals, Inc.	Equity	2/13/2019	Common Stock	70,796	1,367	413	(4)(10)
Dare Biosciences, Inc.	Equity	1/8/2015	Common Stock	13,550	1,000	11	(4)
Dynavax Technologies	Equity	7/22/2015	Common Stock	20,000	550	213	(4)(10)
Gritstone Bio, Inc.	Equity	10/26/2022	Common Stock	442,477	1,000	1,527	(4)
Hibercell, Inc.	Equity	5/7/2021	Preferred Series B	3,466,840	4,250	2,233	(15)
HilleVax, Inc.	Equity	5/3/2022	Common Stock	235,295	4,000	3,937	(4)
Humanigen, Inc.	Equity	3/31/2021	Common Stock	43,243	800	5	(4)(10)
NorthSea Therapeutics	Equity	12/15/2021	Preferred Series C	983	2,000	1,476	(5)(10)
Paratek Pharmaceuticals, Inc.	Equity	2/26/2007	Common Stock	76,362	2,744	143	(4)
Rocket Pharmaceuticals, Ltd.	Equity	8/22/2007	Common Stock	944	1,500	18	(4)
Savara, Inc.	Equity	8/11/2015	Common Stock	11,119	203	17	(4)
Sio Gene Therapies, Inc.	Equity	2/2/2017	Common Stock	16,228	1,269	7	(4)
Tarsus Pharmaceuticals, Inc.	Equity	5/5/2022	Common Stock	155,555	2,100	2,280	(4)(10)
Tricida, Inc.	Equity	2/28/2018	Common Stock	68,816	863	11	(4)
uniQure B.V.	Equity	1/31/2019	Common Stock	17,175	332	389	(4)(5)(10)(16)
Valo Health, LLC	Equity	12/11/2020	Preferred Series B	510,308	3,000	2,063	
	Equity	10/31/2022	Preferred Series C	170,102	1,000	1,012	
Total Valo Health, LLC				680,410	4,000	3,075	
X4 Pharmaceuticals, Inc.	Equity	11/26/2019	Common Stock	1,566,064	2,945	1,555	(4)
<b>Subtotal: Drug Discovery &amp; Development (2.66%)*</b>					<b>43,971</b>	<b>37,315</b>	
<b>Electronics &amp; Computer Hardware</b>							
Locus Robotics Corp.	Equity	11/17/2022	Preferred Series F	15,116	650	606	
Skydio, Inc.	Equity	3/8/2022	Preferred Series E	248,900	1,500	915	
<b>Subtotal: Electronics &amp; Computer Hardware (0.11%)*</b>					<b>2,150</b>	<b>1,521</b>	
<b>Healthcare Services, Other</b>							
23andMe, Inc.	Equity	3/11/2019	Common Stock	825,732	5,094	1,784	(4)
Carbon Health Technologies, Inc.	Equity	3/30/2021	Preferred Series C	217,880	1,687	1,110	
<b>Subtotal: Healthcare Services, Other (0.21%)*</b>					<b>6,781</b>	<b>2,894</b>	

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**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2022**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
<b>Information Services</b>							
Planet Labs, Inc.	Equity	6/21/2019	Common Stock	547,880	\$ 615	\$ 2,383	(4)
Yipit, LLC	Equity	12/30/2021	Preferred Series E	41,021	3,825	3,375	
Zeta Global Corp.	Equity	11/20/2007	Common Stock	295,861	—	2,417	(4)
<b>Subtotal: Information Services (0.58%)*</b>					<b>4,440</b>	<b>8,175</b>	
<b>Medical Devices &amp; Equipment</b>							
Coronado Aesthetics, LLC	Equity	10/15/2021	Common Units	180,000	—	6	(7)
	Equity	10/15/2021	Preferred Series A-2	5,000,000	250	313	(7)
Total Coronado Aesthetics, LLC				5,180,000	250	319	
Flowonix Medical Incorporated	Equity	11/3/2014	Preferred Series AA	221,893	1,499	—	
Gelesis, Inc.	Equity	11/30/2009	Common Stock	1,490,700	871	433	(4)
ViewRay, Inc.	Equity	12/16/2013	Common Stock	36,457	333	163	(4)
<b>Subtotal: Medical Devices &amp; Equipment (0.07%)*</b>					<b>2,953</b>	<b>915</b>	
<b>Semiconductors</b>							
Achronix Semiconductor Corporation	Equity	7/1/2011	Preferred Series C	277,995	160	205	
<b>Subtotal: Semiconductors (0.01%)*</b>					<b>160</b>	<b>205</b>	
<b>Software</b>							
3GTMS, LLC	Equity	8/9/2021	Common Stock	1,000,000	1,000	793	
Black Crow AI, Inc. affiliates	Equity	3/24/2021	Preferred Note	3	3,000	3,000	(21)
CapLinked, Inc.	Equity	10/26/2012	Preferred Series A-3	53,614	51	6	
Contentful Global, Inc.	Equity	12/22/2020	Preferred Series C	41,000	138	258	(5)(10)
	Equity	11/20/2018	Preferred Series D	108,500	500	732	(5)(10)
Total Contentful Global, Inc.				149,500	638	990	
Docker, Inc.	Equity	11/29/2018	Common Stock	20,000	4,284	503	
Druva Holdings, Inc.	Equity	10/22/2015	Preferred Series 2	458,841	1,000	1,764	
	Equity	8/24/2017	Preferred Series 3	93,620	300	395	
Total Druva Holdings, Inc.				552,461	1,300	2,159	
HighRoads, Inc.	Equity	1/18/2013	Common Stock	190	307	—	
Lightbend, Inc.	Equity	12/4/2020	Common Stock	38,461	265	24	
Nextdoor.com, Inc.	Equity	8/1/2018	Common Stock	1,019,255	4,854	2,100	(4)
Palantir Technologies	Equity	9/23/2020	Common Stock	1,418,337	8,670	9,106	(4)
SingleStore, Inc.	Equity	11/25/2020	Preferred Series E	580,983	2,000	1,940	
	Equity	8/12/2021	Preferred Series F	52,956	280	221	
Total SingleStore, Inc.				633,939	2,280	2,161	
Sprinklr, Inc.	Equity	3/22/2017	Common Stock	700,000	3,748	5,719	(4)
Verana Health, Inc.	Equity	7/8/2021	Preferred Series E	952,562	2,000	1,023	
ZeroFox, Inc.	Equity	5/7/2020	Common Stock	289,992	101	1,382	(4)(20)
<b>Subtotal: Software (2.07%)*</b>					<b>32,498</b>	<b>28,966</b>	
<b>Surgical Devices</b>							
Gynesonics, Inc.	Equity	1/18/2007	Preferred Series B	219,298	250	—	
	Equity	6/16/2010	Preferred Series C	656,538	282	—	
	Equity	2/8/2013	Preferred Series D	1,991,157	712	—	
	Equity	7/14/2015	Preferred Series E	2,786,367	429	—	
	Equity	12/18/2018	Preferred Series F	1,523,693	118	—	
	Equity	12/18/2018	Preferred Series F-1	2,418,125	150	—	
Total Gynesonics, Inc.				9,595,178	1,941	—	
TransMedics Group, Inc.	Equity	11/7/2012	Common Stock	50,000	538	2,546	(4)
<b>Subtotal: Surgical Devices (0.18%)*</b>					<b>2,479</b>	<b>2,546</b>	
<b>Sustainable and Renewable Technology</b>							
Fulcrum Bioenergy, Inc.	Equity	9/13/2012	Preferred Series C-1	187,265	711	995	
Impossible Foods, Inc.	Equity	5/10/2019	Preferred Series E-1	188,611	2,000	2,173	
Modumetal, Inc.	Equity	6/1/2015	Common Stock	1,035	500	—	
NantEnergy, LLC	Equity	8/31/2013	Common Units	59,665	102	—	
Pineapple Energy LLC	Equity	12/10/2020	Common Stock	304,486	3,153	634	(4)(20)
Pivot Bio, Inc.	Equity	6/28/2021	Preferred Series D	593,080	4,500	2,456	
Proterra, Inc.	Equity	5/28/2015	Common Stock	457,841	542	1,726	(4)
<b>Subtotal: Sustainable and Renewable Technology (0.57%)*</b>					<b>11,508</b>	<b>7,984</b>	
<b>Total: Equity Investments (9.56%)*</b>					<b>\$ 153,173</b>	<b>\$ 133,972</b>	

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**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2022**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
<b>Warrant Investments</b>							
<b>Biotechnology Tools</b>							
Alamar Biosciences, Inc.	Warrant	6/21/2022	Preferred Series B	15,399	\$ 24	\$ 23	
PathAI, Inc.	Warrant	12/23/2022	Common Stock	53,418	461	463	
<b>Subtotal: Biotechnology Tools (0.03%)*</b>					<b>485</b>	<b>486</b>	
<b>Communications &amp; Networking</b>							
Aryaka Networks, Inc.	Warrant	6/28/2022	Common Stock	229,611	123	99	
Spring Mobile Solutions, Inc.	Warrant	4/19/2013	Common Stock	2,834,375	418	—	
<b>Subtotal: Communications &amp; Networking (0.01%)*</b>					<b>541</b>	<b>99</b>	
<b>Consumer &amp; Business Products</b>							
Gadget Guard, LLC	Warrant	6/3/2014	Common Stock	1,662,441	228	—	
Savage X Holding, LLC	Warrant	6/27/2014	Class A Units	206,185	—	1,103	
TechStyle, Inc.	Warrant	7/16/2013	Preferred Series B	206,185	1,101	745	
TFG Holding, Inc.	Warrant	6/27/2014	Common Stock	206,185	—	—	
The Neat Company	Warrant	8/13/2014	Common Stock	54,054	365	—	
Whoop, Inc.	Warrant	6/27/2018	Preferred Series C	686,270	18	475	
<b>Subtotal: Consumer &amp; Business Products (0.17%)*</b>					<b>1,712</b>	<b>2,323</b>	
<b>Consumer &amp; Business Services</b>							
Carwow LTD	Warrant	12/14/2021	Common Stock	174,163	164	34	(5)(10)
Houzz, Inc.	Warrant	10/29/2019	Common Stock	529,661	20	—	
Landing Holdings Inc.	Warrant	3/12/2021	Common Stock	11,806	116	127	(15)
Lendio, Inc.	Warrant	3/29/2019	Preferred Series D	127,032	39	19	
Provi	Warrant	12/22/2022	Common Stock	117,042	166	155	(15)
Rhino Labs, Inc.	Warrant	3/12/2021	Common Stock	13,106	470	308	(15)
RumbleON, Inc.	Warrant	4/30/2018	Common Stock	5,139	88	—	(4)
SeatGeek, Inc.	Warrant	6/12/2019	Common Stock	1,379,761	842	1,332	(12)(16)
Skyword, Inc.	Warrant	11/14/2022	Common Stock	1,607,143	57	43	
Total Skyword, Inc.	Warrant	8/23/2019	Preferred Series B	444,444	83	—	
				2,051,587	140	43	
Snagajob.com, Inc.	Warrant	4/20/2020	Common Stock	600,000	16	43	
	Warrant	6/30/2016	Preferred Series A	1,800,000	782	50	
	Warrant	8/1/2018	Preferred Series B	1,211,537	62	25	
Total Snagajob.com, Inc.				3,611,537	860	118	
Thumbtack, Inc.	Warrant	5/1/2018	Common Stock	267,225	844	280	(12)
Udacity, Inc.	Warrant	9/25/2020	Common Stock	486,359	218	4	(12)
Veem, Inc.	Warrant	3/31/2022	Common Stock	98,428	126	25	
Worldremit Group Limited	Warrant	2/11/2021	Preferred Series D	77,215	129	192	(5)(10)(12)(16)
	Warrant	8/27/2021	Preferred Series E	1,868	26	2	(5)(10)(16)
Total Worldremit Group Limited				79,083	155	194	
<b>Subtotal: Consumer &amp; Business Services (0.19%)*</b>					<b>4,248</b>	<b>2,639</b>	
<b>Drug Delivery</b>							
Aerami Therapeutics Holdings, Inc.	Warrant	9/30/2015	Common Stock	110,882	74	—	
BioQ Pharma Incorporated	Warrant	10/27/2014	Common Stock	459,183	1	—	
PDS Biotechnology Corporation	Warrant	8/28/2014	Common Stock	3,929	390	1	(4)
<b>Subtotal: Drug Delivery (0.00%)*</b>					<b>465</b>	<b>1</b>	
<b>Drug Discovery &amp; Development</b>							
Acacia Pharma Inc.	Warrant	6/29/2018	Common Stock	201,330	304	—	(5)(10)
ADMA Biologics, Inc.	Warrant	2/24/2014	Common Stock	58,000	166	10	(4)
Akero Therapeutics, Inc.	Warrant	6/15/2022	Common Stock	18,360	56	674	(4)(10)
Albireo Pharma, Inc.	Warrant	6/8/2020	Common Stock	5,311	61	31	(4)(10)
AmplifyBio, LLC	Warrant	12/27/2022	Class A Units	69,239	238	256	(15)
Axsome Therapeutics, Inc.	Warrant	9/25/2020	Common Stock	40,396	880	1,590	(4)(10)(12)(16)
Cellarity, Inc.	Warrant	12/8/2021	Preferred Series B	100,000	287	318	(15)
Century Therapeutics, Inc.	Warrant	9/14/2020	Common Stock	16,112	37	3	(4)
Dermavant Sciences Ltd.	Warrant	5/31/2019	Common Stock	223,642	101	199	(5)(10)

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**HERCULES CAPITAL, INC.**  
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Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
enGene, Inc.	Warrant	12/30/2021	Preferred Series 3	133,692	\$ 72	\$ 28	(5)(10)(12)
Evofem Biosciences, Inc.	Warrant	6/11/2014	Common Stock	520	266	—	(4)
Fresh Tracks Therapeutics, Inc. (p.k.a. Brickell Biotech, Inc.)	Warrant	2/18/2016	Common Stock	200	119	—	(4)
Kineta, Inc.	Warrant	12/20/2019	Common Stock	2,202	110	—	(4)
Kura Oncology, Inc.	Warrant	11/2/2022	Common Stock	14,342	88	59	(4)(10)(15)
Madrigal Pharmaceutical, Inc.	Warrant	5/9/2022	Common Stock	10,131	177	1,977	(4)(10)
Myovant Sciences, Ltd.	Warrant	10/16/2017	Common Stock	73,710	460	958	(4)(5)(10)
Paratek Pharmaceuticals, Inc.	Warrant	8/1/2018	Common Stock	426,866	520	34	(4)
Phathom Pharmaceuticals, Inc.	Warrant	9/17/2021	Common Stock	64,687	848	101	(4)(10)(12)(15)(16)
Provention Bio, Inc.	Warrant	9/15/2022	Common Stock	111,934	281	677	(4)
Redshift Bioanalytics, Inc.	Warrant	3/23/2022	Preferred Series E	475,510	20	21	(15)
Scynexis, Inc.	Warrant	5/14/2021	Common Stock	106,035	296	15	(4)(12)
TG Therapeutics, Inc.	Warrant	2/28/2019	Common Stock	231,613	1,033	1,084	(4)(10)(12)
Tricida, Inc.	Warrant	3/27/2019	Common Stock	31,352	280	1	(4)
Valo Health, LLC	Warrant	6/15/2020	Common Units	102,216	256	127	
X4 Pharmaceuticals, Inc.	Warrant	12/9/2022	Common Stock	1,392,787	510	281	(4)
<b>Subtotal: Drug Discovery &amp; Development (0.60%)*</b>					<b>7,466</b>	<b>8,444</b>	
<b>Electronics &amp; Computer Hardware</b>							
908 Devices, Inc.	Warrant	3/15/2017	Common Stock	49,078	101	86	(4)
Locus Robotics Corp.	Warrant	6/21/2022	Common Stock	8,511	34	212	
Skydio, Inc.	Warrant	11/8/2021	Common Stock	622,255	557	975	
<b>Subtotal: Electronics &amp; Computer Hardware (0.09%)*</b>					<b>692</b>	<b>1,273</b>	
<b>Healthcare Services, Other</b>							
Vida Health, Inc.	Warrant	3/28/2022	Common Stock	100,618	114	14	
<b>Subtotal: Healthcare Services, Other (0.00%)*</b>					<b>114</b>	<b>14</b>	
<b>Information Services</b>							
Capella Space Corp.	Warrant	10/21/2021	Common Stock	176,200	207	114	(15)
INMOBI Inc.	Warrant	11/19/2014	Common Stock	65,587	82	—	(5)(10)
NetBase Solutions, Inc.	Warrant	8/22/2017	Preferred Series 1	60,000	356	380	
Signal Media Limited	Warrant	6/29/2022	Common Stock	94,857	35	15	(5)(10)
<b>Subtotal: Information Services (0.04%)*</b>					<b>680</b>	<b>509</b>	
<b>Manufacturing Technology</b>							
Bright Machines, Inc.	Warrant	3/31/2022	Common Stock	392,308	537	1,154	
MacroFab, Inc.	Warrant	3/23/2022	Common Stock	1,111,111	528	1,202	
Xometry, Inc.	Warrant	5/9/2018	Common Stock	87,784	47	1,800	(4)
<b>Subtotal: Manufacturing Technology (0.30%)*</b>					<b>1,112</b>	<b>4,156</b>	
<b>Media/Content/Info</b>							
Fever Labs, Inc.	Warrant	12/30/2022	Preferred Series E-1	221,622	35	35	
<b>Subtotal: Media/Content/Info (0.00%)*</b>					<b>35</b>	<b>35</b>	
<b>Medical Devices &amp; Equipment</b>							
Aspire Bariatrics, Inc.	Warrant	1/28/2015	Common Stock	22,572	455	—	
Flowonix Medical Incorporated	Warrant	11/3/2014	Preferred Series AA	110,946	362	—	
	Warrant	9/21/2018	Preferred Series BB	725,806	351	—	
Total Flowonix Medical Incorporated				836,752	713	—	
Intuity Medical, Inc.	Warrant	12/29/2017	Preferred Series B-1	3,076,323	294	54	
Lucira Health, Inc.	Warrant	2/4/2022	Common Stock	59,642	110	—	(4)
Outset Medical, Inc.	Warrant	9/27/2013	Common Stock	62,794	401	864	(4)
Tela Bio, Inc.	Warrant	3/31/2017	Common Stock	15,712	61	1	(4)
<b>Subtotal: Medical Devices &amp; Equipment (0.07%)*</b>					<b>2,034</b>	<b>919</b>	

See notes to consolidated financial statements

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2022**  
**(dollars in thousands)**

Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
<b>Semiconductors</b>							
Achronix Semiconductor Corporation	Warrant	6/26/2015	Preferred Series D-2	750,000	\$ 99	\$ 524	
Fungible, Inc.	Warrant	12/16/2021	Common Stock	800,000	751	—	(15)
<b>Subtotal: Semiconductors (0.04%)*</b>					<b>850</b>	<b>524</b>	
<b>Software</b>							
Aria Systems, Inc.	Warrant	5/22/2015	Preferred Series G	231,535	74	—	
Automation Anywhere, Inc.	Warrant	9/23/2022	Common Stock	254,778	448	365	
Bitsight Technologies, Inc.	Warrant	11/18/2020	Common Stock	29,691	284	398	
Brain Corporation	Warrant	10/4/2021	Common Stock	194,629	165	61	(15)
CloudBolt Software, Inc.	Warrant	9/30/2020	Common Stock	211,342	117	1	
Cloudian, Inc.	Warrant	11/6/2018	Common Stock	477,454	71	14	
Cloudpay, Inc.	Warrant	4/10/2018	Preferred Series B	6,763	54	400	(5)(10)
Convoy, Inc.	Warrant	3/30/2022	Common Stock	165,456	974	364	(16)
Couchbase, Inc.	Warrant	4/25/2019	Common Stock	105,350	462	488	(4)
Cutover, Inc.	Warrant	9/21/2022	Common Stock	102,898	26	19	(5)(10)(12)
Dashlane, Inc.	Warrant	3/11/2019	Common Stock	453,641	353	168	
Delphix Corp.	Warrant	10/8/2019	Common Stock	718,898	1,594	2,657	
Demandbase, Inc.	Warrant	8/2/2021	Common Stock	727,047	545	180	
DNAexus, Inc.	Warrant	3/21/2014	Preferred Series C	909,091	97	131	
DroneDeploy, Inc.	Warrant	6/30/2022	Common Stock	95,911	278	300	
Eigen Technologies Ltd.	Warrant	4/13/2022	Common Stock	522	8	6	(5)(10)
Elation Health, Inc.	Warrant	9/12/2022	Common Stock	362,837	583	382	
Esme Learning Solutions, Inc.	Warrant	1/27/2022	Common Stock	56,765	198	—	
Evernote Corporation	Warrant	9/30/2016	Common Stock	62,500	107	6	
First Insight, Inc.	Warrant	5/10/2018	Preferred Series B	75,917	96	39	
Fulfil Solutions, Inc.	Warrant	7/29/2022	Common Stock	84,995	325	314	
Lightbend, Inc.	Warrant	2/14/2018	Preferred Series D	89,685	131	1	
Mixpanel, Inc.	Warrant	9/30/2020	Common Stock	82,362	252	225	
Nuvolo Technologies Corporation	Warrant	3/29/2019	Common Stock	70,000	172	175	(12)
Poplicus, Inc.	Warrant	5/28/2014	Common Stock	132,168	—	—	
Reltio, Inc.	Warrant	6/30/2020	Common Stock	69,120	215	298	
			Series Junior 1			—	
SignPost, Inc.	Warrant	1/13/2016	Preferred	474,019	314	—	
SingleStore, Inc.	Warrant	4/28/2020	Preferred Series D	312,596	103	426	
Tact.ai Technologies, Inc.	Warrant	2/13/2020	Common Stock	1,041,667	206	69	
The Faction Group LLC	Warrant	11/3/2014	Preferred Series AA	8,076	234	436	
VideoAmp, Inc.	Warrant	1/21/2022	Common Stock	152,048	1,275	321	(15)
<b>Subtotal: Software (0.59%)*</b>					<b>9,761</b>	<b>8,244</b>	
<b>Surgical Devices</b>							
Gynesonics, Inc.	Warrant	1/16/2013	Preferred Series C	16,835	7	—	
TransMedics Group, Inc.	Warrant	9/11/2015	Common Stock	14,440	39	492	(4)
<b>Subtotal: Surgical Devices (0.04%)*</b>					<b>46</b>	<b>492</b>	
<b>Sustainable and Renewable Technology</b>							
Ampion, PBC	Warrant	4/15/2022	Common Stock	18,472	52	44	
Fulcrum Bioenergy, Inc.	Warrant	4/30/2013	Preferred Series C-1	93,632	64	275	
Halio, Inc.	Warrant	4/22/2014	Preferred Series A	325,000	155	126	
	Warrant	4/7/2015	Preferred Series B	131,883	63	43	
Total Halio, Inc.				456,883	218	169	
IngredientWerks Holdings, Inc. (p.k.a Agrivida, Inc.)	Warrant	6/20/2013	Preferred Series D	471,327	120	—	
Polyera Corporation	Warrant	3/24/2015	Preferred Series C	150,036	269	—	
<b>Subtotal: Sustainable and Renewable Technology (0.03%)*</b>					<b>723</b>	<b>488</b>	
<b>Total: Warrant Investments (2.19%)*</b>					<b>\$ 30,964</b>	<b>\$ 30,646</b>	
<b>Total Investments in Securities (211.21%)*</b>					<b>\$ 3,002,197</b>	<b>\$ 2,960,062</b>	
<b>Investment Funds &amp; Vehicles Investments</b>							
<b>Drug Discovery &amp; Development</b>							
Forbion Growth Opportunities Fund I C.V.	Investment Funds & Vehicles	11/16/2020			2,699	3,080	(5)(10)(17)
Forbion Growth Opportunities Fund II C.V.	Investment Funds & Vehicles	6/23/2022			419	438	(5)(10)(17)
<b>Subtotal: Drug Discovery &amp; Development (0.25%)*</b>					<b>3,118</b>	<b>3,518</b>	
<b>Software</b>							
Liberty Zim Co-Invest L.P.	Investment Funds & Vehicles	7/21/2022			381	375	(5)(10)
<b>Subtotal: Software (0.03%)*</b>					<b>381</b>	<b>375</b>	
<b>Total: Investment Funds &amp; Vehicles Investments (0.28%)*</b>					<b>\$ 3,499</b>	<b>\$ 3,893</b>	
<b>Total Investments (211.49%)*</b>					<b>\$ 3,005,696</b>	<b>\$ 2,963,955</b>	

See notes to consolidated financial statements

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2022**  
**(dollars in thousands)**

- \* Value as a percent of net assets. All amounts are stated in U.S. Dollars unless otherwise noted. The Company uses the Standard Industrial Code for classifying the industry grouping of its portfolio companies.
- (1) Interest rate PRIME represents 7.50% as of December 31, 2022. 1-month LIBOR, 3-month LIBOR, and 6-month LIBOR represent 4.40%, 4.77%, and 5.14%, respectively, as of December 31, 2022.
  - (2) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled \$72.2 million, \$112.0 million, and \$39.8 million, respectively. The tax cost of investments is \$3.0 billion.
  - (3) Preferred and common stock, warrants, and equity interests are generally non-income producing.
  - (4) Except for warrants in 27 publicly traded companies and common stock in 43 publicly traded companies, all investments are restricted as of December 31, 2022 and were valued at fair value using Level 3 significant unobservable inputs as determined in good faith by the Company's valuation committee (the "Valuation Committee") and approved by the board of directors (the "Board").
  - (5) Non-U.S. company or the company's principal place of business is outside the United States.
  - (6) [Reserved]
  - (7) Control investment as defined under the 1940 Act in which Hercules owns at least 25% of the company's voting securities or has greater than 50% representation on its board.
  - (8) Debt is on non-accrual status as of December 31, 2022, and is therefore considered non-income producing. Note that as of December 31, 2022, only the PIK, or payment-in-kind, portion is on non-accrual for the Company's debt investment in Tectura Corporation.
  - (9) Denotes that all or a portion of the debt investment is convertible debt.
  - (10) Indicates assets that the Company deems not "qualifying assets" under section 55(a) of 1940 Act. Qualifying assets must represent at least 70% of the Company's total assets at the time of acquisition of any additional non-qualifying assets.
  - (11) Denotes that all or a portion of the debt investment is pledged as collateral under the SMBC Facility (as defined in "Note 5 — Debt").
  - (12) Denotes that all or a portion of the investment is pledged as collateral under the MUFJ Bank Facility (as defined in "Note 5 — Debt").
  - (13) Denotes that all or a portion of the debt investment secures the 2031 Asset-Backed Notes (as defined in "Note 5 — Debt").
  - (14) Denotes that all or a portion of the debt investment principal includes accumulated PIK interest and is net of repayments.
  - (15) Denotes that all or a portion of the investment in this portfolio company is held by Hercules Capital IV, L.P., the Company's wholly owned small business investment company.
  - (16) Denotes that the fair value of the Company's total investments in this portfolio company represent greater than 5% of the Company's total net assets as of December 31, 2022.
  - (17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company as of December 31, 2022 (Refer to "Note 11 — Commitments and Contingencies").
  - (18) Denotes unitranche debt with first lien "last-out" senior secured position and security interest in all assets of the portfolio company whereby the "last-out" portion will be subordinated to the "first-out" portion in a liquidation, sale or other disposition.
  - (19) Denotes second lien senior secured debt.
  - (20) Denotes all or a portion of the public equity or warrant investment was acquired in a transaction exempt from registration under the Securities Act of 1933 ("Securities Act") and may be deemed to be "restricted securities" under the Securities Act.
  - (21) Denotes investment in a non-voting security in the form of a promissory note. The terms of the notes provide the Company with a lien on the issuers' shares of Common Stock for Black Crow AI, Inc., subject to release upon repayment of the outstanding balance of the notes. As of December 31, 2022, the Black Crow AI, Inc. affiliates promissory notes had an outstanding balance of \$3.0 million.
  - (22) Denotes the security holds rights to royalty fee income associated with certain products of the portfolio company. The approximate cost and fair value of the royalty contract are \$4.6 million and \$3.4 million, respectively.

See notes to consolidated financial statements

**HERCULES CAPITAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**1. Description of Business**

Hercules Capital, Inc. (the “Company”) is a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed and institutional-backed companies in a variety of technology, life sciences, and sustainable and renewable technology industries. The Company sources its investments through its principal office located in Palo Alto, CA, as well as through its additional offices in Boston, MA, New York, NY, Bethesda, MD, San Diego, CA, and London, United Kingdom. The Company was incorporated under the General Corporation Law of the State of Maryland in December 2003.

The Company is an internally 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”). From incorporation through December 31, 2005, the Company was subject to tax as a corporation under Subchapter C of the Internal Revenue Code of 1986, as amended (the “Code”). Effective January 1, 2006, the Company elected to be treated for tax purposes as a Regulated Investment Company (“RIC”) under Subchapter M of the Code (see “Note 6 – Income Taxes”).

The Company does not currently use Commodity Futures Trading Commission (“CFTC”) derivatives. However, to the extent that it uses CFTC derivatives in the future, it intends to do so below prescribed levels and will not market itself as a “commodity pool” or a vehicle for trading such instruments. The Company has claimed an exclusion from the definition of the term “commodity pool operator” under the Commodity Exchange Act (“CEA”), pursuant to Rule 4.5 under the CEA. The Company is not, therefore, subject to registration or regulation as a “commodity pool operator” under the CEA.

Hercules Capital IV, L.P. (“HC IV”) is our wholly owned Delaware limited partnership that was formed in December 2010. HC IV received a license to operate as a Small Business Investment Company (“SBIC”) under the authority of the Small Business Administration (“SBA”) on October 27, 2020. SBICs are subject to a variety of regulations concerning, among other things, the size and nature of the companies in which they may invest and the structure of those investments. Hercules Technology SBIC Management, LLC (“HTM”), is a wholly owned limited liability company subsidiary of the Company, which was formed in November 2003 and serves as the general partner of HC IV.

The Company has also established certain wholly owned subsidiaries, all of which are structured as Delaware corporations or Limited Liability Companies (“LLCs”), to hold portfolio companies organized as LLCs (or other forms of pass-through entities). These subsidiaries are consolidated for financial reporting purposes and in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). Certain of the subsidiaries are taxable and not consolidated with Hercules for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities as a result of their ownership of certain portfolio investments.

The Company formed Hercules Adviser LLC (the “Adviser Subsidiary”) in 2020 as a wholly owned Delaware limited liability subsidiary to provide investment advisory and related services to investment vehicles (“Adviser Funds”) owned by one or more unrelated third-party investors (“External Parties”). The Adviser Subsidiary receives fee income for the services provided to the Adviser Funds. The Company was granted no-action relief by the staff of the Securities and Exchange Commission (“SEC”) to allow the Adviser Subsidiary to register as a registered investment adviser under the Investment Advisers Act of 1940, as amended (“Advisers Act”).

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying consolidated interim financial statements have been prepared in conformity with U.S. GAAP for interim financial information, and pursuant to the requirements for reporting on Form 10-Q and Articles 6, 10 and 12 of Regulation S-X. Accordingly, certain disclosures accompanying annual consolidated financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, all adjustments consisting solely of normal recurring accruals considered necessary for the fair statement of consolidated financial statements for the interim periods have been included. The current period’s results of operations are not necessarily indicative of results that ultimately may be achieved for the full fiscal year. Therefore, the interim unaudited consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2022. The year-end Consolidated Statements of Assets and Liabilities data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. The Company’s functional currency is U.S. dollars (“USD”) and these consolidated financial statements have been prepared in that currency.

As an investment company, the Company follows accounting and reporting guidance as set forth in Topic 946, Financial Services – Investment Companies (“ASC Topic 946”) of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification, as amended (“ASC”). As provided under Regulation S-X and ASC Topic 946, the Company will not consolidate its investment in a portfolio company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Rather, an investment company’s interest in portfolio companies that

are not investment companies should be measured at fair value in accordance with ASC Topic 946. The Adviser Subsidiary is not an investment company as defined in ASC Topic 946 and further, the Adviser Subsidiary provides investment advisory services exclusively to the Adviser Funds which are owned by External Parties. As such pursuant to ASC Topic 946, the Adviser Subsidiary is accounted for as a portfolio investment of the Company held at fair value and is not consolidated.

Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income, expenses, gains and losses during the reported periods. Changes in the economic and regulatory environment, financial markets, the credit worthiness of our portfolio companies, other macro-economic developments (for example, global pandemics, natural disasters, terrorism, international conflicts and war), and any other parameters used in determining these estimates and assumptions could cause actual results to differ from these estimates and assumptions.

### ***Principles of Consolidation***

The Consolidated Financial Statements include the accounts of the Company, its consolidated subsidiaries, and all Variable Interest Entities (“VIE”) of which the Company is the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation.

A VIE is an entity that either (i) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support or (ii) has equity investors who lack the characteristics of a controlling financial interest. The primary beneficiary of a VIE is the party with both the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and the obligation to absorb the losses or the right to receive benefits that could be significant to the VIE.

To assess whether the Company has the power to direct the activities of a VIE that most significantly impact its economic performance, the Company considers all the facts and circumstances including its role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes identifying the activities that most significantly impact the VIE’s economic performance and identifying which party, if any, has power over those activities. In general, the party that makes the most significant decisions affecting the VIE is determined to have the power to direct the activities of a VIE. To assess whether the Company has the obligation to absorb the losses or the right to receive benefits that could potentially be significant to the VIE, the Company considers all of its economic interests, including debt and equity interests, servicing rights and fee arrangements, and any other variable interests in the VIE. If the Company determines that it is the party with the power to make the most significant decisions affecting the VIE, and the Company has a potentially significant interest in the VIE, then it consolidates the VIE.

The Company performs periodic reassessments, usually quarterly, of whether it is the primary beneficiary of a VIE. The reassessment process considers whether the Company has acquired or divested the power to direct the activities of the VIE through changes in governing documents or other circumstances. The Company also reconsiders whether entities previously determined not to be VIEs have become VIEs, based on certain events, and therefore are subject to the VIE consolidation framework.

The Company's Consolidated Financial Statements included the accounts of the securitization trust, a VIE, formed in conjunction with the issuance of the 2031 Asset-Backed Notes (as defined in “Note 5 – Debt”). The assets of the Company's securitization VIE are restricted to be used to settle obligations of its consolidated securitization VIE, which are disclosed parenthetically on the Consolidated Statements of Assets and Liabilities. The liabilities are the only obligations of its consolidated securitization VIE, and the creditors (or beneficial interest holders) do not have recourse to the Company's general credit.

### ***Fair Value Measurements***

The Company follows guidance in ASC Topic 820, Fair Value Measurement (“ASC Topic 820”), where fair value is defined as 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. ASC Topic 820 establishes a framework for measuring the fair value of assets and liabilities and outlines a three-tier hierarchy which maximizes the use of observable market data input and minimizes the use of unobservable inputs to establish a classification of fair value measurements. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as the risk inherent in a particular valuation technique used to measure fair value using a pricing model and/or the risk inherent in the inputs for the valuation technique. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities. ASC Topic 820 also requires disclosure for fair value measurements based on the level within the hierarchy of the information used in the valuation. ASC Topic 820 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value.

The Company categorizes all investments recorded at fair value in accordance with ASC Topic 820 based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by ASC Topic 820 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at Level 1 fair value generally are equities listed in active markets.

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset in connection with market data at the measurement date and for the extent of the instrument's anticipated life. Fair valued assets that are generally included in this category are publicly held debt investments and warrants held in a public company.

Level 3—Inputs reflect management's best estimate of what market participants would use in pricing the asset at the measurement date. It includes prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Generally, assets carried at fair value and included in this category are the debt investments and warrants and equities held in a private company.

### ***Valuation of Investments***

The most significant estimate inherent in the preparation of the Company's consolidated financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded.

As of March 31, 2023, approximately 96.3% of the Company's total assets represented investments in portfolio companies whose fair value is determined in good faith by the Company's Valuation Committee and approved by the Board. Fair Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value is as determined in good faith by the valuation designee of the Board. The Company's investments are carried at fair value in accordance with the 1940 Act and ASC Topic 946 and measured in accordance with ASC Topic 820. The Company's debt securities are primarily invested in venture capital-backed and institutional-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of the Company's investments in these portfolio companies are considered Level 3 assets under ASC Topic 820 because there generally is no known or accessible market or market indexes for these investment securities to be traded or exchanged. As such, the Company values substantially all of its investments at fair value as determined in good faith pursuant to a consistent valuation policy established by the Board in accordance with the provisions of ASC Topic 820 and the 1940 Act. Due to the inherent uncertainty in determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments determined in good faith by the Company's Valuation Committee and approved by the Board may differ significantly from the value that would have been used had a readily available market existed for such investments, and the differences could be material.

In accordance with procedures established by its Board, the Company values investments on a quarterly basis following a multistep valuation process. Pursuant to the amended SEC Rule 2a-5 of the 1940 Act, the Board has designated the Company's Valuation Committee as the "valuation designee". The quarterly Board approved multi-step valuation process is described below:

- (1) The Company's quarterly valuation process begins with each portfolio company being initially valued by the investment professionals responsible for the portfolio investment;
- (2) Preliminary valuation conclusions and business-based assumptions, along with any applicable fair value marks provided by an independent firm, are reviewed with the Company's investment committee and certain member(s) of credit group as necessary;
- (3) The Valuation Committee reviews the preliminary valuations recommended by the investment committee and certain member(s) of the credit group of each investment in the portfolio and determines the fair value of each investment in the Company's portfolio in good faith and recommends the valuation determinations to the Audit Committee of the Board;
- (4) The Audit Committee of the Board provides oversight of the quarterly valuation process in accordance with Rule 2a-5, which includes a review of the quarterly reports prepared by the Valuation Committee, reviews the fair valuation determinations made by the Valuation Committee, and approves such valuations for inclusion in public reporting and disclosures, as appropriate; and
- (5) The Board, upon the recommendation of the Audit Committee, discusses valuations and approves the fair value of each investment in the Company's portfolio.

Investments purchased within the preceding two calendar quarters before the valuation date and debt investments with remaining maturities within 12 months or less may each be valued at cost with interest accrued or discount accreted/premium amortized to the date of maturity, unless such valuation, in the judgment of the Company, does not represent fair value. In this case such investments shall be valued at fair value as determined in good faith by the Valuation Committee and approved by the Board. Investments that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by the Valuation Committee and approved by the Board.

As part of the overall process noted above, the Company engages one or more independent valuation firm(s) to provide management with assistance in determining the fair value of selected portfolio investments each quarter. In selecting which portfolio investments to engage an independent valuation firm, the Company considers a number of factors, including, but not limited to, the potential for material fluctuations in valuation results, size, credit quality, and the time lapse since the last valuation of the portfolio investment by an independent valuation firm. The scope of services rendered by the independent valuation firm is at the discretion of the Valuation Committee and subject to approval of the Board, and the Company may engage an independent valuation firm to value all or some of our portfolio investments. In determining the fair value of a portfolio investment in good faith, the Company recognizes these determinations are made using the best available information that is knowable or reasonably knowable. In addition, changes in the market environment, portfolio company performance and other events that may occur over the duration of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. The change in fair value of each individual investment is recorded as an adjustment to the investment's fair value and the change is reflected in unrealized appreciation or depreciation.

#### *Debt Investments*

The Company's debt securities are primarily invested in venture capital-backed and institutional-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of the Company's investments in these portfolio companies are considered Level 3 assets under ASC Topic 820 because there generally is no known or accessible market or market indexes for debt instruments for these investment securities to be traded or exchanged. The Company may, from time to time, invest in public debt of companies that meet the Company's investment objectives, and to the extent market quotations or other pricing indicators (i.e. broker quotes) are available, these investments are considered Level 1 or 2 assets in line with ASC Topic 820.

In making a good faith determination of the value of the Company's investments, the Company generally starts with the cost basis of the investment, which includes the value attributed to the original issue discount ("OID"), if any, and payment-in-kind ("PIK") interest or other receivables which have been accrued as earned. The Company then applies the valuation methods as set forth below.

The Company assumes the sale of each debt security in a hypothetical market to a hypothetical market participant where buyers and sellers are willing participants. The hypothetical market does not include scenarios where the underlying security was simply repaid or extinguished, but includes an exit concept. The Company determines the yield at inception for each debt investment. The Company then uses senior secured, leveraged loan yields provided by third party providers to calibrate the change in market yields between inception of the debt investment and the measurement date. Industry specific indices and other relevant market data are used to benchmark and assess market-based movements for reasonableness. As part of determining the fair value, the Company also evaluates the collateral for recoverability of the debt investments. The Company considers each portfolio company's credit rating, security liens and other characteristics of the investment to adjust the baseline yield to derive a credit adjusted hypothetical yield for each investment as of the measurement date. The anticipated future cash flows from each investment are then discounted at the hypothetical yield to estimate each investment's fair value as of the measurement date. The Company's process includes an analysis of, among other things, the underlying investment performance, the current portfolio company's financial condition and market changing events that impact valuation, estimated remaining life, current market yield and interest rate spreads of similar securities as of the measurement date.

The Company values debt securities that are traded on a public exchange at the prevailing market price as of the valuation date. For syndicated debt investments, for which sufficient market data is available and liquidity, the Company values debt securities using broker quotes and bond indices amongst other factors. If there is a significant deterioration of the credit quality of a debt investment, the Company may consider other factors to estimate fair value, including the proceeds that would be received in a liquidation analysis.

The Company records unrealized depreciation on investments when it believes that an investment has decreased in value, including where collection of a debt investment is doubtful or, if under the in-exchange premise, when the value of a debt investment is less than amortized cost of the investment. Conversely, where appropriate, the Company records unrealized appreciation if it believes that the underlying portfolio company has appreciated in value and, therefore, that its investment has also appreciated in value or, if under the in-exchange premise, the value of a debt investment is greater than amortized cost.

When originating a debt instrument, the Company generally receives warrants or other equity securities from the borrower. The Company determines the cost basis of the warrants or other equity securities received based upon their respective fair values on the date of receipt in proportion to the total fair value of the debt and warrants or other equity securities received. Any resulting discount on the debt investments from recordation of the warrant or other equity instruments is accreted into interest income over the life of the debt investment.

#### *Equity Securities and Warrants*

Securities that are traded in the over-the-counter markets or on a stock exchange will be valued at the prevailing bid price at period end. The Company has a limited amount of equity securities in public companies. In accordance with the 1940 Act, unrestricted



publicly traded securities for which market quotations are readily available are valued at the closing market quote on the measurement date.

At each reporting date, privately held warrant and equity securities are valued based on an analysis of various factors including, but not limited to, the portfolio company's operating performance and financial condition, general market conditions, price to enterprise value or price to equity ratios, discounted cash flow, valuation comparisons to comparable public companies or other industry benchmarks. When an external event occurs, such as a purchase transaction, public offering, or subsequent equity sale, the pricing indicated by that external event is utilized to corroborate the Company's valuation of the warrant and equity securities. The Company periodically reviews the valuation of its portfolio companies that have not been involved in a qualifying external event to determine if the enterprise value of the portfolio company may have increased or decreased since the last valuation measurement date. Absent a qualifying external event, the Company estimates the fair value of warrants using a Black Scholes OPM. For certain privately held equity securities, the income approach is used, in which the Company converts future amounts (for example, cash flows or earnings) to a net present value. The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that the Company may take into account include, as relevant: applicable market yields and multiples, the portfolio company's capital structure, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, and enterprise value among other factors.

#### *Investment Funds & Vehicles*

The Company applies the practical expedient provided by the ASC Topic 820 relating to investments in certain entities that calculate net asset value ("NAV") per share (or its equivalent). ASC Topic 820 permits an entity holding investments in certain entities that either are investment companies, or have attributes similar to an investment company, and calculate NAV per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share, or its equivalent, without adjustment. Investments which are valued using NAV per share as a practical expedient are not categorized within the fair value hierarchy as per ASC Topic 820.

#### ***Cash, Cash Equivalents, and Restricted Cash***

Cash and cash equivalents consist solely of funds deposited with financial institutions and short-term liquid investments in money market deposit accounts. Cash and cash equivalents are carried at cost, which approximates fair value. As of March 31, 2023, the Company held \$1,728 thousand (Cost basis \$1,703 thousand) of foreign cash. As of December 31, 2022, the Company held \$1,178 thousand (Cost basis \$1,168 thousand) of foreign cash. Restricted cash includes amounts that are held as collateral securing certain of the Company's financing transactions, including amounts held in a securitization trust by trustees related to its 2031 Asset-Backed Notes (refer to "Note 5 – Debt").

#### ***Other Assets***

Other assets generally consist of prepaid expenses, debt issuance costs on our Credit Facilities net of accumulated amortization, fixed assets net of accumulated depreciation, deferred revenues and deposits and other assets, including escrow receivables.

#### ***Escrow Receivables***

Escrow receivables are collected in accordance with the terms and conditions of the escrow agreement. Escrow balances are typically distributed over a period greater than one year and may accrue interest during the escrow period. Escrow balances are measured for collectability on at least a quarterly basis and fair value is determined based on the amount of the estimated recoverable balances and the contractual maturity date.

#### ***Leases***

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets, and operating lease liability obligations in our Consolidated Statements of Assets and Liabilities. The Company recognizes a ROU asset and an operating lease liability for all leases, with the exception of short-term leases which have a term of 12 months or less. ROU assets represent the right to use an underlying asset for the lease term and operating lease liability obligations represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. The Company has lease agreements with lease and non-lease components and has separated these components when determining the ROU assets and the related lease liabilities. As most of the Company's leases do not provide an implicit rate, the Company estimated its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The ROU asset also includes any lease payments made and excludes lease incentives and lease direct costs. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense is recognized on a straight-line basis over the lease term. See "Note 11 – Commitments and Contingencies".

### ***Investment Income Recognition***

The Company's investment portfolio generates interest, fee, and dividend income. The Company records interest income on an accrual basis, recognizing income as earned in accordance with the contractual terms of the loan agreement, to the extent that such amounts are expected to be collected. The Company's Structured Debt investments may generate OID. The OID received upfront typically represents the value of detachable equity, warrants, or another asset obtained in conjunction with the acquisition of debt securities. The OID is accreted into interest income over the term of the loan as a yield enhancement following the effective interest method. Additionally, certain debt investments in the Company's portfolio earn PIK interest. The Company records PIK interest in accordance with the contractual terms of the loan agreement, to the extent that such amounts are expected to be collected. Contractual PIK interest represents contractually deferred interest that is added to the loan balance as principal and is generally due at the end of the loan term.

The Company's loan origination activities generate fee income, which is generally collected in advance and includes loan commitment, facility fees for due diligence and structuring, as well as fees for transaction services and management services rendered by the Company to portfolio companies and other third parties. Loan commitment and facility fees are capitalized and then amortized into income over the contractual life of the loan using the effective interest method. One-off fees for transaction and management services are generally recognized as income in the period when the services are rendered. The Company may also earn loan exit fees, which are contractual fees that are generally received upon the earlier of maturity or prepayment. The Company accretes loan exit fees into interest income following the effective interest method, recognizing income as earned in accordance with the contractual terms of the loan agreement, to the extent that such amounts are expected to be collected.

From time to time, additional fees may be earned by the Company relating to specific loan modifications, prepayments, or other one-off events. These non-recurring fees are either amortized into fee income over the remaining term of the loan commencing in the quarter for loan modifications, or recognized currently as one-time fee income for items such as prepayment penalties, fees related to select covenant default waiver fees, and acceleration of previously deferred loan fees and OID related to early loan pay-off or material modification of the specific debt outstanding.

Debt investments are placed on non-accrual status when it is probable that principal, interest or fees will not be collected according to contractual terms. When a debt investment is placed on non-accrual status, the Company ceases to recognize interest and fee income until the portfolio company has paid all principal and interest due or demonstrated the ability to repay its current and future contractual obligations to the Company. The Company may determine to continue to accrue interest on a loan where the investment has sufficient collateral value to collect all of the contractual amount due and is in the process of collection. Interest collected on non-accrual investments are generally applied to principal.

### ***Realized Gains or Losses***

Realized gains or losses are measured by the difference between the net proceeds from the sale or other realization event and the cost basis of the investment using the specific identification method without regard to unrealized appreciation or depreciation previously recognized, and includes investments charged off during the period, net of recoveries.

### ***Secured Borrowings***

The Company follows the guidance in ASC Topic 860, Transfers and Servicing ("ASC Topic 860"), when accounting for participation and other partial loan sales. Certain loan sales do not qualify for sale accounting under ASC Topic 860 because these sales do not meet the definition of a "participating interest", as defined in the guidance, in order for sale accounting treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest, or which are not eligible for sale accounting treatment remain as an investment on the consolidated balance sheet as required under U.S. GAAP and the proceeds are recorded as a secured borrowing. Secured borrowings are carried at fair value.

### ***Equity Offering Expenses***

The Company's offering expenses are charged against the proceeds from equity offerings when received as a reduction of capital upon completion of an offering of registered securities.

### ***Debt***

The debt of the Company is carried at amortized cost which is comprised of the principal amount borrowed net of any unamortized discount and debt issuance costs. Discounts and issuance costs are accreted to interest expense and loan fees, respectively, using the straight-line method, which closely approximates the effective yield method, over the remaining life of the underlying debt obligations (see "Note 5 – Debt"). Accrued but unpaid interest is included within Accounts payable and accrued liabilities on the Consolidated Statements of Assets and Liabilities. In the event that the debt is extinguished, either partially or in full, before maturity, the Company recognizes the gain or loss in the Consolidated Statements of Operations within net realized gains (losses) as a "Loss on extinguishment of debt".

### ***Debt Issuance Costs***

Debt issuance costs are fees and other direct incremental costs incurred by the Company in obtaining debt financing and are recognized as prepaid expenses and amortized over the life of the related debt instrument using the effective yield method or the straight-line method, which closely approximates the effective yield method. In accordance with ASC Subtopic 835-30, *Interest – Imputation of Interest*, debt issuance costs are presented as a reduction to the associated liability balance on the Consolidated Statements of Assets and Liabilities, except for debt issuance costs associated with line-of-credit arrangements.

### ***Stock-Based Compensation***

The Company has issued and may, from time to time, issue stock options, restricted stock, and other stock based compensation awards to employees and directors. Management follows the guidance set forth under ASC Topic 718, to account for stock-based compensation awards granted. Under ASC Topic 718, compensation expense associated with stock-based compensation is measured at the grant date based on the fair value of the award and is recognized over the vesting period. Determining the appropriate fair value model and calculating the fair value of stock-based awards at the grant date requires judgment. This includes certain assumptions such as stock price volatility, forfeiture rate, expected outcome probability, and expected option life, as applicable to each award. In accordance with ASC Topic 480, certain stock awards are classified as a liability. The compensation expense associated with these awards is recognized in the same manner as all other stock-based compensation. The award liability is recorded as deferred compensation and included in Accounts payable and accrued liabilities.

### ***Income Taxes***

The Company accounts for income taxes in accordance with the provisions of ASC Topic 740 Income Taxes, under which income taxes are provided for amounts currently payable and for amounts deferred based upon the estimated future tax effects of differences between the financial statements and tax basis of assets and liabilities given the provisions of the enacted tax law. Valuation allowances may be used to reduce deferred tax assets to the amount likely to be realized. The Company intends to timely distribute to its stockholders substantially all of its annual taxable income for each year, except that it may retain certain net capital gains for reinvestment and, depending upon the level of taxable income earned in a year, it may choose to carry forward taxable income for distribution in the following year and pay any applicable U.S. federal excise tax.

The Company has elected to be treated as a RIC under Subchapter M of the Code. As such, the Company generally will not be subject to U.S. federal income tax on the portion of taxable income (including gains) distributed as dividends for U.S. federal income tax purposes to stockholders. Taxable income includes the Company's taxable interest, dividend and fee income, reduced by certain deductions, as well as taxable net realized securities gains.

Because taxable income as determined in accordance with U.S. federal tax regulations differ from U.S. GAAP, taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized appreciation or depreciation, as such gains or losses are not included in taxable income until they are realized. Permanent differences are reclassified among capital accounts in the financial statements to reflect their appropriate tax character. Permanent differences may also result from the change in the classification of certain items, such as the treatment of short-term gains as ordinary income for tax purposes. Temporary differences arise when certain items of income, expense, gains or losses are recognized at some time in the future for tax or U.S. GAAP purposes.

As a RIC, the Company will be subject to a 4% non-deductible U.S. federal excise tax on certain undistributed income unless the Company makes distributions treated as dividends for U.S. federal income tax purposes in a timely manner to its stockholders in respect of each calendar year of an amount at least equal to the Excise Tax Avoidance Requirement. The Company will not be subject to this excise tax on any amount on which the Company incurred U.S. federal income tax (such as the tax imposed on a RIC's retained net capital gains).

Depending on the level of taxable income earned in a taxable year, the Company may choose to carry over taxable income in excess of current taxable year distributions treated as dividends for U.S. federal income tax purposes from such taxable income into the next taxable year and incur a 4% excise tax on such taxable income, as required. The maximum amount of excess taxable income that may be carried over for distribution in the next taxable year under the Code is the total amount of distributions treated as dividends for U.S. federal income tax purposes paid in the following taxable year, subject to certain declaration and payment guidelines. To the extent the Company chooses to carry over taxable income into the next taxable year, distributions declared and paid by the Company in a taxable year may differ from the Company's taxable income for that taxable year as such distributions may include the distribution of current taxable year taxable income, the distribution of prior taxable year taxable income carried over into and distributed in the current taxable year, or return of capital.

### ***Earnings Per Share (“EPS”)***

Basic EPS is calculated by dividing net earnings applicable to common stockholders by the weighted average number of common shares outstanding. Common shares outstanding includes common stock and restricted stock for which no future service is required as a condition to the delivery of the underlying common stock. Diluted EPS includes the determinants of basic EPS and, in addition, reflects the dilutive effect of the common stock deliverable pursuant to stock options and to restricted stock for which future service is required as a condition to the delivery of the underlying common stock. In accordance with ASC 260-10-45-60A, the Company uses the two-class method in the computation of basic EPS and diluted EPS, if applicable.

### ***Comprehensive Income***

The Company reports all changes in comprehensive income in the Consolidated Statements of Operations. The Company did not have other comprehensive income for the three months ended March 31, 2023 or 2022. The Company’s comprehensive income is equal to its net increase in net assets resulting from operations.

### ***Distributions***

Distributions to common stockholders are approved by the Board on a quarterly basis and the distribution payable is recorded on the ex-dividend date. The Company maintains an “opt out” dividend reinvestment plan that provides for reinvestment of the Company’s distribution on behalf of the Company’s stockholders, unless a stockholder elects to receive cash. As a result, if the Company declares a distribution, cash distributions will be automatically reinvested in additional shares of its common stock unless the stockholder specifically “opts out” of the dividend reinvestment plan and chooses to receive cash distributions.

### ***Segments***

The Company lends to and invests in portfolio companies in various technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology. The Company separately evaluates the performance of each of its lending and investment relationships. However, because each of these loan and investment relationships has similar business and economic characteristics, they have been aggregated into a single reportable segment.

### **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 consolidated financial statements and related disclosures.

### 3. Fair Value of Financial Instruments

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. 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 March 31, 2023 and December 31, 2022.

(in thousands)				
Description	Balance as of March 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Cash equivalents</b>				
Money Market Fund	\$ 15,000	\$ 15,000	\$ —	\$ —
<b>Other assets</b>				
Escrow Receivables	\$ 803	\$ —	\$ —	\$ 803
<b>Investments</b>				
Senior Secured Debt	\$ 2,910,526	\$ —	\$ —	\$ 2,910,526
Unsecured Debt	58,125	—	—	58,125
Preferred Stock	40,345	—	—	40,345
Common Stock	84,072	49,996	3,592	30,484
Warrants	33,210	—	12,200	21,010
	<u>\$ 3,126,278</u>	<u>\$ 49,996</u>	<u>\$ 15,792</u>	<u>\$ 3,060,490</u>
Investment Funds & Vehicles measured at Net Asset Value <sup>(1)</sup>	3,900			
<b>Total Investments, at fair value</b>	<u>\$ 3,130,178</u>			
<b>Total Investments including Cash equivalents</b>	<u>\$ 3,145,178</u>			

(in thousands)				
Description	Balance as of December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Other assets</b>				
Escrow Receivables	\$ 875	\$ —	\$ —	\$ 875
<b>Investments</b>				
Senior Secured Debt	\$ 2,741,388	\$ —	\$ —	\$ 2,741,388
Unsecured Debt	54,056	—	—	54,056
Preferred Stock	41,488	—	—	41,488
Common Stock	92,484	66,027	1,398	25,059
Warrants	30,646	—	11,227	19,419
	<u>\$ 2,960,062</u>	<u>\$ 66,027</u>	<u>\$ 12,625</u>	<u>\$ 2,881,410</u>
Investment Funds & Vehicles measured at Net Asset Value <sup>(1)</sup>	3,893			
<b>Total Investments, at fair value</b>	<u>\$ 2,963,955</u>			

- (1) In accordance with U.S. GAAP, certain investments are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient and are not categorized within the fair value hierarchy as per ASC 820. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying Consolidated Statement of Assets and Liabilities.

The table below presents a reconciliation of changes for all financial assets and liabilities measured at fair value on a recurring basis, excluding accrued interest components, using significant unobservable inputs (Level 3) for the three months ended March 31, 2023 and 2022.

(in thousands)	Balance as of January 1, 2023	Net Realized Gains (Losses) <sup>(1)</sup>	Net Change in Unrealized Appreciation (Depreciation) <sup>(2)</sup>	Purchases <sup>(5)</sup>	Sales	Repayments <sup>(6)</sup>	Gross Transfers into Level 3 <sup>(3)</sup>	Gross Transfers out of Level 3 <sup>(3)</sup>	Balance as of March 31, 2023
<b>Investments</b>									
Senior Secured Debt	\$ 2,741,388	\$ —	\$ 16,023	\$ 362,781	\$ —	\$ (209,666)	\$ —	\$ —	\$ 2,910,526
Unsecured Debt	54,056	—	3,746	323	—	—	—	—	58,125
Preferred Stock	41,488	—	(1,143)	—	—	—	—	—	40,345
Common Stock	25,059	—	5,632	—	(207)	—	—	—	30,484
Warrants	19,419	(858)	1,508	948	(7)	—	—	—	21,010
<b>Other Assets</b>									
Escrow Receivable	875	26	—	—	(98)	—	—	—	803
<b>Total</b>	<u>\$ 2,882,285</u>	<u>\$ (832)</u>	<u>\$ 25,766</u>	<u>\$ 364,052</u>	<u>\$ (312)</u>	<u>\$ (209,666)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,061,293</u>

(in thousands)	Balance as of January 1, 2022	Net Realized Gains (Losses) <sup>(1)</sup>	Net Change in Unrealized Appreciation (Depreciation) <sup>(2)</sup>	Purchases <sup>(5)</sup>	Sales	Repayments <sup>(6)</sup>	Gross Transfers into Level 3 <sup>(4)</sup>	Gross Transfers out of Level 3 <sup>(4)</sup>	Balance as of March 31, 2022
<b>Investments</b>									
Senior Secured Debt	\$ 2,156,709	\$ (2,010)	\$ (8,696)	\$ 292,683	\$ —	\$ (97,672)	\$ —	\$ (3,504)	\$ 2,337,510
Unsecured Debt	52,890	—	(259)	1,201	—	—	—	—	53,832
Preferred Stock	69,439	2,867	(6,513)	2,903	(4,772)	—	—	(6,422)	57,502
Common Stock	21,968	—	2,241	—	—	—	207	(3,942)	20,474
Warrants	27,477	19	114	3,824	(1,068)	—	—	—	30,366
<b>Other Assets</b>									
Escrow Receivable	561	277	—	167	(345)	—	—	—	660
<b>Total</b>	<u>\$ 2,329,044</u>	<u>\$ 1,153</u>	<u>\$ (13,113)</u>	<u>\$ 300,778</u>	<u>\$ (6,185)</u>	<u>\$ (97,672)</u>	<u>\$ 207</u>	<u>\$ (13,868)</u>	<u>\$ 2,500,344</u>

(1) Included in net realized gains (losses) in the accompanying Consolidated Statements of Operations.

(2) Included in net change in unrealized appreciation (depreciation) in the accompanying Consolidated Statements of Operations.

(3) There were no transfers into or out of Level 3 during the three months ended March 31, 2023.

(4) Transfers out of Level 3 during the three months ended March 31, 2022, related to the initial public offerings of Gelesis, Inc., Pineapple Energy, LLC, and the conversion of Level 3 debt investments into common stock investments. Transfers into Level 3 during the three months ended March 31, 2022 related to the decline of liquidity of Kaleido Biosciences, Inc. shares.

(5) Amounts listed above are inclusive of loan origination fees received at the inception of the loan which are deferred and amortized into fee income as well as the accretion of existing loan discounts and fees during the period. Escrow receivable purchases may include additions due to proceeds held in escrow from the liquidation of level 3 investments. Amounts are net of purchases assigned to the Adviser Funds.

(6) Amounts listed above include the acceleration and payment of loan discounts and loan fees due to early payoffs or restructures along with regularly scheduled amortization.

For the three months ended March 31, 2023, approximately \$1.1 million in net unrealized depreciation and \$5.6 million in net unrealized appreciation relating to assets still held at the reporting date were recorded for preferred stock and common stock Level 3 investments, respectively. For the same period, approximately \$22.6 million and \$0.6 million in net unrealized depreciation was recorded for debt and warrant Level 3 investments, respectively, relating to assets still held at the reporting date.

For the three months ended March 31, 2022, approximately \$7.3 million in net unrealized depreciation and \$2.2 million in net unrealized appreciation relating to assets still held at the reporting date were recorded for preferred stock and common stock Level 3 investments, respectively. For the same period, approximately \$8.0 million and \$0.3 million in net unrealized depreciation was recorded for debt and warrant Level 3 investments, respectively, relating to assets still held at the reporting date.

The following tables provide quantitative information about the Company’s Level 3 fair value measurements as of March 31, 2023 and December 31, 2022. In addition to the techniques and inputs noted in the tables below, according to the Company’s valuation policy, the Company may also use other valuation techniques and methodologies when determining the Company’s fair value measurements. The tables below are not intended to be all-inclusive, but rather provide information on the significant Level 3 inputs as they relate to the Company’s fair value measurements. See the accompanying Consolidated Schedule of Investments for the fair value of the Company’s investments. The methodology for the determination of the fair value of the Company’s investments is discussed in “Note 2 – Summary of Significant Accounting Policies”. The significant unobservable input used in the fair value measurement of the Company’s escrow receivables is the amount recoverable at the contractual maturity date of the escrow receivable.

Investment Type - Level 3 Debt Investments	Fair Value as of March 31, 2023 (in thousands)	Valuation		Range	Weighted Average <sup>(2)</sup>
		Techniques/Methodologies	Unobservable Input <sup>(1)</sup>		
Pharmaceuticals	\$ 993,806	Market Comparable Companies	Hypothetical Market Yield	11.61% - 19.51%	14.55%
	16,343	Liquidation	Premium/(Discount) Collateral Recoverability	(1.50)% - 3.00% 25.00% - 40.00%	0.00% 32.95%
Technology	911,752	Market Comparable Companies	Hypothetical Market Yield	12.25% - 20.11%	15.52%
	21,536	Convertible Note Analysis	Premium/(Discount) Probability weighting of alternative outcomes	(0.75)% - 3.00% 1.00% - 50.00%	0.30% 35.24%
	1,193	Liquidation <sup>(3)</sup>	Probability weighting of alternative outcomes	10.00% - 90.00%	79.54%
Sustainable and Renewable Technology	3,108	Market Comparable Companies	Hypothetical Market Yield	14.69%	14.69%
			Premium/(Discount)	0.75%	0.75%
Lower Middle Market	347,961	Market Comparable Companies	Hypothetical Market Yield	13.78% - 17.14%	13.87%
	7,774	Liquidation <sup>(3)</sup>	Premium/(Discount) Probability weighting of alternative outcomes	(2.00)% - 1.00% 20.00% - 80.00%	(0.44)% 80.00%
<b>Debt Investments for which Cost Approximates Fair Value</b>					
	332,001	Debt Investments originated within 6 months			
	235,746	Imminent Payoffs <sup>(4)</sup>			
	97,431	Debt Investments Maturing in Less than One Year			
	<u>\$ 2,968,651</u>	<b>Total Level 3 Debt Investments</b>			

(1) The significant unobservable inputs used in the fair value measurement of the Company’s debt securities are hypothetical market yields and premiums/(discounts). The hypothetical market yield is defined as the exit price of an investment in a hypothetical market to hypothetical market participants where buyers and sellers are willing participants. The premiums/(discounts) relate to company specific characteristics such as underlying investment performance, security liens, and other characteristics of the investment. Significant increases (decreases) in the inputs in isolation may result in a significantly lower (higher) fair value measurement, depending on the materiality of the investment.

Debt investments in the industries noted in the Company’s Consolidated Schedule of Investments are included in the industries noted above as follows:

- Pharmaceuticals, above, is comprised of debt investments in the “Drug Discovery & Development” and “Healthcare Services, Other” industries.
- Technology, above, is comprised of debt investments in the “Communications & Networking”, “Information Services”, “Consumer & Business Services”, “Media/Content/Info” and “Software” industries.
- Sustainable and Renewable Technology, above, is comprised of debt investments in the “Sustainable and Renewable Technology” industry.
- Lower Middle Market, above, is comprised of debt investments in the “Healthcare Services – Other”, “Consumer & Business Services”, “Diversified Financial Services”, “Sustainable and Renewable Technology”, and “Software” industries.

(2) The weighted averages are calculated based on the fair market value of each investment.

(3) The significant unobservable input used in the fair value measurement of impaired debt securities is the probability weighting of alternative outcomes.

(4) Imminent payoffs represent debt investments that the Company expects to be fully repaid within the next three months, prior to their scheduled maturity date.

Investment Type - Level 3 Debt Investments	Fair Value as of December 31, 2022		Valuation Techniques/Methodologies	Unobservable Input <sup>(1)</sup>	Range	Weighted Average <sup>(2)</sup>
	(in thousands)					
Pharmaceuticals	\$	903,427	Market Comparable Companies	Hypothetical Market Yield Premium/(Discount)	11.74% - 19.04% (0.75)% - 1.75%	15.17% 0.01%
Technology		967,108	Market Comparable Companies	Hypothetical Market Yield Premium/(Discount)	12.05% - 18.53% (1.00)% - 1.50%	15.21% 0.20%
		20,356	Convertible Note Analysis	Probability weighting of alternative outcomes	1.00% - 50.00%	35.79%
		1,671	Liquidation <sup>(3)</sup>	Probability weighting of alternative outcomes	5.00% - 80.00%	48.29%
Sustainable and Renewable Technology		3,006	Market Comparable Companies	Hypothetical Market Yield Premium/(Discount)	14.71% - 14.71% 0.75% - 0.75%	14.71% 0.75%
Lower Middle Market		328,393	Market Comparable Companies	Hypothetical Market Yield Premium/(Discount)	13.68% - 18.49% (2.00)% - 0.75%	14.82% (0.43)%
		8,042	Liquidation <sup>(3)</sup>	Probability weighting of alternative outcomes	20.00% - 80.00%	80.00%

#### Debt Investments for which Cost Approximates Fair Value

	392,168	Debt Investments originated within 6 months
	77,676	Imminent Payoffs <sup>(4)</sup>
	93,597	Debt Investments Maturing in Less than One Year
	<u>\$ 2,795,444</u>	<b>Total Level 3 Debt Investments</b>

(1) The significant unobservable inputs used in the fair value measurement of the Company's debt securities are hypothetical market yields and premiums/(discounts). The hypothetical market yield is defined as the exit price of an investment in a hypothetical market to hypothetical market participants where buyers and sellers are willing participants. The premiums/(discounts) relate to company specific characteristics such as underlying investment performance, security liens, and other characteristics of the investment. Significant increases (decreases) in the inputs in isolation may result in a significantly lower (higher) fair value measurement, depending on the materiality of the investment.

Debt investments in the industries noted in the Company's Consolidated Schedule of Investments are included in the industries noted above as follows:

- Pharmaceuticals, above, is comprised of debt investments in the "Drug Discovery & Development" and "Healthcare Services, Other" industries.
- Technology, above, is comprised of debt investments in the "Communications & Networking", "Information Services", "Consumer & Business Services", "Media/Content/Info" and "Software" industries.
- Sustainable and Renewable Technology, above, is comprised of debt investments in the "Sustainable and Renewable Technology" industry.
- Lower Middle Market, above, is comprised of debt investments in the "Healthcare Services - Other", "Consumer & Business Services", "Diversified Financial Services", "Sustainable and Renewable Technology", and "Software" industries.

(2) The weighted averages are calculated based on the fair market value of each investment.

(3) The significant unobservable input used in the fair value measurement of impaired debt securities is the probability weighting of alternative outcomes.

(4) Imminent payoffs represent debt investments that the Company expects to be fully repaid within the next three months, prior to their scheduled maturity date.



Investment Type - Level 3 Equity and Warrant Investments	Fair Value as of March 31, 2023 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input <sup>(1)</sup>	Range	Weighted Average <sup>(5)</sup>	
Equity Investments	\$ 30,445	Market Comparable Companies	EBITDA Multiple <sup>(2)</sup>	13.3x - 13.3x	13.3x	
			Revenue Multiple <sup>(2)</sup>	0.6x - 20.6x	8.6x	
			Tangible Book Value Multiple <sup>(2)</sup>	1.6x - 1.6x	1.6x	
			Discount for Lack of Marketability <sup>(3)</sup>	3.32% - 33.66%	24.21%	
			Market Adjusted OPM Backsolve	Market Equity Adjustment <sup>(4)</sup>	(85.77)% - 12.32%	(18.51)%
	12,467					
	24,595	Discounted Cash Flow	Discount Rate <sup>(7)</sup>	19.64% - 31.15%	25.66%	
	—	Liquidation	Revenue Multiple <sup>(2)</sup>	2.2x - 2.2x	2.2x	
			Discount for Lack of Marketability <sup>(3)</sup>	86.00% - 86.00%	86.00%	
	3,322	Other <sup>(6)</sup>				
Warrant Investments	13,711	Market Comparable Companies	EBITDA Multiple <sup>(2)</sup>	13.3x - 13.3x	13.3x	
			Revenue Multiple <sup>(2)</sup>	0.3x - 10.3x	3.7x	
			Discount for Lack of Marketability <sup>(3)</sup>	3.32% - 34.08%	23.84%	
			Market Adjusted OPM Backsolve	Market Equity Adjustment <sup>(4)</sup>	(71.90)% - 44.42%	(8.24)%
				7,299		
<b>Total Level 3 Equity and Warrant Investments</b>	<b>\$ 91,839</b>					

- (1) The significant unobservable inputs used in the fair value measurement of the Company's warrant and equity securities are revenue and/or earnings multiples (e.g. EBITDA, EBT, ARR), market equity adjustment factors, and discounts for lack of marketability. 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. For some investments, additional consideration may be given to data from the last round of financing or merger/acquisition events near the measurement date. The significant unobservable input used in the fair value measurement of impaired equity securities is the probability weighting of alternative outcomes.
- (2) Represents amounts used when the Company has determined that market participants would use such multiples when pricing the investments.
- (3) Represents amounts used when the Company has determined market participants would take into account these discounts when pricing the investments.
- (4) Represents the range of changes in industry valuations since the portfolio company's last external valuation event.
- (5) Weighted averages are calculated based on the fair market value of each investment.
- (6) The fair market value of these investments is derived based on recent private market and merger and acquisition transaction prices.
- (7) The discount rate used is based on current portfolio yield adjusted for uncertainty of actual performance and timing in capital deployments.

Investment Type - Level 3 Equity and Warrant Investments	Fair Value as of December 31, 2022 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input <sup>(1)</sup>	Range	Weighted Average <sup>(5)</sup>
Equity Investments	\$ 30,086	Market Comparable Companies	EBITDA Multiple <sup>(2)</sup>	12.4x - 12.4x	12.4x
			Revenue Multiple <sup>(2)</sup>	0.7x - 16.1x	7.4x
			Tangible Book Value Multiple <sup>(2)</sup>	1.6x - 1.6x	1.6x
	13,795	Market Adjusted OPM Backsolve	Discount for Lack of Marketability <sup>(3)</sup>	8.11% - 28.90%	19.79%
			Market Equity Adjustment <sup>(4)</sup>	(97.82)% - 16.34%	(16.69)%
	19,153	Discounted Cash Flow	Discount Rate <sup>(7)</sup>	17.72% - 30.13%	24.46%
—	Liquidation	Revenue Multiple <sup>(2)</sup>	2.1x - 2.1x	2.1x	
3,513	Other <sup>(6)</sup>	Discount for Lack of Marketability <sup>(3)</sup>	85.00% - 85.00%	85.00%	
		Warrant Investments	12,479	Market Comparable Companies	EBITDA Multiple <sup>(2)</sup>
Warrant Investments	12,479	Market Comparable Companies	Revenue Multiple <sup>(2)</sup>	0.6x - 8.8x	3.4x
			Discount for Lack of Marketability <sup>(3)</sup>	8.11% - 32.70%	18.97%
			Market Equity Adjustment <sup>(4)</sup>	(97.82)% - 66.43%	(8.86)%
6,934	Market Adjusted OPM Backsolve	Revenue Multiple <sup>(2)</sup>	6.2x - 6.2x	6.2x	
—	Liquidation	Discount for Lack of Marketability <sup>(3)</sup>	90.00% - 90.00%	90.00%	
6	Other <sup>(6)</sup>				
<b>Total Level 3 Equity and Warrant Investments</b>	<b>\$ 85,966</b>				

- (1) The significant unobservable inputs used in the fair value measurement of the Company's warrant and equity securities are revenue and/or earnings multiples (e.g. EBITDA, EBT, ARR), market equity adjustment factors, and discounts for lack of marketability. 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. For some investments, additional consideration may be given to data from the last round of financing or merger/acquisition events near the measurement date. The significant unobservable input used in the fair value measurement of impaired equity securities is the probability weighting of alternative outcomes.
- (2) Represents amounts used when the Company has determined that market participants would use such multiples when pricing the investments.
- (3) Represents amounts used when the Company has determined market participants would take into account these discounts when pricing the investments.
- (4) Represents the range of changes in industry valuations since the portfolio company's last external valuation event.
- (5) Weighted averages are calculated based on the fair market value of each investment.
- (6) The fair market value of these investments is derived based on recent market transactions.
- (7) The discount rate used is based on current portfolio yield adjusted for uncertainty of actual performance and timing in capital deployments.

The Company believes that the carrying amounts of its financial instruments, other than investments and debt, which consist of cash and cash equivalents, receivables including escrow receivables, accounts payable and accrued liabilities, approximate the fair values of such items due to the short maturity of such instruments. The debt obligations of the Company are recorded at amortized cost and not at fair value on the Consolidated Statements of Assets and Liabilities. The fair value of the Company's outstanding debt obligations are based on observable market trading prices or quotations and unobservable market rates as applicable for each instrument.

As of March 31, 2023 and December 31, 2022, the 2033 Notes were trading on the New York Stock Exchange ("NYSE") at \$23.96 and \$24.59 per unit at par value. The par value at underwriting for the 2033 Notes was \$25.00 per unit. Based on market quotations on or around March 31, 2023 and December 31, 2022, the 2031 Asset-Backed Notes were quoted for 0.940 and 0.951. The fair values of the SBA debentures, July 2024 Notes, February 2025 Notes, June 2025 Notes, June 2025 3-Year Notes, March 2026 A Notes, March 2026 B Notes, September 2026, and January 2027 Notes are calculated based on the net present value of payments over the term of the notes using estimated market rates for similar notes and remaining terms. The fair values of the outstanding debt under the MUFG Bank Facility and the SMBC Facility are equal to their outstanding principal balances as of March 31, 2023 and December 31, 2022.

The following tables provide additional information about the approximate fair value and level in the fair value hierarchy of the Company's outstanding borrowings as of March 31, 2023 and December 31, 2022:

(in thousands)

		March 31, 2023				
Description	Carrying Value	Approximate Fair Value	Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
SBA Debentures	\$ 169,881	\$ 144,551	\$ —	\$ —	\$ 144,551	
July 2024 Notes	104,607	101,978	—	—	101,978	
February 2025 Notes	49,780	47,202	—	—	47,202	
June 2025 Notes	69,636	65,963	—	—	65,963	
June 2025 3-Year Notes	49,655	48,838	—	—	48,838	
March 2026 A Notes	49,724	45,731	—	—	45,731	
March 2026 B Notes	49,699	45,797	—	—	45,797	
September 2026 Notes	321,603	273,775	—	—	273,775	
January 2027 Notes	344,937	300,474	—	—	300,474	
2031 Asset-Backed Notes	148,104	141,000	—	141,000	—	
2033 Notes	38,853	38,336	—	38,336	—	
MUFG Bank Facility <sup>(1)</sup>	121,000	121,000	—	—	121,000	
SMBC Facility	197,000	197,000	—	—	197,000	
<b>Total</b>	<b>\$ 1,714,479</b>	<b>\$ 1,571,645</b>	<b>\$ —</b>	<b>\$ 179,336</b>	<b>\$ 1,392,309</b>	

(in thousands)

		December 31, 2022				
Description	Carrying Value	Approximate Fair Value	Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
SBA Debentures	\$ 169,738	\$ 155,257	\$ —	\$ —	\$ 155,257	
July 2024 Notes	104,533	102,019	—	—	102,019	
February 2025 Notes	49,751	47,044	—	—	47,044	
June 2025 Notes	69,595	64,198	—	—	64,198	
June 2025 3-Year Notes	49,616	47,528	—	—	47,528	
March 2026 A Notes	49,700	45,512	—	—	45,512	
March 2026 B Notes	49,673	45,588	—	—	45,588	
September 2026 Notes	321,358	269,509	—	—	269,509	
January 2027 Notes	344,604	296,826	—	—	296,826	
2031 Asset-Backed Notes	147,957	142,620	—	142,620	—	
2033 Notes	38,826	39,344	—	39,344	—	
MUFG Bank Facility <sup>(1)</sup>	107,000	107,000	—	—	107,000	
SMBC Facility	72,000	72,000	—	—	72,000	
<b>Total</b>	<b>\$ 1,574,351</b>	<b>\$ 1,434,445</b>	<b>\$ —</b>	<b>\$ 181,964</b>	<b>\$ 1,252,481</b>	

(1) In June 2022 the MUFG Bank Facility replaced the Union Bank Facility via an amendment which changed the lead lender.

#### 4. Investments

##### *Control and Affiliate Investments*

As required by the 1940 Act, the Company classifies its investments by level of control. "Control investments" are defined in the 1940 Act as investments in those companies that the Company is deemed to "control". Under the 1940 Act, the Company is generally deemed to "control" a company in which it has invested if it owns 25% or more of the voting securities of such company or has greater than 50% representation on its board. "Affiliate investments" are investments in those companies that are "affiliated companies" of the Company, as defined in the 1940 Act, which are not control investments. The Company is deemed to be an "affiliate" of a company in which it has invested if it owns 5% or more, but generally less than 25%, of the voting securities of such company. "Non-control/non-affiliate investments" are investments that are neither control investments nor affiliate investments. For purposes of determining the classification of its investments, the Company has included consideration of any voting securities or board appointment rights held by the Adviser Funds.

The following table summarizes the Company’s realized gains and losses and changes in unrealized appreciation and depreciation on control and affiliate investments for the three months ended March 31, 2023 and 2022.

(in thousands)

Portfolio Company <sup>(1)</sup>	Type	Fair Value as of March 31, 2023	Interest Income	Fee Income	Three Months Ended March 31, 2023	
					Net Change in Unrealized Appreciation (Depreciation)	Realized Gain (Loss)
<b>Control Investments</b>						
Coronado Aesthetics, LLC	Control	\$ 256	\$ —	\$ —	\$ (63)	\$ —
Gibraltar Acquisition LLC (p.k.a. Gibraltar Business Capital, LLC)	Control	40,701	796	19	3,735	—
Hercules Adviser LLC	Control	36,595	150	—	5,442	—
Tectura Corporation	Control	7,774	170	—	(268)	—
<b>Total Control Investments</b>		<b>\$ 85,326</b>	<b>\$ 1,116</b>	<b>\$ 19</b>	<b>\$ 8,846</b>	<b>\$ —</b>

(in thousands)

Portfolio Company <sup>(1)</sup>	Type	Fair Value as of March 31, 2022	Interest Income	Fee Income	Three Months Ended March 31, 2022	
					Net Change in Unrealized Appreciation (Depreciation)	Realized Gain (Loss)
<b>Control Investments</b>						
Coronado Aesthetics, LLC	Control	\$ 614	\$ —	\$ —	\$ 49	\$ —
Gibraltar Business Capital, LLC	Control	42,622	834	16	(1,227)	—
Hercules Adviser LLC	Control	24,694	111	—	2,554	—
Tectura Corporation	Control	8,347	170	—	78	—
<b>Total Control Investments</b>		<b>\$ 76,277</b>	<b>\$ 1,115</b>	<b>\$ 16</b>	<b>\$ 1,454</b>	<b>\$ —</b>
<b>Affiliate Investments</b>						
Black Crow AI, Inc. <sup>(2)</sup>	Affiliate	\$ —	\$ —	\$ —	\$ (120)	\$ 3,772
Pineapple Energy LLC <sup>(2)</sup>	Affiliate	4,830	1,047	—	873	—
<b>Total Affiliate Investments</b>		<b>\$ 4,830</b>	<b>\$ 1,047</b>	<b>\$ —</b>	<b>\$ 753</b>	<b>\$ 3,772</b>
<b>Total Control &amp; Affiliate Investments</b>		<b>\$ 81,107</b>	<b>\$ 2,162</b>	<b>\$ 16</b>	<b>\$ 2,207</b>	<b>\$ 3,772</b>

- (1) In accordance with Rules 3-09, 4-08(g), and Rule 10-01(b)(1) of Regulation S-X, (“Rule 3-09”, “Rule 4-08(g)”, and “Rule 10-01(b)(1)”, respectively), the Company must determine if its unconsolidated subsidiaries are considered “significant subsidiaries”. As of March 31, 2023 and March 31, 2022, there were no unconsolidated subsidiaries that are considered “significant subsidiaries”.
- (2) As of September 30, 2022, Black Crow AI, Inc. and Pineapple Energy LLC were no longer affiliates as defined under the 1940 Act.

### Portfolio Composition

The following table shows the fair value of the Company’s portfolio of investments by asset class as of March 31, 2023 and December 31, 2022:

(in thousands)

	March 31, 2023		December 31, 2022	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Senior Secured Debt	\$ 2,910,526	93.0%	\$ 2,741,388	92.5%
Unsecured Debt	58,125	1.9%	54,056	1.8%
Preferred Stock	40,345	1.3%	41,488	1.4%
Common Stock	84,072	2.7%	92,484	3.1%
Warrants	33,210	1.0%	30,646	1.1%
Investment Funds & Vehicles	3,900	0.1%	3,893	0.1%
<b>Total</b>	<b>\$ 3,130,178</b>	<b>100.0%</b>	<b>\$ 2,963,955</b>	<b>100.0%</b>

A summary of the Company’s investment portfolio, at value, by geographic location as of March 31, 2023 and December 31, 2022 is shown as follows:

(in thousands)

	March 31, 2023		December 31, 2022	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
United States	\$ 2,829,873	90.4%	\$ 2,670,520	90.1%
United Kingdom	174,678	5.6%	171,629	5.8%
Netherlands	89,952	2.9%	88,915	3.0%
Canada	11,132	0.4%	19,472	0.7%
Israel	19,432	0.6%	9,052	0.3%
Denmark	3,739	0.1%	—	0.0%
Germany	893	0.0%	990	0.0%
Other	479	0.0%	573	0.0%
Ireland	—	0.0%	2,804	0.1%
<b>Total</b>	<b>\$ 3,130,178</b>	<b>100.0%</b>	<b>\$ 2,963,955</b>	<b>100.0%</b>

The following table shows the fair value of the Company's portfolio by industry sector as of March 31, 2023 and December 31, 2022:

(in thousands)	March 31, 2023		December 31, 2022	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Drug Discovery & Development	\$ 1,220,057	39.0%	\$ 1,150,707	38.8%
Software	828,712	26.5%	798,264	26.9%
Consumer & Business Services	474,883	15.2%	439,384	14.8%
Healthcare Services, Other	214,199	6.8%	198,763	6.7%
Communications & Networking	107,201	3.4%	101,833	3.5%
Diversified Financial Services	87,805	2.8%	68,569	2.3%
Information Services	62,039	2.0%	60,759	2.1%
Manufacturing Technology	48,993	1.6%	46,109	1.6%
Biotechnology Tools	33,032	1.1%	32,825	1.1%
Electronics & Computer Hardware	21,476	0.7%	21,517	0.7%
Sustainable and Renewable Technology	12,899	0.4%	15,486	0.5%
Media/Content/Info	9,956	0.3%	35	0.0%
Surgical Devices	4,189	0.1%	3,038	0.1%
Consumer & Business Products	2,593	0.1%	2,821	0.1%
Medical Devices & Equipment	1,155	0.0%	1,834	0.1%
Semiconductors	966	0.0%	21,921	0.7%
Drug Delivery	23	0.0%	90	0.0%
<b>Total</b>	<b>\$ 3,130,178</b>	<b>100.0%</b>	<b>\$ 2,963,955</b>	<b>100.0%</b>

No single portfolio investment represents more than 10% of the fair value of the Company's total investments as of March 31, 2023 or December 31, 2022.

### ***Concentrations of Credit Risk***

The Company's customers are primarily privately held companies and public companies which are active in the "Drug Discovery & Development", "Software", "Consumer & Business Services", "Healthcare Services, Other", and "Communications & Networking" sectors. These sectors are characterized by high margins, high growth rates, consolidation and product and market extension opportunities. Value for companies in these sectors is often vested in intangible assets and intellectual property.

Industry and sector concentrations vary as new loans are recorded and loans are paid off. Loan revenue, consisting of interest, fees, and recognition of gains on equity and warrant or other equity interests, can fluctuate materially when a loan is paid off or a related warrant or equity interest is sold. Revenue recognition in any given year can be highly concentrated among several portfolio companies.

As of March 31, 2023 and December 31, 2022, the Company's ten largest portfolio companies represented approximately 29.5% and 29.0% of the total fair value of the Company's investments in portfolio companies, respectively. As of March 31, 2023 and December 31, 2022, the Company had six and eight portfolio companies, respectively, that represented 5% or more of the Company's net assets. As of March 31, 2023, the Company had four equity investments representing approximately 48.6% of the total fair value of the Company's equity investments, and each represented 5% or more of the total fair value of the Company's equity investments. As of December 31, 2022, the Company had four equity investments which represented approximately 39.8% of the total fair value of the Company's equity investments, and each represented 5% or more of the total fair value of such investments.

### ***Investment Collateral***

In the majority of cases, the Company collateralizes its investments by obtaining a first priority security interest in a portfolio company's assets, which may include its intellectual property. In other cases, the Company may obtain a negative pledge covering a company's intellectual property. The Company's investments were collateralized as follows as of March 31, 2023 and December 31, 2022:

	Percentage of debt investments (at fair value), as of	
	March 31, 2023	December 31, 2022
<b>Senior Secured First Lien</b>		
All assets including intellectual property	44.4%	42.0%
All assets with negative pledge on intellectual property	25.6%	26.1%
"Last-out" with security interest in all of the assets	11.5%	11.6%
<b>Total senior secured first lien position</b>	<b>81.5%</b>	<b>79.7%</b>
Second lien	16.5%	18.4%
Unsecured	2.0%	1.9%
<b>Total debt investments at fair value</b>	<b>100.0%</b>	<b>100.0%</b>

## Investment Income

The Company's investment portfolio generates interest, fee, and dividend income. The composition of the Company's interest income and fee income is as follows:

(in thousands)	Three Months Ended March 31,	
	2023	2022
Contractual interest income	\$ 82,791	\$ 49,544
Exit fee interest income	9,382	6,726
PIK interest income	5,528	4,975
Other interest income <sup>(1)</sup>	2,196	1,007
<b>Total interest income</b>	<b>\$ 99,897</b>	<b>\$ 62,252</b>

(in thousands)	Three Months Ended March 31,	
	2023	2022
Recurring fee income	\$ 2,040	\$ 1,779
Fee income - expired commitments	243	87
Accelerated fee income - early repayments	2,910	1,039
<b>Total fee income</b>	<b>\$ 5,193</b>	<b>\$ 2,905</b>

(1) Other interest income includes OID interest income and interest recorded on other assets.

As of March 31, 2023 and December 31, 2022, unamortized capitalized fee income was recorded as follows:

(in millions)	March 31, 2023	December 31, 2022
Offset against debt investment cost	\$ 44.6	\$ 43.1
Deferred obligation contingent on funding or other milestone	10.9	10.9
<b>Total Unamortized Fee Income</b>	<b>\$ 55.5</b>	<b>\$ 54.0</b>

As of March 31, 2023 and December 31, 2022, loan exit fees receivable were recorded as follows:

(in millions)	March 31, 2023	December 31, 2022
Included within debt investment cost	\$ 33.0	\$ 32.5
Deferred receivable related to expired commitments	3.4	5.0
<b>Total Exit Fees Receivable</b>	<b>\$ 36.4</b>	<b>\$ 37.5</b>

## 5. Debt

As of March 31, 2023 and December 31, 2022, the Company had the following available and outstanding debt:

(in thousands)	March 31, 2023			December 31, 2022		
	Total Available	Principal	Carrying Value <sup>(1)</sup>	Total Available	Principal	Carrying Value <sup>(1)</sup>
SBA Debentures <sup>(2)</sup>	\$ 175,000	\$ 175,000	\$ 169,881	\$ 175,000	\$ 175,000	\$ 169,738
July 2024 Notes	105,000	105,000	104,607	105,000	105,000	104,533
February 2025 Notes	50,000	50,000	49,780	50,000	50,000	49,751
June 2025 Notes	70,000	70,000	69,636	70,000	70,000	69,595
June 2025 3-Year Notes	50,000	50,000	49,655	50,000	50,000	49,616
March 2026 A Notes	50,000	50,000	49,724	50,000	50,000	49,700
March 2026 B Notes	50,000	50,000	49,699	50,000	50,000	49,673
September 2026 Notes	325,000	325,000	321,603	325,000	325,000	321,358
January 2027 Notes	350,000	350,000	344,937	350,000	350,000	344,604
2031 Asset-Backed Notes	150,000	150,000	148,104	150,000	150,000	147,957
2033 Notes	40,000	40,000	38,853	40,000	40,000	38,826
MUFG Bank Facility <sup>(2)(3)</sup>	400,000	121,000	121,000	545,000	107,000	107,000
SMBC Facility <sup>(2)(4)</sup>	400,000	197,000	197,000	225,000	72,000	72,000
<b>Total</b>	<b>\$ 2,215,000</b>	<b>\$ 1,733,000</b>	<b>\$ 1,714,479</b>	<b>\$ 2,185,000</b>	<b>\$ 1,594,000</b>	<b>\$ 1,574,351</b>

(1) Except for the SMBC Facility and MUFG Bank Facility (f.k.a. Union Bank Facility), all carrying values represent the principal amount outstanding less the remaining unamortized debt issuance costs and unaccreted premium or discount, if any, associated with the debt as of the balance sheet date.

(2) Availability subject to the Company meeting the borrowing base requirements.

(3) In June 2022 the MUFG Bank Facility replaced the Union Bank Facility via an amendment which changed the lead lender.

(4) Includes \$175.0 million of available commitment through the letter of credit facility.

Debt issuance costs, net of accumulated amortization, were as follows as of March 31, 2023 and December 31, 2022:

(in thousands)	March 31, 2023		December 31, 2022	
SBA Debentures	\$	5,119	\$	5,262
July 2024 Notes		393		467
February 2025 Notes		220		249
June 2025 Notes		364		405
June 2025 3-Year Notes		345		384
March 2026 A Notes		276		300
March 2026 B Notes		301		327
September 2026 Notes		3,397		3,642
January 2027 Notes		5,063		5,396
2031 Asset-Backed Notes		1,896		2,043
2033 Notes		1,147		1,174
MUFG Bank Facility <sup>(1)</sup>		4,867		1,292
SMBC Facility <sup>(1)</sup>		2,315		1,701
<b>Total</b>	<b>\$</b>	<b>25,703</b>	<b>\$</b>	<b>22,642</b>

- (1) The MUFG Bank Facility (f.k.a. Union Bank Facility) and SMBC Facility, are line-of-credit arrangements, the debt issuance costs associated with these instruments are included within Other assets on the Consolidated Statements of Assets and Liabilities in accordance with ASC Subtopic 835-30.

For the three months ended March 31, 2023, the components of interest expense, related fees, losses on debt extinguishment and cash paid for interest expense for debt were as follows:

(in thousands)	Three Months Ended March 31, 2023				
	Interest expense <sup>(1)</sup>	Amortization of debt issuance cost (loan fees)	Unused facility and other fees (loan fees)	Total interest expense and fees	Cash paid for interest expense
SBA Debentures	\$ 1,125	\$ 144	\$ —	\$ 1,269	\$ 2,262
July 2024 Notes	1,252	74	—	1,326	2,504
February 2025 Notes	535	29	—	564	1,070
June 2025 Notes	754	40	—	794	—
June 2025 3-Year Notes	750	39	—	789	—
March 2026 A Notes	563	24	—	587	1,125
March 2026 B Notes	569	26	—	595	1,139
September 2026 Notes	2,174	204	—	2,378	4,266
January 2027 Notes	3,079	207	—	3,286	5,906
2031 Asset-Backed Notes	1,903	100	—	2,003	1,856
2033 Notes	625	27	—	652	625
MUFG Bank Facility <sup>(2)</sup>	1,713	442	617	2,772	1,837
SMBC Facility	1,583	153	203	1,939	1,250
<b>Total</b>	<b>\$ 16,625</b>	<b>\$ 1,509</b>	<b>\$ 820</b>	<b>\$ 18,954</b>	<b>\$ 23,840</b>

- (1) Interest expense includes amortization of original issue discounts for the three months ended March 31, 2023 of \$42 thousand, \$126 thousand, and \$47 thousand related to the September 2026 Notes, January 2027 Notes, and 2031 Asset-Backed Notes, respectively.
- (2) The June 2022 amendment of the MUFG Bank Facility replaced the Union Bank Facility via an amendment which changed the lead lender.

For the three months ended March 31, 2022, the components of interest expense and related fees and cash paid for interest expense for debt were as follows:

(in thousands)	Three Months Ended March 31, 2022				
	Interest expense <sup>(1)</sup>	Amortization of debt issuance cost (loan fees)	Unused facility and other fees (loan fees)	Total interest expense and fees	Cash paid for interest expense
SBA Debentures	\$ 550	\$ 140	\$ —	\$ 690	\$ 749
2022 Notes <sup>(2)</sup>	1,011	50	—	1,061	2,293
July 2024 Notes	1,252	74	—	1,326	2,504
February 2025 Notes	535	29	—	564	1,070
June 2025 Notes	754	40	—	794	—
March 2026 A Notes	563	24	—	587	1,125
March 2026 B Notes	569	26	—	595	1,138
September 2026 Notes	2,174	204	—	2,378	4,266
January 2027 Notes	2,395	161	—	2,556	—
2033 Notes	625	27	—	652	625
2022 Convertible Notes <sup>(2)</sup>	923	149	—	1,072	5,004
MUFG Bank Facility <sup>(3)</sup>	114	237	567	918	—
SMBC Facility	182	49	65	296	236
<b>Total</b>	<b>\$ 11,647</b>	<b>\$ 1,210</b>	<b>\$ 632</b>	<b>\$ 13,489</b>	<b>\$ 19,010</b>

- (1) Interest expense includes amortization of original issue discounts for the three months ended March 31, 2022 of \$23 thousand, \$112 thousand, \$42 thousand, and \$98 thousand, related to the 2022 Notes, 2022 Convertible Notes, September 2026 Notes, and January 2027 Notes, respectively.
- (2) In February 2022, the Company has fully repaid the aggregate outstanding principal balances and retired 2022 Notes and 2022 Convertible Notes.
- (3) The June 2022 amendment of the MUFG Bank Facility replaced the Union Bank Facility via an amendment which changed the lead lender.

As of March 31, 2023 and December 31, 2022, the Company was in compliance with the terms of all borrowing arrangements. There are no sinking fund requirements for any of the Company's debt.

## ***SBA Debentures***

The Company held the following SBA debentures outstanding principal balances as of March 31, 2023 and December 31, 2022:

(in thousands)

<b>Issuance/Pooling Date</b>	<b>Maturity Date</b>	<b>Interest Rate <sup>(1)</sup></b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
March 26, 2021	September 1, 2031	1.58%	\$ 37,500	\$ 37,500
June 25, 2021	September 1, 2031	1.58%	16,200	16,200
July 28, 2021	September 1, 2031	1.58%	5,400	5,400
August 20, 2021	September 1, 2031	1.58%	5,400	5,400
October 21, 2021	March 1, 2032	3.21%	14,000	14,000
November 1, 2021	March 1, 2032	3.21%	21,000	21,000
November 15, 2021	March 1, 2032	3.21%	5,200	5,200
November 30, 2021	March 1, 2032	3.21%	20,800	20,800
December 20, 2021	March 1, 2032	3.21%	10,000	10,000
December 23, 2021	March 1, 2032	3.21%	10,000	10,000
December 28, 2021	March 1, 2032	3.21%	5,000	5,000
January 14, 2022	March 1, 2032	3.21%	4,500	4,500
January 21, 2022	March 1, 2032	3.21%	20,000	20,000
<b>Total SBA Debentures</b>			<u>\$ 175,000</u>	<u>\$ 175,000</u>

(1) Interest rates are determined initially at issuance and reset to a fixed rate at the debentures pooling date. The rates are inclusive of annual SBA charges.

SBICs are subject to a variety of regulations and oversight by the SBA concerning the size and nature of the companies in which they may invest as well as the structures of those investments. The SBA as part of its oversight periodically examines and audits to determine SBICs compliance with SBA regulations. Our SBIC was in compliance with all SBIC terms, including those pertaining to the SBA Debentures as of March 31, 2023 and December 31, 2022.

HC IV received its license to operate as a SBIC on October 27, 2020. The license has a 10-year term. Through the license, HC IV has access to \$175.0 million of capital through the SBA debenture program, that is in addition to the Company's regulatory capital commitment of \$87.5 million to HC IV. As of March 31, 2023 and December 31, 2022, HC IV has issued a total of \$175.0 million in SBA guaranteed debentures.

As of March 31, 2023, the Company held investments in HC IV in 19 companies with a fair value of approximately \$289.7 million, accounting for approximately 9.3% of the Company's total investment portfolio. Further, HC IV held approximately \$307.7 million in tangible assets which accounted for approximately 9.5% of the Company's total assets as of March 31, 2023.

As of December 31, 2022, the Company held investments in HC IV in 21 companies with a fair value of approximately \$343.7 million, accounting for approximately 11.6% of the Company's total investment portfolio. Further, HC IV held approximately \$348.6 million in tangible assets which accounted for approximately 11.5% of the Company's total assets as of December 31, 2022.

### ***July 2024 Notes***

On July 16, 2019, the Company issued \$105.0 million in aggregate principal amount of 4.77% interest-bearing unsecured notes due on July 16, 2024 (the "July 2024 Notes"), unless repurchased in accordance with their terms, to qualified institutional investors in a private placement notes offering. Interest on the July 2024 Notes is due semiannually. The July 2024 Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

### ***February 2025 Notes***

On February 5, 2020, the Company issued \$50.0 million in aggregate principal amount of 4.28% interest-bearing unsecured notes due February 5, 2025 (the "February 2025 Notes"), unless repurchased in accordance with their terms, to qualified institutional investors in a private placement notes offering. Interest on the February 2025 Notes is due semiannually. The February 2025 Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

### ***June 2025 Notes***

On June 3, 2020, the Company issued \$70.0 million in aggregate principal amount of 4.31% interest-bearing unsecured notes due June 3, 2025 (the "June 2025 Notes"), unless repurchased in accordance with their terms, to qualified institutional investors in a private placement notes offering. Interest on the June 2025 Notes is due semiannually. The June 2025 Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

### ***June 2025 3-Year Notes***

On June 23, 2022, the Company issued \$50.0 million in aggregate principal amount of 6.00% interest-bearing unsecured notes due June 23, 2025 (the "June 2025 3-Year Notes"), unless repurchased in accordance with their terms, to qualified institutional



investors in a private placement notes offering. Interest on the June 2025 3-Year Notes is due semiannually. The June 2025 3-Year Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

#### ***March 2026 A Notes***

On November 4, 2020, the Company issued \$50.0 million in aggregate principal amount of 4.5% interest-bearing unsecured notes due March 4, 2026 (the “March 2026 A Notes”), unless repurchased in accordance with their terms, to qualified institutional investors in a private placement notes offering. Interest on the March 2026 A Notes is due semiannually. The March 2026 A Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

#### ***March 2026 B Notes***

On March 4, 2021, the Company issued \$50.0 million in aggregate principal amount of 4.55% interest-bearing unsecured notes due March 4, 2026 (the “March 2026 B Notes”), unless repurchased in accordance with their terms, to qualified institutional investors in a private placement pursuant note offering. The sale of the March 2026 B Notes generated net proceeds of approximately \$49.5 million. Aggregate offering expenses in connection with the transaction, including fees and commissions, were approximately \$0.5 million. Interest on the March 2026 B Notes is due semiannually. The March 2026 B Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

#### ***September 2026 Notes***

On September 16, 2021, the Company issued \$325.0 million in aggregate principal amount of 2.625% interest-bearing unsecured notes due September 16, 2026 (the “September 2026 Notes”), unless repurchased in accordance with the terms of the Seventh Supplemental Indenture, dated September 16, 2021. The issuance of the September 2026 Notes generated net proceeds of approximately \$320.1 million. The aggregate offering expenses in connection with the transaction, including the underwriter’s discount and commissions, were approximately \$4.1 million of costs and \$0.8 million related to the discount. Interest on the September 2026 Notes is payable semi-annually in arrears on March 16 and September 16 of each year, commencing on March 16, 2022. The September 2026 Notes are general unsecured obligations and rank pari passu, or equally in right of payment, with all outstanding and future unsecured unsubordinated indebtedness issued by the Company. The Company may redeem some or all of the September 2026 Notes at any time, or from time to time, at the redemption price set forth under the terms of the September 2026 Notes Indenture.

#### ***January 2027 Notes***

On January 20, 2022, the Company issued \$350.0 million in aggregate principal amount of 3.375% interest-bearing unsecured notes due January 20, 2027 (the “January 2027 Notes”), unless repurchased in accordance with the terms of the Eight Supplemental Indenture, dated January 20, 2022. The issuance of the January 2027 Notes generated net proceeds of approximately \$343.4 million. The aggregate offering expenses in connection with the transaction, including the underwriter’s discount and commissions, were approximately \$4.1 million of costs and \$2.5 million related to the discount. Interest on the January 2027 Notes is payable semi-annually in arrears on January 20 and July 20 of each year, commencing on July 20, 2022. The January 2027 Notes are general unsecured obligations and rank pari passu, or equally in right of payment, with all outstanding and future unsecured unsubordinated indebtedness issued by the Company. The Company may redeem some or all of the January 2027 Notes at any time, or from time to time, at the redemption price set forth under the terms of the January 2027 Notes Indenture.

#### ***2031 Asset-Backed Notes***

On June 22, 2022, the Company completed a term debt securitization in connection with which an affiliate of the Company issued \$150.0 million in aggregate principal amount of 4.95% interest-bearing asset-backed notes due on July 20, 2031 (the “2031 Asset-Backed Notes”). The 2031 Asset-Backed Notes were issued by Hercules Capital Funding Trust 2022-1 LLC (the “2022 Securitization Issuer”) pursuant to a note purchase agreement, dated as of June 22, 2022, by and among the Company, Hercules Capital Funding 2022-1 LLC, as trust depositor, the 2022 Securitization Issuer, and U.S. Bank Trust Company, N. A., as trustee, and are backed by a pool of senior loans made to certain portfolio companies of the Company and secured by certain assets of those portfolio companies and are to be serviced by the Company. Interest on the 2031 Asset-Backed Notes will be paid, to the extent of funds available.

Under the terms of the 2031 Asset-Backed Notes, the Company is required to maintain a reserve cash balance, funded through proceeds from the sale of the 2031 Asset-Backed Notes and through interest and principal collections from the underlying securitized debt portfolio, which may be used to pay monthly interest and principal payments on the 2031 Asset-Backed Notes. The Company has segregated these funds and classified them as restricted cash. As of March 31, 2023 and December 31, 2022, there was approximately \$7.8 million and \$10.1 million, respectively, of funds segregated as restricted cash related to the 2031 Asset-Backed Notes.

## **2033 Notes**

On September 24, 2018, the Company issued \$40.0 million in aggregate principal amount of 6.25% interest-bearing unsecured notes due October 30, 2033 (the “2033 Notes”), unless repurchased in accordance with the terms of the Sixth Supplemental Indenture to the Base Indenture, dated September 24, 2018. Interest on the 2033 Notes is payable quarterly in arrears on January 30, April 30, July 30, and October 30 of each year. The 2033 Notes trade on the NYSE under the symbol “HCXY.” The 2033 Notes are general unsecured obligations and rank pari passu, or equally in right of payment, with all outstanding and future unsecured unsubordinated indebtedness issued by the Company. The Company may redeem some or all of the 2033 Notes at any time, or from time to time, at the redemption price set forth under the terms of the 2033 Notes indenture after October 30, 2023.

### ***Credit Facilities***

As of March 31, 2023 and December 31, 2022, the Company has two available credit facilities, the MUFG Bank Facility and the SMBC Facility (together, the “Credit Facilities”). For the three months ended March 31, 2023 and year ended December 31, 2022, the weighted average interest rate was 6.96% and 4.51%, respectively, and the average debt outstanding under the Credit Facilities was \$189.5 million and \$127.7 million, respectively.

#### ***MUFG Bank Facility***

On January 13, 2023, the Company entered into a third amended credit facility agreement, which amends the agreement dated as of June 10, 2022. The Company, through a special purpose wholly owned subsidiary, Hercules Funding IV LLC (“Hercules Funding IV”), as borrower, entered into the credit facility (the “MUFG Bank Facility”) with MUFG Bank Ltd. (formerly MUFG Union Bank and known as the “Union Bank Facility”) as the arranger and administrative agent, and the lenders party to the MUFG Bank Facility from time to time.

Under the MUFG Bank Facility, the lenders have made commitments of \$400.0 million, which may be further increased via an accordion feature up to an aggregate \$600.0 million, funded by existing or additional lenders and with the agreement of MUFG Bank and subject to other customary conditions. There can be no assurances that additional lenders will join the MUFG Bank Facility to increase available borrowings. Debt under the MUFG Bank Facility generally bears interest at a rate per annum equal to SOFR plus 2.75% for SOFR loans. The MUFG Bank Facility matures on January 13, 2026, plus a 12-month amortization period, unless sooner terminated in accordance with its terms. The MUFG Bank Facility is secured by all of the assets of Hercules Funding IV. The MUFG Bank Facility requires payment of a non-use fee during the revolving credit availability period.

The MUFG Bank Facility also includes financial and other covenants applicable to the Company and the Company’s subsidiaries, in addition to those applicable to Hercules Funding IV, including covenants relating to certain changes of control of Hercules Funding IV. Among other things, these covenants require the Company to maintain certain financial ratios, including a minimum interest coverage ratio and a minimum tangible net worth with respect to Hercules Funding IV. The MUFG Bank Facility provides for customary events of default, including with respect to payment defaults, breach of representations and covenants, servicer defaults, certain key person provisions, cross default provisions to certain other debt, lien and judgment limitations, and bankruptcy.

#### ***SMBC Facility***

On June 14, 2022, the Company entered into a second amendment to a revolving credit agreement, which amends the revolving credit agreement, dated as of November 9, 2021, with Sumitomo Mitsui Banking Corporation (the “SMBC Facility”), as administrative agent, and the lenders and issuing banks to the SMBC Facility. As of March 31, 2023, the SMBC Facility provides for borrowings in U.S. dollars and certain agreed upon foreign currencies of up to \$225.0 million, from which the Company may access subject to certain conditions. The SMBC Facility contains an accordion feature, in which the Company can increase the credit line up to an aggregate of \$500.0 million, funded by existing or additional lenders and with the agreement of SMBC Bank and subject to other customary conditions. Availability under the SMBC Facility will terminate on November 7, 2025, and the outstanding loans under the SMBC Facility will mature on November 9, 2026. Borrowings under the SMBC Facility are subject to compliance with a borrowing base and an aggregate portfolio balance. The Company’s obligations under the SMBC Facility may in the future be guaranteed by certain of the Company’s subsidiaries and primarily secured by a first priority security interest (subject to certain exceptions) in only certain specified property and assets of the Company and the subsidiary guarantors thereunder.

Additionally in January 2023, the Company entered into a Letter of Credit Facility Agreement (the “SMBC LC Facility”) with Sumitomo Mitsui Banking Corporation that provides for a letter of credit facility with a final maturity date ending on January 13, 2026 and a commitment amount of \$175.0 million as amended. Further, the SMBC LC Facility includes an accordion provision to increase the commitment up to \$400 million, subject to certain conditions. The Company’s obligations under the SMBC LC Facility may in the future be guaranteed by certain of the Company’s subsidiaries and is primarily secured by a first priority security interest (subject to certain exceptions) in only certain specified property and assets of the Company and any subsidiary guarantors thereunder.

Interest under the SMBC Facility is determined by the nature and denomination of the borrowing. Interest rates are determined by the appropriate benchmark rate (SOFR, EURIBOR, Prime, CDOR, or TIBOR) as applicable for the type of borrowing plus an applicable margin adjustment which can range from 0.875% to 2.0% per annum subject to certain conditions. In addition to interest, the SMBC Facility is subject to a non-usage fee of 0.375% per annum (based on the immediately preceding period’s average usage)

on the unused portion of the commitment under the SMBC Facility during the revolving period. The Company is required to pay letter of credit participation fees and a fronting fee on the average daily amount of any lender's exposure with respect to any letters of credit issued under the SMBC Facility.

The SMBC Facility contains customary events of default with customary cure and notice provisions, including, without limitation, nonpayment, misrepresentation of representations and warranties in a material respect, breach of covenant, cross-default and cross-acceleration to other indebtedness and bankruptcy. The SMBC Facility also includes financial and other covenants applicable to the Company and the Company's subsidiaries, including covenants relating to minimum stockholders' equity, asset coverage ratios, and our status as a RIC.

## 6. Income Taxes

To qualify as a RIC, the Company is required to meet certain income and asset diversification tests in addition to distributing dividends of an amount generally at least equal to 90% of its investment company taxable income, as defined by the Code and determined without regard to any deduction for distributions paid, to its stockholders. The amount to be paid out as a distribution is determined by the Board each quarter and is based upon the annual earnings estimated by the management of the Company. To the extent that the Company's earnings fall below the amount of dividend distributions declared, however, a portion of the total amount of the Company's distributions for the fiscal year may be deemed a return of capital for tax purposes to the Company's stockholders.

As previously noted, the determination of taxable income pursuant to U.S. federal income tax regulations differs from U.S. GAAP. As a result, permanent differences are reclassified among capital accounts in the financial statements to reflect their appropriate tax character. During the year ended December 31, 2022, the Company reclassified \$3.0 million from accumulated net realized gains (losses) to additional paid-in capital for book purposes primarily related to net realized gains from portfolio companies which are held in taxable subsidiaries and are not consolidated with the Company for income tax purposes.

Taxable income for the three months ended March 31, 2023, was approximately \$64.1 million or \$0.47 per share. Taxable net realized gains for the same period were \$7.2 million or approximately \$0.05 per share. Taxable income for the three months ended March 31, 2022, was approximately \$33.2 million or \$0.28 per share. Taxable net realized gains for the same period were \$3.7 million or approximately \$0.03 per share.

The aggregate gross unrealized appreciation of the Company's investments over cost for U.S. federal income tax purposes was \$87.9 million and \$72.2 million, as of March 31, 2023 and December 31, 2022, respectively. The aggregate gross unrealized depreciation of the Company's investments under cost for U.S. federal income tax purposes was \$106.6 million and \$112.0 million, as of March 31, 2023 and December 31, 2022, respectively. The net unrealized depreciation over cost for U.S. federal income tax purposes was \$18.7 million as of March 31, 2023 and \$39.8 million as of December 31, 2022. The aggregate cost of securities for U.S. federal income tax purposes was \$3.1 billion and \$3.0 billion as of March 31, 2023 and December 31, 2022, respectively.

As a RIC, the Company is subject to a 4% non-deductible U.S. federal excise tax on certain undistributed income unless the Company makes distributions treated as dividends for U.S. federal income tax purposes in a timely manner to its stockholders in respect of each calendar year of an amount at least equal to the sum of (1) 98% of its ordinary income (taking into account certain deferrals and elections) for each calendar year, (2) 98.2% of its capital gain net income (adjusted for certain ordinary losses) for the 1-year period ending October 31 of each such calendar year and (3) any ordinary income and capital gain net income realized, but not distributed, in preceding calendar years (the "Excise Tax Avoidance Requirement"). The Company will not be subject to this excise tax on any amount on which the Company incurred U.S. federal income tax (such as the tax imposed on a RIC's retained net capital gains).

Depending on the level of taxable income earned in a taxable year, the Company may choose to carry over taxable income in excess of current taxable year distributions from such taxable income into the next taxable year and incur a 4% excise tax on such taxable income, as required. The maximum amount of excess taxable income that may be carried over for distribution in the next taxable year under the Code is the total amount of distributions paid in the following taxable year, subject to certain declaration and payment guidelines. To the extent the Company chooses to carry over taxable income into the next taxable year, distributions declared and paid by the Company in a taxable year may differ from the Company's taxable income for that taxable year as such distributions may include the distribution of current taxable year taxable income, the distribution of prior taxable year taxable income carried over into and distributed in the current taxable year or returns of capital.

For the three months ended March 31, 2023, the Company paid approximately \$4.8 million of income tax, including excise tax, and had \$1.8 million of accrued, but unpaid tax expense as of March 31, 2023. For the three months ended March 31, 2022, the Company paid approximately \$7.1 million of income tax, including excise tax, and had \$0.8 million of accrued, but unpaid tax expense as of March 31, 2022.

Additionally, the Company has taxable subsidiaries which hold certain portfolio investments in an effort to limit potential legal liability and/or comply with source-income type requirements contained in the RIC tax provisions of the Code. These taxable subsidiaries are consolidated for U.S. GAAP and the portfolio investments held by the taxable subsidiaries are included in the Company's consolidated financial statements and are recorded at fair value. These taxable subsidiaries are not consolidated with the

Company for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities as a result of their ownership of certain portfolio investments. Any income generated by these taxable subsidiaries generally would be subject to tax at normal U.S. federal tax rates based on its taxable income.

In accordance with ASC 740, the Company evaluates tax positions taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold, or uncertain tax positions, would be recorded as a tax expense in the current year. It is the Company's policy to recognize accrued interest and penalties, if any, related to unrecognized tax benefits as a component of provision for income taxes. Based on an analysis of the Company's tax position, there are no uncertain tax positions that met the recognition or measurement criteria. The Company is currently not undergoing any tax examinations. The Company does not anticipate any significant increase or decrease in unrecognized tax benefits for the next twelve months. The 2019 - 2021 federal tax years for the Company remain subject to examination by the Internal Revenue Service. The 2018 – 2021 state tax years for the Company remain subject to examination by the state taxing authorities.

## 7. Stockholders' Equity and Distributions

The Company has issued and outstanding 138,596,438 and 133,044,602 shares of common stock as of March 31, 2023 and December 31, 2022, respectively. The Company may from time-to-time issue and sell shares of its common stock through public or At-The-Market ("ATM") offerings. The Company currently sells shares through its equity distribution agreement with JMP Securities LLC ("JMP") and Jefferies LLC ("Jefferies") (the "2022 Equity Distribution Agreement"). The 2022 Equity Distribution Agreement provides that the Company may offer and sell up to 17.5 million shares of its common stock from time to time through JMP or Jefferies, as its sales agents. Sales of the Company's common stock, if any, may be made in negotiated transactions or transactions that are deemed to be "at the market," as defined in Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

The Company issued and sold the following shares of common stock during the three months ended March 31, 2023 and 2022: (in millions, except per share data)

Three Months Ended March 31, Number of Shares Issued	Gross Proceeds	Underwriting Fees/Offering Expenses	Net Proceeds	Average Price/Share
2022	4.9	\$ 86.1	\$ 0.9	\$ 17.54
2023	4.7	\$ 66.2	\$ 0.8	\$ 14.03

The Company generally uses net proceeds from these offerings to make investments, to repurchase or pay down liabilities and for general corporate purposes. As of March 31, 2023, approximately 3.9 million shares remain available for issuance and sale under the current equity distribution agreement.

The Company currently pays quarterly distributions to its stockholders. The following table summarizes the Company's distributions declared during the three months ended March 31, 2023 and year ended December 31, 2022: (in thousands, except per share data)

Distribution Type	Declared Date	Record Date	Payment Date	Per Share Amount	Total Amount
Base	February 16, 2022	March 9, 2022	March 16, 2022	\$ 0.33	\$ 39,794
Supplemental	February 16, 2022	March 9, 2022	March 16, 2022	\$ 0.15	\$ 18,088
Base	April 27, 2022	May 17, 2022	May 24, 2022	\$ 0.33	\$ 41,245
Supplemental	April 27, 2022	May 17, 2022	May 24, 2022	\$ 0.15	\$ 18,748
Base	July 20, 2022	August 9, 2022	August 16, 2022	\$ 0.35	\$ 44,765
Supplemental	July 20, 2022	August 9, 2022	August 16, 2022	\$ 0.15	\$ 19,185
Base	October 13, 2022	November 10, 2022	November 17, 2022	\$ 0.36	\$ 47,472
Supplemental	October 13, 2022	November 10, 2022	November 17, 2022	\$ 0.15	\$ 19,780
Total distributions declared during the year ended December 31, 2022				\$ 1.97	\$ 249,077
Base	February 9, 2023	March 2, 2023	March 9, 2023	\$ 0.39	\$ 53,749
Supplemental	February 9, 2023	March 2, 2023	March 9, 2023	\$ 0.08	\$ 11,025
Total distributions declared during the three months ended March 31, 2023				\$ 0.47	\$ 64,774

During the three months ended March 31, 2023, for income tax purposes, the distributions paid of \$0.47 per share were comprised of ordinary income. As of March 31, 2023, the Company estimates that it has generated undistributed taxable earnings "spillover" of \$0.96 per share. The undistributed taxable earnings spillover will be carried forward toward distributions to be paid in accordance with RIC requirements.

The Company has a distribution reinvestment plan, whereby the Company may buy shares of its common stock in the open market or issue new shares in order to satisfy dividend reinvestment requests. When the Company issues new shares in connection with the dividend reinvestment plan, the issue price is equal to the closing price of its common stock on the dividend record date. During the three months ended March 31, 2023 and 2022, the Company issued 61,383 and 60,326 shares, respectively, of common stock to stockholders in connection with the dividend reinvestment plan.

## 8. Equity Incentive Plans

The Company grants equity-based awards to employees and non-employee directors for the purpose of attracting and retaining the services of its executive officers, key employees, and members of the Board. The Company's equity-based awards are granted under the 2018 Equity Incentive Plan (the "2018 Plan") for employees and 2018 Non-Employee Director Plan (the "Director Plan") for non-employee directors. The 2018 Plan and the Director Plan were approved by stockholders on June 28, 2018 and, unless earlier terminated by the Board, terminate on May 12, 2028. Subject to certain adjustments and permitted reversions of shares, the maximum aggregate number of shares that may be authorized for issuance under awards granted under the 2018 Plan and Director Plan is 9,261,229 shares and 300,000 shares, respectively. In connection with the issuance of shares under the 2018 Plan and Director Plan, the Company has registered, in aggregate, 18.7 million and 300,000 shares of common stock, respectively. Outstanding awards issued under plans that precede the 2018 Plan and Director Plan remain outstanding, unchanged and subject to the terms of such plans and their respective award agreements, until the vesting, expiration or lapse of such awards in accordance with their terms.

The Company has received exemptive relief from the SEC that permits it to issue restricted stock to non-employee directors under the Director Plan and restricted stock and restricted stock units to certain of its employees, officers, and directors (excluding non-employee directors) under the 2018 Plan. The exemptive order also allows participants in the Director Plan and the 2018 Plan to (i) elect to have the Company withhold shares of its common stock to pay for the exercise price and applicable taxes with respect to an option exercise ("net issuance exercise") and/or (ii) permit the holders of restricted stock to elect to have the Company withhold shares of its stock to pay the applicable taxes due on restricted stock at the time of vesting. Each individual employee would be able to make a cash payment to satisfy applicable tax withholding at the time of option exercise or vesting on restricted stock.

The Company has granted equity-based awards that have service and performance conditions. Certain of the Company's equity-based awards are classified as liability awards in accordance with ASC Topic 718, Compensation – Stock Compensation. All of the Company's equity-based awards require future service, and are expensed over the relevant service period. The Company does not estimate forfeitures, and reverses all unvested costs associated with equity-awards in the period they are forfeited. For the three months ended March 31, 2023, and 2022, the Company recognized \$3.2 million and \$4.4 million of stock based compensation expense in the Consolidated Statements of Operations, respectively. As of March 31, 2023, and 2022, approximately \$27.1 million and \$22.2 million of total unrecognized compensation costs expected to be recognized over the next 2.9 and 2.1 years, respectively.

### *Service-Vesting Awards*

The Company grants equity-based awards which have service conditions, which generally begin to vest one-third after one year after the date of grant and ratably over the succeeding 2 years in accordance with the individual award terms. Certain awards have service conditions of longer duration and may begin to vest up to seven years after the date of grant. These equity-based awards which vest upon achievement of service conditions are collectively referred to as the "Service Vesting Awards". The grant date fair value of Service Vesting Awards granted during the three months ended March 31, 2023, and 2022, were approximately \$17.7 million, and \$10.4 million, respectively.

The Company has granted restricted stock equity awards in the form of restricted stock awards and restricted stock units. The Company determines the grant date fair values of restricted stock equity awards using the grant date stock close price. The activities for the Company's unvested restricted stock equity awards for each of the three months ended March 31, 2023, and 2022, are summarized below:

	Three Months Ended March 31,			
	2023		2022	
	Shares	Weighted Average Grant Date Fair Value per Share	Shares	Weighted Average Grant Date Fair Value per Share
<b>Unvested Shares Beginning of Period</b>	958,985	\$ 16.35	1,037,848	\$ 14.51
<b>Granted</b>	1,277,607	\$ 13.81	593,745	\$ 17.49
<b>Vested <sup>(1)</sup></b>	(300,399)	\$ 16.42	(331,049)	\$ 14.41
<b>Forfeited</b>	(4,427)	\$ 17.00	(9,619)	\$ 15.93
<b>Unvested Shares End of Period</b>	1,931,766	\$ 14.66	1,290,925	\$ 15.90

- (1) With respect to certain restricted stock equity awards granted prior to January 1, 2019, receipt of the shares of the Company's common stock underlying vested restricted stock equity awards will be deferred for four years from grant date unless certain conditions are met. Accordingly, such vested restricted stock equity awards will not be issued as common stock upon vesting until the completion of the deferral period.

In addition to the restricted stock equity based awards, the Company has also issued stock options to certain employees. The fair value of options granted during the three months ended March 31, 2023 and 2022, was approximately \$8,000 and 10,000, respectively. During the three months ended March 31, 2023 and 2022, approximately \$23,000, and \$15,000, of share-based cost due to stock option grants was expensed, respectively.

### *Performance-Vesting Awards*

The Company has granted equity-based awards, which have market and performance conditions in addition to a service condition ("Performance Awards"). The value of these awards may increase dependent on increases to the Company's total stockholder return ("TSR"). The total compensation will be determined by the Company's TSR relative to specified BDCs during a

specified performance period. Depending on the results achieved during the specified performance period, the actual number of shares that a grant recipient receives at the end of the period may range from 0% to 200% of the target shares granted. The Performance Awards typically vest after four years, and generally may not be disposed until one year post vesting. The Company determines the fair values of the Performance Awards at the grant date using a Monte-Carlo simulation multiplied by the target payout level and is recognized over the service period. For certain Performance Awards, distribution equivalent units (“Performance DEUs”) will accrue in the form of additional shares, but will not be paid unless the Performance Awards to which such Performance DEUs relate actually vest.

During the three months ended March 31, 2023 and 2022, no Performance Awards were granted or vested. During the three months ended March 31, 2023, 54,858 shares DEUs were issued and vested immediately with an aggregate fair value of \$0.7 million. During the three months ended March 31, 2022, no Performance DEUs were issued. As of March 31, 2023 and 2022, there were no unvested Performance Awards.

#### *Liability Classified Awards*

The Company has granted equity-based awards which are subject to both service and performance conditions. These awards are settled either in cash or a fixed dollar value of shares, subject to the terms of each individual award, and therefore classified as liability awards (the “Liability Awards”). The remaining maximum total potential value of the Liability Awards granted is \$3.1 million, which assumes all performance conditions are met for each Liability award. If the performance conditions are not met, the total compensation expense related to the Liability Awards may be less than the maximum granted value of the awards. The awards are recorded as deferred compensation within Accounts Payable and Accrued Liabilities included on the Consolidated Statement of Assets and Liabilities.

Certain Liability Awards are structured similar to the Performance Awards, and increase in value with corresponding increases to the Company’s TSR and vest after four years. The Company remeasures the value of these awards each period based on the Company’s TSR achieved to date. Certain other Liability Awards are linked to attainment of investment funding goals. The Company determines the fair value of these Liability Awards based on the expected probability of the performance conditions being met and recognized over the service period. As of March 31, 2023, the Company determined that the weighted average expected probability of the performance conditions being met within each Liability Award was 100%. The expected probability is re-evaluated each period, and may be adjusted to reflect changes in this assumption. These other Liability Awards vest over a three year service term.

As of March 31, 2023, all Liability Awards are unvested and there was approximately \$1.6 million of total unrecognized compensation costs expected to be recognized over a weighted average period of 1.1 years. For the three months ended March 31, 2023, there was approximately \$0.4 million of compensation expense related to the Liability Awards recognized in the Consolidated Statement of Operations and \$1.5 million accrued within Accounts Payable and Accrued Liabilities in the Consolidated Statements of Assets and Liabilities. During the three months ended March 31, 2023 and 2022, no Liability Awards vested.

As of March 31, 2022, all Liability Awards are unvested and there was approximately \$3.8 million of total unrecognized compensation costs expected to be recognized over a weighted average period of 2.0 years. For the three months ended March 31, 2022, there was approximately \$1.3 million of compensation expense related to the Liability Awards recognized in the Consolidated Statement of Operations and \$7.0 million accrued within Accounts Payable and Accrued Liabilities in the Consolidated Statements of Assets and Liabilities.

## 9. Earnings Per Share

Shares used in the computation of the Company’s basic and diluted earnings per share are as follows:  
(in thousands, except per share data)

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Numerator</b>		
Net increase (decrease) in net assets resulting from operations	\$ 94,564	\$ (3,336)
Less: Total distributions declared	(64,774)	(57,882)
Total Earnings, net of total distributions	<u>29,790</u>	<u>(61,218)</u>
Earnings, net of distributions attributable to common shares	29,442	(61,218)
Add: Distributions declared attributable to common shares	64,023	57,261
<b>Numerator for basic and diluted change in net assets per common share</b>	<u>93,465</u>	<u>(3,957)</u>
<b>Denominator</b>		
Basic weighted average common shares outstanding	135,252	118,296
Common shares issuable	1,804	—
<b>Weighted average common shares outstanding assuming dilution</b>	<u>137,056</u>	<u>118,296</u>
<b>Change in net assets per common share:</b>		
Basic	\$ 0.69	\$ (0.03)
Diluted	\$ 0.68	\$ (0.03)

In the table above, unvested share-based payment awards that have non-forfeitable rights to distributions or distribution equivalents are treated as participating securities for calculating earnings per share. Unvested common stock options and restricted stock units are also considered for the purpose of calculating diluted earnings per share. For the three months ended March 31, 2022, as the Company had a net loss, the effect of unvested stock options, restricted stock units and awards, and Performance Awards were anti-dilutive, and therefore have been excluded from the calculation of diluted loss per share.

The calculation of change in net assets resulting from operations per common share assuming dilution, excludes all anti-dilutive shares. For the three months ended March 31, 2023, and 2022, the number of anti-dilutive shares, as calculated based on the weighted average closing price of the Company's common stock for the periods, are as follows:

Anti-dilutive Securities	Three Months Ended March 31,	
	2023	2022
Unvested common stock options	1,853	31,354
Restricted stock units	7,874	32,697
Unvested restricted stock awards	54,361	—
Performance awards*	—	547,626

\*Included in these amounts are shares related to certain equity-based awards, which are fully-vested but have not been delivered and thus not outstanding for purposes of calculating earnings per share.

As of March 31, 2023 and December 31, 2022, the Company was authorized to issue 200.0 million shares of common stock with a par value of \$0.001. Each share of common stock entitles the holder to one vote.

## 10. Financial Highlights

Following is a schedule of financial highlights for the three months ended March 31, 2023 and 2022:  
(in thousands, except per share data and ratios)

	Three Months Ended March 31,	
	2023	2022
<b>Per share data <sup>(1)</sup>:</b>		
<b>Net asset value at beginning of period</b>	\$ 10.53	\$ 11.22
Net investment income	0.48	0.30
Net realized gain (loss)	0.06	(0.02)
Net unrealized appreciation (depreciation)	0.16	(0.31)
<b>Total from investment operations</b>	0.70	(0.03)
Net increase (decrease) in net assets from capital share transactions <sup>(1)</sup>	0.05	0.08
Distributions of net investment income <sup>(6)</sup>	(0.48)	(0.48)
Stock-based compensation expense included in net investment income and other movements <sup>(2)</sup>	0.02	0.03
<b>Net asset value at end of period</b>	<u>\$ 10.82</u>	<u>\$ 10.82</u>
<b>Ratios and supplemental data:</b>		
Per share market value at end of period	\$ 12.89	\$ 18.07
Total return <sup>(3)</sup>	0.80%	11.97%
Shares outstanding at end of period	138,596	123,194
Weighted average number of common shares outstanding	135,252	118,296
Net assets at end of period	\$ 1,499,006	\$ 1,333,448
Ratio of total expense to average net assets <sup>(4)</sup>	10.94%	8.82%
Ratio of net investment income before investment gains and losses to average net assets <sup>(4)</sup>	18.10%	10.75%
Portfolio turnover rate <sup>(5)</sup>	6.90%	3.81%
Weighted average debt outstanding	\$ 1,604,533	\$ 1,341,941
Weighted average debt per common share	\$ 11.86	\$ 11.34

- (1) All per share activity is calculated based on the weighted average shares outstanding for the relevant period, except net increase (decrease) in net assets from capital share transactions, which is based on the common shares outstanding as of the relevant balance sheet date.
- (2) Adjusts for the impact of stock-based compensation expense, which is a non-cash expense and has no net impact to net asset value. Pursuant to ASC Topic 718, the expense is offset by a corresponding increase in paid-in capital. Additionally, adjusts for other items attributed to the difference between certain per share data based on the weighted-average basic shares outstanding and those calculated using the shares outstanding as of a period end or transaction date.
- (3) The total return for the three months ended March 31, 2023, and 2022 equals the change in the ending market value over the beginning of the period price per share plus distributions paid per share during the period, divided by the beginning price assuming the distribution is reinvested on the date of the distribution. As such, the total return is not annualized. The total return does not reflect any sales load that must be paid by investors.
- (4) The ratios are calculated based on weighted average net assets for the relevant period and are annualized.
- (5) The portfolio turnover rate for the three months ended March 31, 2023, and 2022 equals 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.
- (6) Includes distributions on unvested restricted stock awards.

## 11. Commitments and Contingencies

The Company's commitments and contingencies consist primarily of unfunded commitments to extend credit in the form of loans to the Company's portfolio companies. As of March 31, 2023, a portion of these unfunded contractual commitments are dependent upon the portfolio company reaching certain milestones before the debt commitment becomes available. Furthermore, the Company's credit agreements with its portfolio companies generally contain customary lending provisions which allow the Company relief from funding obligations for previously made unfunded commitments in instances where the underlying portfolio company experiences materially adverse events that affect the financial condition or business outlook for the portfolio company. Since a portion of these commitments may expire without being drawn, unfunded contractual commitments do not necessarily represent future cash requirements. As such, the Company's disclosure of unfunded contractual commitments includes only those which are available at the request of the portfolio company and unencumbered by future or unachieved milestones.

As of March 31, 2023, and December 31, 2022, the Company had approximately \$562.1 million and \$628.9 million, respectively, of available unfunded commitments, including undrawn revolving facilities, which were available at the request of the portfolio company and unencumbered by future or unachieved milestones. In order to draw a portion of the Company's available unfunded commitments, a portfolio company must submit to the Company a formal funding request that complies with the applicable advance notice and other operational requirements. The amounts disclosed exclude unfunded commitments (i) for which, with respect to a portfolio company's agreement, a milestone was achieved after the last day on which the portfolio company could have requested a drawdown funding to be completed within the reporting period; and (ii) related to the portion of portfolio company investments assigned to or directly committed by the Adviser Funds as described in "Note -12 Related Party Transactions". The fair value of the Company's 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 imbedded in the borrowing agreements.

As of March 31, 2023, and December 31, 2022, the Company's unfunded contractual commitments available at the request of the portfolio company, including undrawn revolving facilities, and unencumbered by milestones were as follows:

(in thousands) Portfolio Company	Unfunded Commitments <sup>(1)</sup> as of	
	March 31, 2023	December 31, 2022
<b>Debt Investments:</b>		
Phathom Pharmaceuticals, Inc.	\$ 66,500	\$ 66,500
Thumbtack, Inc.	40,000	40,000
Automation Anywhere, Inc.	29,400	29,400
HilleVax, Inc.	28,000	28,000
Oak Street Health, Inc.	22,500	33,750
Skydio, Inc.	22,500	22,500
Axsome Therapeutics, Inc.	21,750	21,000
Replimune Group, Inc.	20,700	20,700
G1 Therapeutics, Inc.	19,375	19,375
AppDirect, Inc.	15,000	15,000
ATAI Life Sciences N.V.	14,000	—
Alladapt Immunotherapeutics Inc.	12,500	15,000
Dronedeploy, Inc.	12,500	12,500
Iveric Bio, Inc.	12,375	—
PathAI, Inc.	12,000	12,000
Viridian Therapeutics, Inc.	12,000	12,000
Tipalti Solutions Ltd.	10,500	—
Madriral Pharmaceutical, Inc.	10,200	34,000
Alamar Biosciences, Inc.	10,000	10,000
Aryaka Networks, Inc.	10,000	20,000
Brain Corporation	10,000	20,700
Next Insurance, Inc.	10,000	—
Nuvolo Technologies Corporation	9,000	5,970
Locus Robotics Corp.	8,775	—
Kura Oncology, Inc.	8,250	8,250
Tarsus Pharmaceuticals, Inc.	8,250	10,313
Vida Health, Inc.	8,178	40,000
Dashlane, Inc.	8,000	10,000
Elation Health, Inc.	7,500	7,500
Gritstone Bio, Inc.	7,500	7,500
TG Therapeutics, Inc.	6,500	—
Carwow LTD	6,467	—
Akero Therapeutics, Inc.	5,000	5,000
Fulfil Solutions, Inc.	5,000	5,000
Modern Life, Inc.	4,250	—
Riviera Partners LLC	3,500	3,500
Leapwork ApS	3,450	—
Babel Street	3,375	3,375



(in thousands) Portfolio Company	Unfunded Commitments <sup>(1)</sup> as of	
	March 31, 2023	December 31, 2022
<b>Debt Investments:</b>		
Signal Media Limited	\$ 3,000	\$ 5,250
Cutover, Inc.	2,382	1,000
Zappi, Inc.	2,358	2,571
Yipit, LLC	2,250	2,250
Streamline Healthcare Solutions	2,200	—
Khoros (p.k.a Lithium Technologies)	1,812	1,812
Ceros, Inc.	1,707	1,707
ThreatConnect, Inc.	1,600	1,600
RVShare, LLC	1,500	1,500
Loftware, Inc.	1,423	—
Dispatch Technologies, Inc.	1,250	1,250
3GTMS, LLC	1,222	—
LogicSource	1,209	1,209
Zimperium, Inc.	1,088	1,088
Ikon Science Limited	1,050	1,050
Omeda Holdings, LLC	938	938
Fortified Health Security	840	840
Agilence, Inc.	800	800
Flight Schedule Pro, LLC	639	639
Constructor.io Corporation	625	625
Enmark Systems, Inc.	457	457
Alchemer LLC	445	890
Cybermaxx Intermediate Holdings, Inc.	390	390
Annex Cloud	386	386
ShadowDragon, LLC	333	333
Cytracom Holdings LLC	72	225
Provention Bio, Inc.	—	40,000
Fever Labs, Inc.	—	8,333
Demandbase, Inc.	—	3,750
MacroFab, Inc.	—	3,000
Mobile Solutions Services	—	495
<b>Total Unfunded Debt Commitments:</b>	<b>556,771</b>	<b>623,221</b>
<b>Investment Funds &amp; Vehicles:<sup>(2)</sup></b>		
Forbion Growth Opportunities Fund I C.V.	2,534	2,842
Forbion Growth Opportunities Fund II C.V.	2,811	2,811
<b>Total Unfunded Commitments in Investment Funds &amp; Vehicles:</b>	<b>5,345</b>	<b>5,653</b>
<b>Total Unfunded Commitments</b>	<b>\$ 562,116</b>	<b>\$ 628,874</b>

- (1) For debt investments, amounts represent unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones. These amounts also exclude \$178.2 million and \$173.5 million of unfunded commitments as of March 31, 2023, and December 31, 2022, respectively, to portfolio companies related to loans assigned to or directly committed by the Adviser Funds as described in “Note -12 Related Party Transactions”.
- (2) For investment funds and vehicles, the amount represents uncalled capital commitments in private equity funds.

The following table provides additional information on the Company’s unencumbered unfunded commitments regarding milestones, expirations and type:

(in thousands)	March 31, 2023	December 31, 2022
<b>Unfunded Debt Commitments:</b>		
Expiring during:		
2023	\$ 358,696	\$ 461,296
2024	167,468	134,856
2025	1,294	720
2026	9,037	9,038
2027	14,958	15,171
2028	5,318	2,140
Total Unfunded Debt Commitments	556,771	623,221
Unfunded Commitments in Investment Funds & Vehicles:		
Expiring during:		
2030	2,534	2,842
2032	2,811	2,811
Total Unfunded Commitments in Investment Funds & Vehicles	5,345	5,653
<b>Total Unfunded Commitments</b>	<b>\$ 562,116</b>	<b>\$ 628,874</b>

The following tables provide the Company's contractual obligations as of March 31, 2023 and December 31, 2022:

As of March 31, 2023:		Payments due by period (in thousands)				
Contractual Obligations <sup>(1)</sup>	Total	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years	
Debt <sup>(2)(3)</sup>	\$ 1,733,000	\$ —	\$ 375,000	\$ 993,000	\$ 365,000	
Lease and License Obligations <sup>(4)</sup>	8,022	2,142	2,259	2,454	1,167	
<b>Total</b>	<b>\$ 1,741,022</b>	<b>\$ 2,142</b>	<b>\$ 377,259</b>	<b>\$ 995,454</b>	<b>\$ 366,167</b>	

As of December 31, 2022:		Payments due by period (in thousands)				
Contractual Obligations <sup>(1)</sup>	Total	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years	
Debt <sup>(5)(3)</sup>	\$ 1,594,000	\$ —	\$ 382,000	\$ 847,000	\$ 365,000	
Lease and License Obligations <sup>(4)</sup>	8,641	2,723	2,259	2,452	1,207	
<b>Total</b>	<b>\$ 1,602,641</b>	<b>\$ 2,723</b>	<b>\$ 384,259</b>	<b>\$ 849,452</b>	<b>\$ 366,207</b>	

- (1) Excludes commitments to extend credit to the Company's portfolio companies and uncalled capital commitments in investment funds.
- (2) Includes \$175.0 million in principal outstanding under the SBA Debentures, \$105.0 million of the July 2024 Notes, \$50.0 million of the February 2025 Notes, \$70.0 million of the June 2025 Notes, \$50.0 million of the June 2025 3-Year Notes, \$50.0 million of the March 2026 A Notes, \$50.0 million of the March 2026 B Notes, \$150.0 million of the 2031 Asset-Backed Notes, \$40.0 million of the 2033 Notes, \$325.0 million of the September 2026 Notes and \$350.0 million of the January 2027 Notes as of March 31, 2023. There was also \$197.0 million outstanding under the SMBC Facility and \$121.0 million outstanding under the MUFG Bank Facility as of March 31, 2023.
- (3) Amounts represent future principal repayments and not the carrying value of each liability. See "Note 5 – Debt".
- (4) Facility leases and licenses including short-term leases.
- (5) Includes \$175.0 million in principal outstanding under the SBA Debentures, \$105.0 million of the July 2024 Notes, \$50.0 million of the February 2025 Notes, \$70.0 million of the June 2025 Notes, \$50.0 million of the June 2025 3-Year Notes, \$50.0 million of the March 2026 A Notes, \$50.0 million of the March 2026 B Notes, \$150.0 million of the 2031 Asset-Backed Notes, \$40.0 million of the 2033 Notes, \$325.0 million of the September 2026 Notes and \$350.0 million of the January 2027 Notes as of December 31, 2022. There was also \$72.0 million outstanding under the SMBC Facility and \$107.0 million outstanding under the MUFG Bank Facility as of December 31, 2022.

Certain premises are leased or licensed under agreements which expire at various dates through December 2028. For the three months ended March 31, 2023 and 2022, total rent expense, including short-term leases, amounted to approximately \$0.8 million and \$0.8 million, respectively. The Company recognizes an operating lease liability and a ROU asset for all leases, with the exception of short-term leases. The lease payments on short-term leases are recognized as rent expense on a straight-line basis. The discount rate applied to measure each ROU asset and lease liability is based on the Company's incremental weighted average cost of debt. The Company considers the general economic environment and its credit rating and factors in various financing and asset specific adjustments to ensure the discount rate applied is appropriate to the intended use of the underlying lease. While some of the leases contained options to extend and terminate, it is not reasonably certain that either option will be utilized and therefore, only the payments in the initial term of the leases were included in the lease liability and ROU asset.

The following table sets forth information related to the measurement of the Company's operating lease liabilities and supplemental cash flow information related to operating leases as of March 31, 2023, and 2022:

(in thousands)	Three Months Ended March 31,	
	2023	2022
Total operating lease cost	\$ 698	\$ 703
Cash paid for amounts included in the measurement of lease liabilities	\$ 609	\$ 594

	As of March 31, 2023	As of December 31, 2022
Weighted-average remaining lease term (in years)	5.60	5.48
Weighted-average discount rate	5.35%	5.37%

The following table shows future minimum lease payments under the Company's operating leases and a reconciliation to the operating lease liability as of March 31, 2023:

(in thousands)	As of March 31, 2023	
2023	\$	1,896
2024		1,110
2025		1,149
2026		1,191
Thereafter		2,544
Total lease payments		7,890
Less: imputed interest & other items		(2,924)
<b>Total operating lease liability</b>	<b>\$</b>	<b>4,966</b>

The Company may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, the Company does not expect any current matters will materially affect the Company's financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on the Company's financial condition or results of operations in any future reporting period.

## 12. Related Party Transactions

As disclosed in “Note 2 – Summary of Significant Accounting Policies”, the Adviser Subsidiary is accounted for as a portfolio investment of the Company held at fair value. Refer to “Note 4 – Investments” for information related to income, gains and losses recognized related to the Company’s investment.

In 2021, the Adviser Subsidiary entered into investment management agreements with its privately-offered Adviser Funds, and it receives management fees based on the assets under management of the Adviser Funds and may receive incentive fees based on the performance of the Adviser Funds. Additionally, the Company entered into a shared services agreement (“Sharing Agreement”) with the Adviser Subsidiary, through which the Adviser Subsidiary will utilize human capital resources (including administrative functions) and other resources and infrastructure (including office space and technology) of the Company. Under the terms of the Sharing Agreement, the Company allocates the related expenses of shared services to the Adviser Subsidiary based on direct time spent, investment activity, and proportion of assets under management depending on the nature of the expense. The Company’s total expenses for the three months ended March 31, 2023 and 2022, are net of expenses allocated to the Adviser Subsidiary of \$2.7 million and \$1.4 million, respectively. As of March 31, 2023 and December 31, 2022, there was \$0.3 million and \$0.1 million receivable from the Adviser Subsidiary, respectively.

In addition, the Company may from time-to-time make investments alongside the Adviser Funds or assign a portion of investments to the Adviser Funds in accordance with the Company’s allocation policy. During the three months ended March 31, 2023, \$174.7 million of all investment commitments of the Company and the Adviser Subsidiary were assigned to or directly committed by the Adviser Funds. During the three months ended March 31, 2023, fundings of \$120.9 million were assigned to, directly originated, or funded by the Adviser Funds. The Company received \$5.6 million from the Adviser Funds relating to the assigned investments during the three months ended March 31, 2023.

During the three months ended March 31, 2022, \$108.1 million of all investment commitments of the Company and the Adviser Subsidiary were assigned to or directly committed by the Adviser Funds, respectively. During the three months ended March 31, 2022, fundings of \$61.1 million were assigned to, directly originated, or funded by the Adviser Funds. The Company received \$27.0 million from the Adviser Funds relating to the assigned investments during the three months ended March 31, 2022.

## 13. Subsequent Events

### *Dividend Distribution Declaration*

On April 27, 2023, the Board declared a cash distribution of \$0.39 per share to be paid on May 23, 2023 to stockholders of record as of May 16, 2023. In addition to the cash distribution, and as part of the supplemental cash distribution of \$0.32 per share to be paid in four quarterly distributions of \$0.08 per share, the Board declared a supplemental cash distribution of \$0.08 per share to be paid on May 23, 2023 to stockholders of record as of May 16, 2023. Including the \$0.08 per share supplemental cash distributions paid to stockholders of record as of March 9, 2023, the Board has declared a total of \$0.16 per share of the \$0.32 per share supplemental cash distribution declared on February 9, 2023.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### *Forward-Looking Statements*

The matters discussed in this report, as well as in future oral and written statements by management of Hercules Capital, Inc., that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Important assumptions include our ability to originate new investments, achieve certain margins and levels of profitability, the availability of additional capital, and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this report should not be regarded as a representation by us that our plans or objectives will be achieved. The forward-looking statements contained in this report include statements as to:

- our current and future management structure;
- our future operating results;
- our business prospects and the prospects of our prospective portfolio companies;
- the impact of investments that we expect to make;
- our informal relationships with third parties including in the venture capital industry;
- the expected market for venture capital investments and our addressable market;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- our ability to access debt markets and equity markets;
- the occurrence and impact of macro-economic developments (for example, global pandemics, natural disasters, terrorism, international conflicts and war) on us and our portfolio companies;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- our regulatory structure and tax status as a RIC;
- our ability to operate as a BDC and a SBIC;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the timing, form and amount of any distributions;
- the impact of fluctuations in interest rates on our business;
- the valuation of any investments in portfolio companies, particularly those having no liquid trading market; and
- our ability to recover unrealized depreciation on investments.

You should not place undue reliance on these forward-looking statements. The forward-looking statements made in this report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date of this report.

The following discussion should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing elsewhere in this report. In addition to historical information, the following discussion and other parts of this report contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under Item 1A—“Risk Factors” of Part II of this quarterly report on Form 10-Q, Item 1A—“Risk Factors” of our annual report on Form 10-K filed with the SEC on February 16, 2023 and under “Forward-Looking Statements” of this Item 2.

### *Use of Non-GAAP Measures*

Throughout this MD&A, we present our financial condition and results of operations in the way we believe will be most meaningful and representative of our business results. Some of the measurements we use are “Non-GAAP financial measures” under SEC rules and regulations. GAAP is the acronym for “generally accepted accounting principles” in the United States. The Non-GAAP financial measures we present may not be comparable to similarly-named measures reported by other companies.

## ***Overview***

We are a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed and institutional-backed companies in a variety of technology, life sciences, and sustainable and renewable technology industries. Our goal is to be the leading Structured Debt financing provider for venture capital-backed and institutional-backed companies in a variety of technology-related industries requiring sophisticated and customized financing solutions. We use the term “Structured Debt” to refer to a debt investment that is structured with an equity, warrant, option, or other right to purchase or convert into common or preferred stock. Our strategy is to evaluate and invest in a broad range of technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology and to offer a full suite of growth capital products.

We are structured as an internally managed, non-diversified, closed-end investment company that has elected to be regulated as a BDC under the 1940 Act. As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in “qualifying assets,” which includes securities of private U.S. companies, cash, cash equivalents, and high-quality debt investments that mature in one year or less. Consistent with requirements under the 1940 Act, we invest primarily in United-States based companies and to a lesser extent in foreign companies. We source our investments through our principal office located in Palo Alto, CA, as well as through our additional offices in Boston, MA, New York, NY, Bethesda, MD, San Diego, CA, and London, United Kingdom.

We have elected to be treated for tax purposes as a RIC under the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. In order to qualify as a RIC, among other requirements, we must maintain certain source-of-income and asset diversification requirements. In addition, we must make timely distributions of at least 90% of annual taxable income to our stockholders. As a RIC, we generally will not be subject to U.S. federal income tax on the income that we distribute (or are deemed to distribute) to our stockholders provided that we maintain our RIC status for a given year.

Our primary business objectives are to increase our net income, net investment income, and NAV by investing in Structured Debt and senior secured debt instruments of venture capital-backed and institutional-backed companies in a variety of technology-related industries at attractive current yields and the potential for equity appreciation and realized gains. Our Structured Debt and senior secured debt investments are typically secured by some or all of the assets of the applicable portfolio company. We also invest in “unitranche” loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position. In addition to our debt investments, we regularly engage in discussions with third parties with respect to various potential transactions to explore alternative investment structures. Through such alternative structures we may acquire an investment, a portfolio of investments, an entire company, or sell portions of our portfolio on an opportunistic basis. Through our investment strategy, we aim to achieve our business objectives by maximizing our portfolio total return from generation of investment income from our debt investments and capital appreciation from our warrant and equity investments.

Our equity ownership in our portfolio companies may exceed 25% of the voting securities of such companies, which represents a controlling interest under the 1940 Act. In some cases, we receive the right to make additional equity investments in our portfolio companies in connection with future equity financing rounds. Capital that we provide is generally used for growth and general working capital purposes as well as in select cases for acquisitions or recapitalizations. We invest primarily in private companies but also have investments in public companies.

We, our subsidiaries or our affiliates, may also agree to manage certain other funds that invest in debt, equity or provide other financing or services to companies in a variety of industries for which we may earn management or other fees for our services. We may also invest in the equity of these funds, along with other third parties, from which we would seek to earn a return and/or future incentive allocations. Some of these transactions could be material to our business. Consummation of any such transaction will be subject to completion of due diligence, finalization of key business and financial terms (including price) and negotiation of final definitive documentation as well as a number of other factors and conditions which may include, depending on the transaction and without limitation, the approval of our Board, required regulatory or third-party consents, and/or the approval of our stockholders. Accordingly, there can be no assurance that any such transaction would be consummated. Any of these transactions or funds may require significant management resources either during the transaction phase or on an ongoing basis depending on the terms of the transaction.

Hercules Adviser LLC, is our wholly owned registered investment adviser subsidiary, which began providing investment advisory and related services to the Adviser Funds in 2021. The Adviser Subsidiary is not consolidated for reporting purposes as noted in “Note 1 – Description of Business”. In addition to the Adviser Subsidiary, we have established other wholly owned subsidiaries which are consolidated for reporting. However, certain of these subsidiaries are not consolidated for federal tax purposes and may generate income tax expense or benefit, as well as tax assets and liabilities as a result of their ownership of certain portfolio investments.

## ***Macroeconomic Market Developments***

Our investment portfolio continues to be focused on industries and sectors that are generally expected to be more resilient to economic cycles. However, the U.S and global capital markets continue to evolve as a result of the market volatility caused by the

ongoing rise of inflation, geopolitical events, the continuing impacts of COVID-19 pandemic, supply chain issues, and disruptions in the banking sector. We are continuing to closely monitor the impact of these macroeconomic market developments on all aspects of our business, including impacts to our portfolio companies, employees, due diligence and underwriting processes, and financial markets. As a result, pressure on liquidity and financial results of certain of our portfolio companies have persisted, and our portfolio companies may draw on most, if not all, of the unfunded portion of any revolving or delayed draw term loans made by us, subject to availability under the terms of such loans. The extent to which the ongoing macroeconomic market events will continue to affect the financial condition and liquidity of our portfolio companies' results of operations are highly uncertain and cannot be predicted.

The extent of the impact that macroeconomic developments will have on our own operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame is uncertain. Inflation historically has not had a significant effect on our results of operations in any of the reporting periods presented herein. However, the impact that these macroeconomic events have on our portfolio companies could have a negative impact on the fair value of our investments in these portfolio companies. Further, an extended period of global supply chain and economic disruption, including inflation, could materially affect our business, results of operations, access to sources of liquidity and financial condition. Given the fluidity of these market events, neither our management nor our Board is able to predict the full impact of the current macroeconomic events on our business, future results of operations, financial position, or cash flows at this time.

### ***Portfolio and Investment Activity***

The total fair value of our investment portfolio was approximately \$3.1 billion and \$3.0 billion as of March 31, 2023 and December 31, 2022, respectively. The fair value of our debt investment portfolio as of March 31, 2023 was approximately \$3.0 billion, compared to a fair value of approximately \$2.8 billion at December 31, 2022. The fair value of the equity portfolio as of March 31, 2023 was approximately \$124.4 million, compared to a fair value of approximately \$134.0 million as of December 31, 2022. The fair value of the warrant portfolio as of March 31, 2023 was approximately \$33.2 million, compared to a fair value of approximately \$30.6 million as of December 31, 2022.

### ***Portfolio Activity***

Our investments in portfolio companies take a variety of forms, including unfunded contractual commitments and funded investments. Not all debt commitments represent future cash requirements. Unfunded contractual commitments depend upon a portfolio company reaching certain milestones before the debt commitment is available to the portfolio company, which is expected to affect our funding levels. These commitments are subject to the same underwriting and ongoing portfolio maintenance as the on-balance sheet financial instruments that we hold. Debt commitments generally fund over the two succeeding quarters from close. From time to time, unfunded contractual commitments may expire without being drawn and thus do not represent future cash requirements.

Prior to entering into a contractual commitment, we generally issue a non-binding term sheet to a prospective portfolio company. Non-binding term sheets are subject to completion of our due diligence and final investment committee approval process, as well as the negotiation of definitive documentation with the prospective portfolio companies. These non-binding term sheets generally convert to contractual commitments in approximately 90 days from signing and some portion may be assigned or allocated to or directly originated by the Adviser Funds prior to or after closing. Not all non-binding term sheets are expected to close and do not necessarily represent future cash requirements.

During the three months ended March 31, 2023, Hercules and the Adviser Funds directly committed or originated an aggregate total of \$526.0 million of investment commitments. Of the aggregated total directly committed or originated by Hercules and the Adviser Funds, \$174.7 million of investment commitments were directly committed or originated by the Adviser Funds. Of the aggregate total direct fundings or originations, \$120.9 million of debt, equity, and warrant fundings during the period, were assigned to, directly funded or originated by the Adviser Funds.

During the three months ended March 31, 2022, Hercules and the Adviser Funds directly committed or originated an aggregate total of \$615.2 million of investment commitments. Of the aggregated total directly committed or originated by Hercules and the Adviser Funds, \$108.1 million of investment commitments were directly committed or originated by the Adviser Funds. Of the aggregate total direct fundings or originations, \$61.1 million of debt, equity, and warrant fundings during the period, were assigned to, directly funded or originated by the Adviser Funds.

Our portfolio activity for the three months ended March 31, 2023 and March 31, 2022 was comprised of the following:

(in millions)	March 31, 2023	March 31, 2022
<b>Gross Debt Commitments Originated by Hercules Capital and the Adviser Funds <sup>(1)</sup></b>		
New portfolio company	\$ 362.9	\$ 448.9
Existing portfolio company	163.1	163.3
<b>Sub-total</b>	<b>\$ 526.0</b>	<b>\$ 612.2</b>
Less: Debt commitments assigned to or directly committed by the Adviser Funds <sup>(3)</sup>	(174.7)	(107.6)
<b>Net Total Debt Commitments</b>	<b>\$ 351.3</b>	<b>\$ 504.6</b>
<b>Gross Debt Fundings by Hercules Capital and the Adviser Funds <sup>(2)</sup></b>		
New portfolio company	\$ 184.2	\$ 245.0
Existing portfolio company	291.7	103.2
<b>Sub-total</b>	<b>\$ 475.9</b>	<b>\$ 348.2</b>
Less: Debt fundings assigned to or directly funded by the Adviser Funds <sup>(3)</sup>	(120.9)	(60.6)
<b>Net Total Debt Fundings</b>	<b>\$ 355.0</b>	<b>\$ 287.6</b>
<b>Equity Investments and Investment Funds and Vehicles Fundings by Hercules Capital and the Adviser Funds</b>		
Existing portfolio company	0.3	3.4
<b>Sub-total</b>	<b>\$ 0.3</b>	<b>\$ 3.4</b>
Less: Equity fundings assigned to or directly funded by the Adviser Funds <sup>(3)</sup>	—	(0.5)
<b>Net Total Equity and Investment Funds and Vehicle Fundings</b>	<b>\$ 0.3</b>	<b>\$ 2.9</b>
<b>Total Unfunded Contractual Commitments <sup>(4)</sup></b>	<b>\$ 562.1</b>	<b>\$ 371.3</b>
<b>Non-Binding Term Sheets</b>		
New portfolio company	\$ 95.0	\$ 564.8
Existing portfolio company	1.0	80.7
<b>Total</b>	<b>\$ 96.0</b>	<b>\$ 645.5</b>

(1) Includes restructured loans and renewals in addition to new commitments.

(2) Funded amounts include borrowings on revolving facilities.

(3) Commitments and fundings include amounts assigned to, directly committed or originated, funded by the Adviser Funds, as applicable.

(4) Amount represents unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones. This excludes \$178.2 million and \$39.7 million, of unfunded commitments as of March 31, 2023, and 2022, respectively, to portfolio companies related to loans assigned to or directly committed by the Adviser Funds.

We receive principal payments on our debt investment portfolio based on scheduled amortization of the outstanding balances. In addition, we receive principal repayments for some of our loans prior to their scheduled maturity date. The frequency or volume of these early principal repayments may fluctuate significantly from period to period. During the three months ended March 31, 2023, we received approximately \$206.6 million in aggregate principal repayments. Approximately \$4.2 million of the aggregate principal repayments related to scheduled principal payments and approximately \$202.4 million were early principal repayments related to 14 portfolio companies. Further, \$74.5 million of the early principal repayments was early repayments due to merger and acquisition transactions related to three portfolio companies.

Total portfolio investment activity (inclusive of unearned income and excluding activity related to taxes payable and escrow receivables) as of and for the three months ended March 31, 2023 and March 31, 2022 was as follows:

(in millions)	March 31, 2023	March 31, 2022
<b>Beginning portfolio</b>	<b>\$ 2,963.9</b>	<b>\$ 2,434.5</b>
New fundings and restructures	476.2	351.6
Fundings assigned to or directly funded by the Adviser Funds <sup>(1)</sup>	(120.9)	(61.1)
Warrants not related to current period fundings	0.1	0.7
Principal repayments received on investments	(5.1)	(11.3)
Early payoffs	(202.4)	(84.9)
Proceeds from sale of equity investments	(15.0)	(8.8)
Accretion of loan discounts and paid-in-kind principal	13.9	12.8
Net acceleration of loan discounts and loan fees due to early payoffs or restructures	(3.0)	(1.5)
New loan fees	(3.8)	(3.2)
Gain (loss) on investments due to sales or write offs	5.1	1.2
Net change in unrealized appreciation (depreciation)	21.1	(37.7)
<b>Ending portfolio</b>	<b>\$ 3,130.1</b>	<b>\$ 2,592.3</b>

(1) Funded amounts include \$115.3 million and \$34.1 million direct fundings of investments made by the Adviser Funds, for the three months ended March 31, 2023 and March 31, 2022, respectively.

Periodically, we may hold investments in debt, warrant, or equity positions of portfolio companies that have filed a registration statement with the SEC in contemplation of a potential initial public offering. There can be no assurance that companies that have yet to complete their initial public offerings will do so in a timely manner or at all.

The following table presents certain selected information regarding our debt investment portfolio as of March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Number of portfolio companies with debt outstanding	122	120
Percentage of debt bearing a floating rate	95.6%	95.3%
Percentage of debt bearing a fixed rate	4.4%	4.7%
Weighted average core yield <sup>(1)</sup>	14.0%	12.3%
Weighted average effective yield <sup>(2)</sup>	15.1%	12.7%
Prime rate at the end of the period	8.00%	7.50%

- (1) The core yield is a Non-GAAP financial measure. The core yield on our debt investments excludes the effects of fee and income accelerations attributed to early payoffs, restructuring, loan modifications, other one-time events, and includes income from expired commitments. Please refer to the "Portfolio Yield" section below for further discussion of this measure.
- (2) The effective yield on our debt investments includes the effects of fee and income accelerations attributed to early payoffs, restructuring, loan modifications, and other one-time events. The effective yield is derived by dividing total investment income by the weighted average earning investment portfolio assets outstanding during the year, excluding non-interest earning assets such as warrants and equity investments.

### ***Income from Portfolio***

We generate revenue in the form of interest income, primarily from our investments in debt securities, and fee income, which is primarily comprised of commitment and facility fees. Interest income is recognized in accordance with the contractual terms of the loan agreement to the extent that such amounts are expected to be collected. Fees generated in connection with our debt investments are recognized over the life of the loan or, in some cases, recognized as earned. In addition, we generate revenue in the form of capital gains, if any, on warrants or other equity securities that we acquire from our portfolio companies. Our investments generally range from \$15.0 million to \$40.0 million, although we may make investments in amounts above or below that range. As of March 31, 2023, our debt investments generally have a term of between two and five years and typically bear interest at a rate ranging from approximately 6.0% to approximately 17.1%. In addition to the cash yields received on our debt investments, in some instances, our debt investments may also include any of the following: exit fees, balloon payment fees, commitment fees, success fees, PIK provisions or prepayment fees which may be required to be included in income prior to receipt.

Interest on debt securities is generally payable monthly, with amortization of principal typically occurring over the term of the investment. In addition, our loans may include an interest-only period ranging from three to eighteen months or longer. In limited instances in which we choose to defer amortization of the loan for a period of time from the date of the initial investment, the principal amount of the debt securities and any accrued but unpaid interest become due at the maturity date.

Loan origination and commitment fees are generally received in full at the inception of a loan are deferred and amortized into fee income as an enhancement to the related loan's yield over the contractual life of the loan. We recognize nonrecurring fees amortized over the remaining term of the loan commencing in the quarter relating to specific loan modifications. As of March 31, 2023 and December 31, 2022, unamortized capitalized fee income was recorded as follows:

(in millions)	March 31, 2023	December 31, 2022
Offset against debt investment cost	\$ 44.6	\$ 43.1
Deferred obligation contingent on funding or other milestone	10.9	10.9
<b>Total Unamortized Fee Income</b>	<b>\$ 55.5</b>	<b>\$ 54.0</b>

Loan exit fees to be paid at the termination of the loan are accreted into interest income over the contractual life of the loan. As of March 31, 2023 and December 31, 2022, loan exit fees receivable were recorded as follows:

(in millions)	March 31, 2023	December 31, 2022
Included within debt investment cost	\$ 33.0	\$ 32.5
Deferred receivable related to expired commitments	3.4	5.0
<b>Total Exit Fees Receivable</b>	<b>\$ 36.4</b>	<b>\$ 37.5</b>

Additionally, we have debt investments in our portfolio that earn PIK interest. The PIK interest, computed at the contractual rate specified in each loan agreement, is recorded as interest income and added to the principal balance of the loan on specified capitalization dates. To maintain our status as a RIC, the non-cash PIK income must be distributed to stockholders with other sources of income in the form of dividend distributions even though we have not yet collected any cash from the borrower. Amounts necessary to pay these distributions may come from available cash or the liquidation of certain investments. During the three months ended March 31, 2023 and 2022, we recorded approximately \$5.5 million and \$5.0 million in PIK income, respectively.



## Portfolio Yield

We report our financial results on a GAAP basis. We monitor the performance of our total investment portfolio and total debt portfolio using both GAAP and Non-GAAP financial measures. In particular, we evaluate performance through monitoring the portfolio yields as we consider them to be effective indicators, for both management and stockholders, of the financial performance of our total investment portfolio and total debt portfolio. The key metrics that we monitor with respect to yields are as described below:

- “Total Yield” - The total yield is derived by dividing GAAP basis 'Total investment income' by the weighted average GAAP basis value of investment portfolio assets outstanding during the year, including non-interest earning assets such as warrants and equity investments at amortized cost.
- “Effective Yield” on total debt investments - The effective yield is derived by dividing GAAP basis 'Total investment income' by the weighted average GAAP basis value of debt investment portfolio assets at amortized cost outstanding during the year.
- “Core Yield” on total debt investments – The core yield is a Non-GAAP financial measure. The core yield is derived by dividing “Core investment income” by the weighted average GAAP basis value of debt investment portfolio assets at amortized cost outstanding during the year. “Core investment income” adjusts GAAP basis 'Total investment income' to exclude fee and other income accelerations attributed to early payoffs, deal restructuring, loan modifications, and other one-time income events, but includes income from expired commitments.

	Three months ended	
	March 31, 2023	March 31, 2022
Total Yield	14.1%	10.7%
Effective Yield	15.1%	11.5%
Core Yield (Non-GAAP)	14.0%	11.1%

We believe that these measures are useful for our stockholders as it provides the yield of our portfolio to allow a more meaningful comparison with our competitors. As noted above, Core Yield, a Non-GAAP financial measure, is derived by dividing Core investment income, as defined above, by the weighted average GAAP basis value of debt investment portfolio assets at amortized cost outstanding. The reconciliation to calculate “Core investment income” from GAAP basis 'Total investment income' are as follows:

(in thousands)

	Three months ended	
	March 31, 2023	March 31, 2022
<b>GAAP Basis:</b>		
Total investment income	\$ 105,090	\$ 65,157
Less: fee and income accelerations attributed to early payoffs, restructuring, loan modifications, and other one-time events except income from expired commitments	(7,121)	(2,248)
<b>Non-GAAP Basis:</b>		
Core investment income	\$ 97,969	\$ 62,909

We believe the Core Yield is useful for our investors as it provides the yield at which our debt investments are originated and eliminates one-off items that can fluctuate significantly from period to period, thereby allowing for a more meaningful comparison over time.

Although the Core Yield, a Non-GAAP financial measure, is intended to enhance our stockholders' understanding of our performance, the Core Yield should not be considered in isolation from or as an alternative to the GAAP financial metrics presented. The aforementioned Non-GAAP financial measure may not be comparable to similar Non-GAAP financial measures used by other companies.

Another financial measure that we monitor is the total return for our investors, which was approximately 0.8% and 12.0% during the three months ended March 31, 2023 and 2022, respectively. The total return equals the change in the ending market value over the beginning of the period price per share plus distributions paid per share during the period, divided by the beginning price assuming the distribution is reinvested on the date of the distribution. The total return does not reflect any sales load that may be paid by investors. See “Note 10 – Financial Highlights” included in the notes to our consolidated financial statements appearing elsewhere in this report.

## Portfolio Composition

Our portfolio companies are primarily privately held companies and public companies which are active in sectors characterized by high margins, high growth rates, consolidation and product and market extension opportunities.

The following table presents the fair value of the Company's portfolio by industry sector as of March 31, 2023 and December 31, 2022:

(in thousands)	March 31, 2023		December 31, 2022	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Drug Discovery & Development	\$ 1,220,057	39.0%	\$ 1,150,707	38.8%
Software	828,712	26.5%	798,264	26.9%
Consumer & Business Services	474,883	15.2%	439,384	14.8%
Healthcare Services, Other	214,199	6.8%	198,763	6.7%
All other industries <sup>(1)</sup>	392,327	12.5%	376,837	12.8%
<b>Total</b>	<b>\$ 3,130,178</b>	<b>100.0%</b>	<b>\$ 2,963,955</b>	<b>100.0%</b>

(1) See "Note 4 – Investments" for complete list of industry sectors and corresponding amounts of investments at fair value as a percentage of the total portfolio. As of March 31, 2023, the fair value as a percentage of total portfolio does not exceed 5.0% for any individual industry sector other than "Drug Discovery & Development", "Software", "Consumer & Business Services", or "Healthcare Services, Other".

Industry and sector concentrations vary as new loans are recorded and loans are paid off. Loan revenue, consisting of interest, fees, and recognition of gains on equity and warrants or other equity interests, can fluctuate materially when a loan is paid off or a warrant or equity interest is sold. Revenue recognition in any given year can be highly concentrated in several portfolio companies.

For the three months ended March 31, 2023 and the year ended December 31, 2022, our ten largest portfolio companies represented approximately 29.5% and 29.0% of the total fair value of our investments in portfolio companies, respectively. As of March 31, 2023 and December 31, 2022, we had six and eight investments that represented 5% or more of our net assets, respectively. As of March 31, 2023 and December 31, 2022, we had four and four equity investments representing approximately 48.6% and 39.8%, respectively, of the total fair value of our equity investments, and each represented 5% or more of the total fair value of our equity investments. No single portfolio investment represented more than 10% of the fair value of our total investments as of March 31, 2023 and December 31, 2022.

As of March 31, 2023 and December 31, 2022, approximately 95.6% and 95.3% of the debt investment portfolio was priced at floating interest rates or floating interest rates with a Prime, LIBOR, SOFR, Eurodollar, or BSBY-based interest rate floor, respectively. Changes in interest rates, including Prime, LIBOR, SOFR, Eurodollar, or BSBY rates, may affect the interest income and the value of our investment portfolio for portfolio investments with floating rates.

Our investments in Structured Debt generally have detachable equity enhancement features in the form of warrants or other equity securities designed to provide us with an opportunity for capital appreciation. These features are treated as OID and are accreted into interest income over the term of the loan as a yield enhancement. Our warrant coverage generally ranges from 3% to 20% of the principal amount invested in a portfolio company, with a strike price generally equal to the most recent equity financing round. As of March 31, 2023, we held warrants in 111 portfolio companies, with a fair value of approximately \$33.2 million. The fair value of our warrant portfolio increased by approximately \$2.6 million, as compared to a fair value of \$30.6 million as of December 31, 2022, primarily related to the increase in fair value of the portfolio companies.

Our existing warrant holdings would require us to invest approximately \$74.3 million to exercise such warrants as of March 31, 2023. Warrants may appreciate or depreciate in value depending largely upon the underlying portfolio company's performance and overall market conditions. As attractive investment opportunities arise, we may exercise certain of our warrants to purchase stock, and could ultimately monetize our investments. Of the warrants that we have monetized since inception, we have realized multiples in the range of approximately 1.02x to 42.71x based on the historical rate of return on our investments. We may also experience losses from our warrant portfolio in the event that warrants are terminated or expire unexercised.

## Portfolio Grading

We use an investment grading system, which grades each debt investment on a scale of 1 to 5 to characterize and monitor our expected level of risk on the debt investments in our portfolio with 1 being the highest quality. The following table shows the distribution of our outstanding debt investments on the 1 to 5 investment grading scale at fair value as of March 31, 2023 and December 31, 2022, respectively:

Investment Grading	March 31, 2023			December 31, 2022		
	Number of Companies	Debt Investments at Fair Value	Percentage of Total Portfolio	Number of Companies	Debt Investments at Fair Value	Percentage of Total Portfolio
1	19	\$ 590,366	19.9%	20	\$ 549,135	19.6%
2	55	1,184,885	39.9%	55	1,171,632	41.9%
3	42	1,099,950	37.1%	40	1,015,199	36.3%
4	5	92,257	3.1%	4	57,807	2.1%
5	1	1,193	0.0%	1	1,671	0.1%
	<b>122</b>	<b>\$ 2,968,651</b>	<b>100.0%</b>	<b>120</b>	<b>\$ 2,795,444</b>	<b>100.0%</b>

As of March 31, 2023, our debt investments had a weighted average investment grading of 2.26 on a cost basis, as compared to 2.23 as of December 31, 2022. Changes in a portfolio company's investment grading may be a result of changes in portfolio company's performance and/or timing of expected liquidity events. For instance, we may downgrade a portfolio company if it is not meeting our financing criteria or are underperforming relative to their respective business plans. We may also downgrade a portfolio company as it approaches a point in time when it will require additional equity capital to continue operations. Conversely, we may upgrade a portfolio company's investment grading when it is exceeding our financial performance expectations and/or is expected to mature/repay in full due to a liquidity event. The overall downgrade of the portfolio's weighted average investment grading is reflective of the impact of current macroeconomic environment.

As macroeconomic events evolve and cause disruption in the capital markets and to businesses, we are continuing to monitor and work with the management teams and stakeholders of our portfolio companies to navigate the significant market, operational, and economic challenges created by these events. This includes remaining proactive in our assessments of credit performance to manage potential risks across our investment portfolio.

### *Non-accrual Investments*

The following table shows the amortized cost of our performing and non-accrual investments as of March 31, 2023 and December 31, 2022:

(in millions)	As of March 31, 2023		As of December 31, 2022	
	Amortized Cost	Percentage of Total Portfolio at Amortized Cost	Amortized Cost	Percentage of Total Portfolio at Amortized Cost
Performing	\$ 3,133	99.4%	\$ 2,988	99.4%
Non-accrual	18	0.6%	18	0.6%
<b>Total Investments</b>	<b>\$ 3,151</b>	<b>100.0%</b>	<b>\$ 3,006</b>	<b>100.0%</b>

Debt investments are placed on non-accrual status when it is probable that principal, interest, or fees will not be collected according to contractual terms. When a debt investment is placed on non-accrual status, we cease to recognize interest and fee income until the portfolio company has paid all principal and interest due or demonstrated the ability to repay our current and future contractual obligations. We may not apply the non-accrual status to a loan where the investment has sufficient collateral value to collect all of the contractual amount due and is in the process of collection. Interest collected on non-accrual investments are generally applied to principal.

### *Results of Operations*

Our operating results for three months ended March 31, 2023 and 2022, were as follows:

(in thousands, except per share data)	Three Months Ended March 31,	
	2023	2022
Total investment income	\$ 105,090	\$ 65,157
Total expenses	39,591	29,370
<b>Net investment income</b>	<b>65,499</b>	<b>35,787</b>
Net realized gain (loss):	7,960	(2,381)
Net change in unrealized appreciation (depreciation):	21,105	(36,742)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 94,564</b>	<b>\$ (3,336)</b>
Net investment income before gains and losses per common share:		
Basic	\$ 0.48	\$ 0.30
Change in net assets resulting from operations per common share:		
Basic	\$ 0.69	\$ (0.03)
Diluted	\$ 0.68	\$ (0.03)

Our operating results can vary substantially from period to period due to various factors, including changes in the level of investments held, changes in our investment yields, recognition of realized gains and losses, and changes in net unrealized appreciation and depreciation, among other factors. As a result, comparison of the net increase (decrease) in net assets resulting from operations may not be meaningful.

### *Investment Income*

Total investment income for the three months ended March 31, 2023 was approximately \$105.1 million as compared to approximately \$65.2 million for the three months ended March 31, 2022. Investment income is primarily composed of interest income earned on our debt investments and fee income from commitments, facilities, and other loan related fees.

### Interest Income

The following table summarizes the components of interest income for the three months ended March 31, 2023 and 2022:

(in thousands)	Three Months Ended March 31,			
	2023		2022	
Contractual interest income	\$	82,791	\$	49,544
Exit fee interest income		9,382		6,726
PIK interest income		5,528		4,975
Other interest income <sup>(1)</sup>		2,196		1,007
<b>Total interest income</b>	<b>\$</b>	<b>99,897</b>	<b>\$</b>	<b>62,252</b>

(1) Other interest income includes OID interest income and interest recorded on other assets.

Interest income for the three months ended March 31, 2023 totaled approximately \$99.9 million as compared to approximately \$62.3 million for the three months ended March 31, 2022. The increase in interest income for the three months ended March 31, 2023 as compared to the period ended March 31, 2022 is primarily attributable to an increase in the weighted average principal and an increase in core yield due to increases in the benchmark rates of our debt investment portfolio outstanding between the periods.

Interest income is comprised of recurring interest income from the contractual servicing of loans and non-recurring interest income that is related to the acceleration of income due to early loan repayments and other one-time events during the period. The following table summarizes recurring and non-recurring interest income for the three months ended March 31, 2023 and 2022:

(in thousands)	Three Months Ended March 31,			
	2023		2022	
Recurring interest income	\$	95,685	\$	61,042
Non-recurring interest income		4,212		1,210
<b>Total interest income</b>	<b>\$</b>	<b>99,897</b>	<b>\$</b>	<b>62,252</b>

The following table shows the PIK-related activity for the three months ended March 31, 2023 and 2022, at cost:

(in thousands)	Three Months Ended March 31,			
	2023		2022	
<b>Beginning PIK interest receivable balance</b>	\$	25,713	\$	11,801
PIK interest income during the period		5,528		4,975
Payments received from PIK loans		(545)		(2,081)
Realized gain (loss)		—		(367)
<b>Ending PIK interest receivable balance</b>	<b>\$</b>	<b>30,696</b>	<b>\$</b>	<b>14,328</b>

The increase in PIK interest income during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 is due to an increase in the weighted average principal outstanding for debt investments which earn PIK interest. Payments on PIK loans are normally received only in the event of payoffs. The PIK receivable for both March 31, 2023 and March 31, 2022, represented approximately 1% of total debt investments.

### Fee Income

Fee income from commitment, facility and loan related fees for the three months ended March 31, 2023 totaled approximately \$5.2 million, as compared to approximately \$2.9 million, for the three months ended March 31, 2022. The increase in fee income for the three months ended March 31, 2023 is primarily due to an increase in the acceleration of unamortized fees, and one-time fees as a result of a higher volume of early repayments on our loan portfolio.

Fee income is comprised of recurring fee income from commitment, facility, and loan related fees, fee income due to expired commitments, and acceleration of fee income due to early loan repayments during the period. The following table summarizes the components of fee income for the three months ended March 31, 2023 and 2022:

(in thousands)	Three Months Ended March 31,			
	2023		2022	
Recurring fee income	\$	2,040	\$	1,779
Fee income - expired commitments		243		87
Accelerated fee income - early repayments		2,910		1,039
<b>Total fee income</b>	<b>\$</b>	<b>5,193</b>	<b>\$</b>	<b>2,905</b>

In certain investment transactions, we may earn income from advisory services; however, we had no income from advisory services in the three months ended March 31, 2023 or 2022.

### Operating Expenses

Our operating expenses are comprised of interest and fees on our debt borrowings, general and administrative expenses, and employee compensation and benefits. During the three months ended March 31, 2023 and 2022, our net operating expenses totaled approximately \$39.6 million and \$29.4 million, respectively.

### *Interest and Fees on our Debt*

Interest and fees on our debt totaled approximately \$19.0 million and \$13.5 million for the three months ended March 31, 2023 and 2022, respectively. Interest and fee expense during the three months ended March 31, 2023, as compared to the three months ended March 31, 2022, increased due to higher weighted average borrowing costs and debt outstanding.

We had a weighted average cost of debt of approximately 4.7% and 4.0% for the three months ended March 31, 2023 and 2022, respectively. The weighted average cost of debt includes interest and fees on our debt, but excludes the impact of fee accelerations due to the extinguishment of debt. The increase in the weighted average cost of debt during 2023 as compared to 2022, was attributable to increased usage of our Credit Facilities which have a higher cost of debt.

### *General and Administrative Expenses and Tax Expenses*

General and administrative expenses include legal fees, consulting fees, accounting fees, printer fees, insurance premiums, rent, expenses associated with the workout of underperforming investments, and various other expenses. Our general and administrative expenses increased to \$4.1 million from \$3.8 million for the three months ended March 31, 2023 and 2022, respectively. The increase in general and administrative expenses for the three months ended March 31, 2023 is primarily attributable to an increase in costs of office and operating supplies and certain professional fees. Tax expenses primarily relate to excise tax accruals. Tax expenses were \$1.4 million and \$0.7 million during the three months ended March 31, 2023 and 2022, respectively.

### *Employee Compensation*

Employee compensation and benefits totaled approximately \$14.6 million for the three months ended March 31, 2023 as compared to approximately \$8.3 million for the three months ended March 31, 2022. The increase between the three months ended March 31, 2023 and 2022 was primarily due to an increase in variable compensation.

Employee stock-based compensation totaled approximately \$3.2 million for the three months ended March 31, 2023 as compared to approximately \$4.4 million for the three months ended March 31, 2022. The decrease between comparative periods was primarily attributable to a decrease in compensation expense related to Performance Awards which vested in 2022.

### *Expenses allocated to the Adviser Subsidiary*

In March 2021, we entered into a shared services agreement with the Adviser Subsidiary (the “Sharing Agreement”), pursuant to which the Adviser Subsidiary utilizes our human capital resources, including deal professional, finance, and administrative functions, as well as other resources including infrastructure assets such as office space and technology. Under the terms of the Sharing Agreement, we allocate the related expenses of shared services to the Adviser Subsidiary. Our total net operating expenses for the three months ended March 31, 2023 and 2022, are net of expenses allocated to the Adviser Subsidiary of \$2.7 million and \$1.4 million, respectively. The increase in expenses allocated to the Adviser Subsidiary is a result of higher average assets under management and higher allocations to the Adviser Funds. As of March 31, 2023 and December 31, 2022, \$0.3 million and \$0.1 million, respectively, was due from the Adviser Subsidiary.

### *Net Realized Gains and Losses and Net Change in Unrealized Appreciation and Depreciation*

Realized gains or losses on investments are measured by the difference between the net proceeds from the repayment or sale and the cost basis of an investment without regard to unrealized appreciation or depreciation previously recognized, and includes investments written off during the period, net of recoveries. Realized loss on debt extinguishment relates to additional fees, costs, and accelerated recognition of remaining debt issuance costs, which are recognized in the event debt is extinguished before its stated maturity. The net change in unrealized appreciation or depreciation on investments primarily reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

A summary of net realized gains and losses for the three months ended March 31, 2023 and 2022 is as follows:

(in thousands)	Three Months Ended March 31,			
	2023		2022	
Realized gains	\$	9,614	\$	5,044
Realized losses		(1,659)		(3,739)
Realized foreign exchange gains (losses)		5		—
Realized loss on debt extinguishment		—		(3,686)
<b>Net realized gains (losses)</b>	<b>\$</b>	<b>7,960</b>	<b>\$</b>	<b>(2,381)</b>

During the three months ended March 31, 2023, we recognized net realized gains of \$7.9 million. The net realized gains were generated from gross realized gains of \$9.6 million primarily from the sale of our equity position in Sprinklr, Inc. and Zeta Global Corp. Our gains were offset by gross realized losses of \$1.7 million from the write-off of equity and warrant investments in Concert Pharmaceuticals, Inc. and Fungible, Inc. which had no value after the respective portfolio companies were acquired.

During the three months ended March 31, 2022, we recognized net realized losses of \$2.4 million. During the three months ended March 31, 2022, we recorded gross realized gains of \$5.0 million primarily from the sale of our equity position in Black Crow AI, Inc. Our gains were partially offset by gross realized losses of \$3.7 million primarily from the write-off of our investments in Regent Education and Medrobotics Corporation during the period. In addition, as part of the retirement of the 2022 Notes we incurred a \$3.7 million loss on debt extinguishment, which was related to fees, accrued interest, and the acceleration of debt issuance costs amortization. The \$3.7 million is included as a realized loss within the “Loss on extinguishment of debt” on the Consolidated Statement of Operations for the three months ended March 31, 2022.

The net change in unrealized appreciation and depreciation of our investments is derived from the changes in fair value of each investment determined in good faith by our Valuation Committee and approved by the Board. The following table summarizes the change in net unrealized appreciation or depreciation of investments for the three months ended March 31, 2023 and 2022:

(in thousands)	For the three months ended March 31	
	2023	2022
Gross unrealized appreciation on portfolio investments	\$ 52,577	\$ 19,540
Gross unrealized depreciation on portfolio investments	(24,025)	(57,173)
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	(8,151)	1,027
Net unrealized appreciation (depreciation) on portfolio investments	20,401	(36,606)
Other net unrealized appreciation (depreciation)	704	(136)
<b>Total net unrealized appreciation (depreciation)</b>	<b>\$ 21,105</b>	<b>\$ (36,742)</b>

During the three months ended March 31, 2023 and 2022, we recorded approximately \$21.1 million of net unrealized appreciation and \$36.7 million of net unrealized depreciation on our debt, equity, warrant, and investment funds, respectively. The following table summarizes the key drivers of change in net unrealized appreciation (depreciation) of investments for the three months ended March 31, 2023 and 2022:

(in thousands)	For the three months ended March 31,					
	2023			2022		
	Debt	Equity, Warrants and Investment Funds	Total	Debt	Equity, Warrants and Investment Funds	Total
Valuation appreciation (depreciation)	\$ 22,013	\$ 6,539	\$ 28,552	\$ (7,963)	\$ (29,670)	\$ (37,633)
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	(2,833)	(5,318)	(8,151)	(150)	1,177	1,027
Other net unrealized appreciation (depreciation)	620	84	704	22	(158)	(136)
<b>Net realized appreciation (depreciation)</b>	<b>\$ 19,800</b>	<b>\$ 1,305</b>	<b>\$ 21,105</b>	<b>\$ (8,091)</b>	<b>\$ (28,651)</b>	<b>\$ (36,742)</b>

### ***Income and Excise Taxes***

We account for income taxes in accordance with the provisions of ASC Topic 740 Income Taxes, under which income taxes are provided for amounts currently payable and for amounts deferred based upon the estimated future tax effects of differences between the financial statements and tax basis of assets and liabilities given the provisions of the enacted tax law. Valuation allowances may be used to reduce deferred tax assets to the amount likely to be realized. We intend to timely distribute to our stockholders substantially all of our annual taxable income for each year, except that we may retain certain net capital gains for reinvestment and, depending upon the level of taxable income earned in a year, we may choose to carry forward taxable income for distribution in the following year and pay any applicable U.S. federal excise tax.

Because federal income tax regulations differ from U.S. GAAP, 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. Permanent differences are reclassified among capital accounts in the financial statements to reflect their appropriate tax character. Permanent differences may also result from the classification of certain items, such as the treatment of short-term gains as ordinary income for tax purposes. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future.

### ***Hercules Adviser LLC***

The Adviser Subsidiary has entered into investment management agreements (the “IMAs”) with the Adviser Funds. Pursuant to the IMAs, the Adviser Subsidiary provides investment advisory and management services to the Adviser Funds in exchange for an asset-based fee and certain incentive fees. The Adviser Funds are privately offered investment funds exempt from registration under the 1940 Act that invest in debt and equity investments in venture or institutionally backed technology related and life sciences companies.

Hercules Adviser LLC, the Adviser Subsidiary, receives fee income for the services provided to the Adviser Funds. The Adviser Subsidiary’s contribution to our net investment income is derived from dividend income declared by the Adviser Subsidiary and

interest income earned on loans to the Adviser Subsidiary. For the three months ended March 31, 2023 and 2022, no dividends were declared by the Adviser Subsidiary.

### ***Financial Condition, Liquidity, Capital Resources and Obligations***

Our liquidity and capital resources are derived from our debt borrowings and cash flows from operations, including investment sales and repayments, and income earned. Our primary use of funds from operations includes investments in portfolio companies and payments of fees and other operating expenses we incur. 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 may also raise additional equity or debt capital through registered offerings off a shelf registration, At-the-Market (“ATM”), and private offerings of securities, by securitizing a portion of our investments, or by borrowing from the SBA through our SBIC subsidiary. This “Financial Condition, Liquidity, Capital Resources and Obligations” section should be read in conjunction with the “Macroeconomic Market Developments” section above.

During the three months ended March 31, 2023, we principally funded our operations from (i) cash receipts from interest, dividend, and fee income from our investment portfolio, (ii) cash proceeds from the realization of portfolio investments through the repayments of debt investments and the sale of debt and equity investments, (iii) debt offerings along with borrowings on our credit facilities, and (iv) equity offerings.

During the three months ended March 31, 2023, our operating activities used \$80.9 million of cash and cash equivalents, compared to \$188.6 million used during the three months ended March 31, 2022. The \$107.7 million decrease in cash used in operating activities was primarily due to a \$111.2 million increase in principal, fee repayments, and proceeds received from debt investments, and \$6.2 million increase in proceeds received from the sale of equity investments.

During the three months ended March 31, 2023, our investing activities used approximately \$94 thousand of cash, compared to \$50 thousand used during the three months ended March 31, 2022. The \$44 thousand increase in cash used in investing activities was due to an increase in purchases of capital equipment.

During the three months ended March 31, 2023, our financing activities provided \$134.0 million of cash, compared to \$114.9 million provided by financing activities during the three months ended March 31, 2022. The \$19.2 million increase in cash flows from financing activities was primarily due to increased net borrowing activity of \$44.5 million, which was offset by decreased equity issued through our ATM program of \$19.9 million. During the three months ended March 31, 2023 and 2022, equity issued (net of offering costs) through our ATM program approximated \$65.3 million and \$85.2 million, respectively. Additionally, dividend distributions increased \$7.0 million for a total \$63.8 million during the three months ended March 31, 2023, compared to \$56.9 million during the three months ended March 31, 2022.

As of March 31, 2023, our net assets totaled \$1.5 billion, with a NAV per share of \$10.82. 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 March 31, 2023***

As of March 31, 2023, we had \$553.1 million in available liquidity, including \$71.1 million in cash and cash equivalents, and approximately \$175.0 million available under our SMBC letter of credit facility. Additional liquidity is available through accordion provisions within the terms of our Credit Facilities, through which the available borrowing capacity can be increased by an aggregate \$475.0 million, subject to certain conditions. Further, the SMBC letter of credit facility may also be increased by an additional \$225.0 million (up to \$400 million), subject to certain conditions. As of March 31, 2023, we had available borrowing capacity of \$28.0 million under the SMBC Facility and \$279.0 million under the MUFG Bank Facility. Total amounts outstanding as of March 31, 2023, were \$318.0 million outstanding under our Credit Facilities, which are floating interest rate obligations, and the remaining \$1,415.0 million of term debt outstanding, which are all fixed interest rate debt obligations.

Not considered above, as of March 31, 2023, we held \$7.8 million of cash classified as restricted cash. Our restricted cash relates to amounts that are held as collateral securing certain of our financing transactions, including collections of interest and principal payments on assets that are securitized related to the 2031 Asset-Backed Notes. Based on current characteristics of the securitized debt investment portfolios, the restricted funds may be used to pay monthly interest and principal on the securitized debt with any excess distributed to us or available for our general operations. Refer to “Note 5 – Debt” included in the notes to our consolidated financial statements appearing elsewhere in this report for additional discussion of our debt obligations.

The 1940 Act permits BDCs 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 less than 200% (or 150% if certain requirements are met). On September 4, 2018 and December 6, 2018, our Board, including a “required majority” (as such term is defined in Section 57(o) of the 1940 Act) and our stockholders, respectively, approved the application to us of the 150% minimum asset coverage ratio set forth in Section 61(a)(2) of the 1940 Act. As of March 31, 2023, our asset coverage ratio under our regulatory requirements as a BDC was 196.0% excluding our SBA debentures. Our exemptive order from the SEC allows us to exclude all SBA leverage from our asset coverage ratio. As a result of the SEC exemptive order, our ratio of total assets on a consolidated basis to outstanding indebtedness may be less than 150%, which while providing increased investment flexibility, also may increase our exposure to risks associated with leverage. Total asset coverage when including our SBA debentures was 186.3% as of March 31, 2023.

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 ample liquidity to support our near-term capital requirements. As the impact of macro-economic events, including the COVID-19 pandemic, the war in Ukraine, and the related disruption to markets and business continues to impact the economy, we will continue to evaluate our overall liquidity position and take proactive steps to maintain the appropriate liquidity position based upon the current circumstances.

### Equity Offerings

We may from time-to-time issue and sell shares of our common stock through public or ATM offerings. We currently sell shares through our equity distribution agreement with JMP Securities LLC (“JMP”) and Jefferies LLC (“Jefferies”) (the “2022 Equity Distribution Agreement”). The 2022 Equity Distribution Agreement provides that we may offer and sell up to 17.5 million shares of our common stock from time to time through JMP or Jefferies, as our sales agents. Sales of our common stock, if any, may be made in negotiated transactions or transactions that are deemed to be “at the market,” as defined in Rule 415 under the Securities Act of 1933, as amended (the “Securities Act”), including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

During the three months ended March 31, 2023, we issued and sold 4.7 million shares of our common stock receiving total accumulated net proceeds of approximately \$65.3 million. This is a decrease from the three months ended March 31, 2022, where we issued and sold 4.9 million shares of our common stock receiving total accumulated net proceeds of approximately \$85.2 million.

We generally use net proceeds from these offerings to make investments, to repurchase or pay down liabilities and for general corporate purposes. As of March 31, 2023, approximately 3.9 million shares remain available for issuance and sale under the current equity distribution agreement.

### ***Commitments and Obligations***

Our significant cash requirements generally relate to our debt obligations. As of March 31, 2023, we had \$1,733.0 million of debt outstanding, none of which was due within the next year, \$375.0 million within 1 to 3 years, and \$1,358.0 million beyond 3 years. In addition to our debt obligations, in the normal course of business, we are party to financial instruments with off-balance sheet risk. These consist primarily of unfunded contractual commitments to extend credit, in the form of loans, to our portfolio companies. Unfunded contractual commitments to provide funds to portfolio companies are not reflected on our balance sheet.

Our unfunded contractual commitments may be significant from time to time. A portion of these unfunded contractual commitments are dependent upon the portfolio company reaching certain milestones before the debt commitment becomes available. Furthermore, our credit agreements 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. As such, our disclosure of unfunded contractual commitments includes only those which are available at the request of the portfolio company and unencumbered by milestones. Refer to “Note 11 – Commitments and Contingencies” included in the notes to our consolidated financial statements appearing elsewhere in this report for additional discussion of our unfunded commitments.

As of March 31, 2023, we had approximately \$562.1 million of available unfunded commitments, including undrawn revolving facilities, which were available at the request of the portfolio company and unencumbered by future or unachieved milestones, as well as uncalled capital commitments to make investments in private equity funds. In order to draw a portion of the Company's available unfunded commitments, a portfolio company must submit to the Company a formal funding request that complies with the applicable advance notice and other operational requirements. The available unfunded commitments excludes unfunded commitments (i) for which, with respect to a portfolio company's agreement, a milestone was achieved after the last day on which the portfolio company could have requested a drawdown funding to be completed within the reporting period; and (ii) \$178.2 million of unfunded commitments which represent the portion of portfolio company commitments assigned to or directly committed by the Adviser Funds.

Additionally, we had approximately \$96.0 million of non-binding term sheets outstanding to three new companies and one existing company, which generally convert to contractual commitments within approximately 90 days of signing. Non-binding



outstanding term sheets are subject to completion of our due diligence and final investment committee approval process, as well as the negotiation of definitive documentation with the prospective portfolio companies. Not all non-binding term sheets are expected to close and do not necessarily represent future cash requirements.

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 imbedded in the borrowing agreements.

***Critical Accounting Policies and Estimates***

The preparation of consolidated 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 at the date of the consolidated financial statements, and revenues and expenses during the period reported. On an ongoing basis, our management evaluates its estimates and assumptions, which are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in our estimates and assumptions could materially impact our results of operations and financial condition.

For a description of our critical accounting policies, refer to “Note 2 – Summary of Significant Accounting Policies” included in the notes to our consolidated financial statements appearing elsewhere in this report. We consider the most significant accounting policies to be those related to our Valuation of Investments, Fair Valuation Measurements, Income Recognition, and Income Taxes. The valuation of investments is our most significant critical estimate. The most significant input to this estimate is the yield interest rate, which includes the hypothetical market yield plus premium or discount adjustment, used in determining the fair value of our debt investments. The following table shows the approximate increase (decrease) to the fair value of our debt investments from hypothetical change to the yield interest rates used for each valuation, assuming no other changes:

<b>(in thousands)</b> <b>Basis Point Change</b>	<b>Change in unrealized appreciation (depreciation)</b>	
(100)	\$	39,775
(50)	\$	20,082
50	\$	(20,798)
100	\$	(41,321)

For a further discussion and disclosure of key inputs and considerations related to this estimate, refer to “Note 3 – Fair Value of Financial Instruments” included in the notes to our consolidated financial statements appearing elsewhere in this report.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET 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, cash and cash equivalents and idle fund investments. Our investment income will be affected by changes in various interest rates, including Prime, LIBOR, SOFR, Eurodollar, and BSBY rates, to the extent our debt investments include variable interest rates. As of March 31, 2023, approximately 95.6% of the loans in our portfolio had variable rates based on floating Prime, LIBOR, SOFR, Eurodollar, or BSBY rates with a floor. As of March 31, 2023, approximately 9.3% of our debt investments have variable rates based on LIBOR and 13.5% of our debt investments have variable rates based on SOFR, BSBY or Eurodollar rates. Additionally, all of our LIBOR rate based debt securities have interest rate floors. We are actively considering and discussing the preferred alternative benchmark with our portfolio companies and prioritize the inclusion of LIBOR fallback language in our documentation. The Alternative Reference Rates Committee (“ARRC”) has recommended for US based debt securities to use the SOFR rate as the alternative benchmark. Our debt borrowings under the Credit Facilities bear interest at a floating rate, all other outstanding debt borrowings bear interest at a fixed rate. Changes in interest rates can also affect, among other things, our ability to acquire and originate loans and securities and the value of our investment portfolio.

Based on our Consolidated Statement of Assets and Liabilities as of March 31, 2023, the following table shows the approximate annualized increase (decrease) in components of net assets resulting from operations of hypothetical base rate changes in interest rates, assuming no changes in our investments and debt:

(in thousands) Basis Point Change	Interest Income	Interest Expense	Net Income	EPS
(75)	\$ (19,110)	\$ (1,421)	\$ (17,689)	\$ (0.13)
(50)	\$ (12,952)	\$ (948)	\$ (12,004)	\$ (0.09)
(25)	\$ (6,768)	\$ (474)	\$ (6,294)	\$ (0.05)
25	\$ 6,768	\$ 474	\$ 6,294	\$ 0.05
50	\$ 13,475	\$ 948	\$ 12,527	\$ 0.09
75	\$ 19,879	\$ 1,421	\$ 18,458	\$ 0.14
100	\$ 26,283	\$ 1,895	\$ 24,388	\$ 0.18
200	\$ 51,897	\$ 3,791	\$ 48,106	\$ 0.36

We do not currently engage in any hedging activities. However, we may, in the future, hedge against interest rate fluctuations and foreign currency by using standard hedging instruments such as futures, options, and forward contracts. While hedging activities may insulate us against changes in interest rates and foreign currency, they may also limit our ability to participate in the benefits of lower interest rates with respect to our borrowed funds and higher interest rates with respect to our portfolio of investments. During the three months ended March 31, 2023, we did not engage in interest rate or foreign currency hedging activities.

Although we believe that the foregoing analysis is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in the credit market, credit quality, size and composition of the assets in our portfolio. It also does not adjust for other business developments, including our debt borrowings and use of our Credit Facilities that could affect the net increase in net assets resulting from operations, or net income. It also does not assume any repayments from our portfolio companies. Accordingly, no assurances can be given that actual results would not differ materially from the statement above.

Because we currently borrow, and plan to borrow in the future, money to make investments, our net investment income is 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 variable rate assets in our investment portfolio. For additional information regarding the interest rate associated with each of our debt borrowings, refer to Item 2 – “Financial Condition, Liquidity and Capital Resources” in this quarterly report on Form 10-Q and “Note 5 – Debt” included in the notes to our consolidated financial statements appearing elsewhere in this report.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Disclosure Controls and Procedures**

The Company's chief executive and chief financial officers, under the supervision and with the participation of the Company's management, conducted an evaluation of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. As of the end of the period covered by this quarterly report on Form 10-Q, the Company's chief executive and chief financial officers have concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in reports that the Company files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's chief executive and chief financial officers, as appropriate to allow timely decisions regarding required disclosure.

### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financing reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act that occurred during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II: OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, we do not expect any current matters will materially affect our financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on our financial condition or results of operations in any future reporting period.

### ITEM 1A. RISK FACTORS

In addition to the risks discussed below, important risk factors that could cause results or events to differ from current expectations are described in Part I, Item 1A “Risk Factors” of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on February 16, 2023 (the “Annual Report”).

***Our financial results could be negatively affected if a significant portfolio investment fails to perform as expected.***

Our total investment in companies may be significant individually or in the aggregate. As a result, if a significant investment in one or more companies fails to perform as expected, our financial results could be more negatively affected and the magnitude of the loss could be more significant than if we had made smaller investments in more companies. The following table shows the fair value of the totals of investments held in portfolio companies as of March 31, 2023 that represent greater than 5% of our net assets:

(in thousands)	March 31, 2023	
	Fair Value	Percentage of Net Assets
Corium, Inc.	\$ 136,593	9.1%
Axsome Therapeutics, Inc.	\$ 130,587	8.7%
Phathom Pharmaceuticals, Inc.	\$ 95,370	6.4%
Worldremit Group Limited	\$ 94,519	6.3%
SeatGeek, Inc.	\$ 88,983	5.9%
Rocket Lab Global Services, LLC	\$ 88,450	5.9%

- Corium, Inc. develops, engineers, and manufactures drug delivery products and devices that utilize the skin and mucosa as a primary means of transport.
- Axsome Therapeutics, Inc. is a biopharmaceutical company developing novel therapies for the management of central nervous system disorders for which there are limited treatment options.
- Phathom Pharmaceuticals, Inc. is a biopharmaceutical company focused on the development and commercialization of novel treatments for gastrointestinal diseases and disorders.
- Worldremit Group Limited is a global online money transfer business.
- SeatGeek, Inc. is a mobile-focused ticket platform that enables users to buy and sell tickets for live sports, concerts and theater events.
- Rocket Lab Global Services, LLC is a commercial space provider of high-frequency, low-cost launches.

Our financial results could be materially adversely affected if these portfolio companies or any of our other significant portfolio companies encounter financial difficulty and fail to repay their obligations or to perform as expected.

***We and our portfolio companies may maintain cash balances at financial institutions that exceed the Federal Deposit Insurance Corporation (“FDIC”) insured limits and we may otherwise be materially affected by adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties.***

Our cash is held in accounts at FDIC regulated U.S. banking institutions and, when appropriate and operationally feasible, is generally swept into overnight money market accounts. Still, cash held by us and by our portfolio companies in non-interest-bearing and interest-bearing operating accounts may at any time exceed the FDIC insurance limits. If such banking institutions were to fail, we or our portfolio companies could lose all or a portion of those amounts held in excess of such insurance limitations.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems, which could adversely affect our and our portfolio companies’ business, financial condition, results of operations, or prospects.

Although we assess our and our portfolio companies’ banking relationships as we believe necessary or appropriate, our and our portfolio companies’ access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our respective current and projected future business operations could be significantly impaired by factors that affect us or our portfolio

companies, the financial institutions with which we or our portfolio companies have arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we or our portfolio companies have financial or business relationships, but could also include factors involving financial markets or the financial services industry generally.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us or our portfolio companies to acquire financing on acceptable terms or at all.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

***Dividend Reinvestment Plan***

During the three months ended March 31, 2023, we issued 61,383 shares of common stock to stockholders in connection with the dividend reinvestment plan. These issuances were not subject to the registration requirements of the Securities Act. The aggregate value of the shares of our common stock issued under our dividend reinvestment plan was approximately \$0.9 million.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not Applicable

**ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable

**ITEM 5. OTHER INFORMATION**

Not Applicable

## ITEM 6. EXHIBITS

Exhibit Number	Description
3(a)	Amended and Restated Bylaws. <sup>(1)</sup>
10.1	Letter of Credit Facility Agreement, dated as of January 13, 2023, between Hercules Capital, Inc. and Sumitomo Mitsui Banking Corporation, as issuing bank <sup>(2)</sup>
10.2	First Omnibus Amendment to Revolving Credit Agreement and Guarantee and Security Agreement, dated as of January 13, 2023, among Hercules Capital, Inc., and the lenders party thereto and Sumitomo Mitsui Banking Corporation, as administrative and collateral agent <sup>(2)</sup>
10.3	Third Amendment to Loan and Security Agreement, dated as of January 13, 2023, among Hercules Funding IV LLC, as borrower, the lenders from time to time party thereto, and MUFG Bank, Ltd., as agent, a joint lead arranger swingline lender and sole bookrunner <sup>(2)</sup>
10.4	First Amendment to Sales and Servicing Agreement, dated as of January 13, 2023, among Hercules Funding IV LLC, as borrower, Hercules Capital, Inc., as originator and servicer, and MUFG Bank Ltd., as agent <sup>(2)</sup>
10.5	Form of Long-Term Restricted Stock Unit Agreement <sup>(2)</sup>
10.6*	First Amendment to Letter of Credit Facility, dated as of March 21, 2023, among Hercules Capital, Inc. and Sumitomo Mitsui Banking Corporation
31.1*	Chief Executive Officer Certification Pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Chief Financial Officer Certification Pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted 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 its 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	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, has been formatted in Inline XBRL

\* Filed herewith.

(1) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on March 20, 2020.

(2) Previously filed as part of the Annual Report on Form 10-K of the Company, as filed on February 16, 2023.

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES**  
**For the Three Months Ended March 31, 2023 (unaudited)**

(in thousands)

Portfolio Company	Investment <sup>(1)</sup>	Amount of Interest and Fees Credited to Income <sup>(2)</sup>	Realized Gain (Loss)	Fair Value as of December 31, 2022	Gross Additions <sup>(3)</sup>	Gross Reductions <sup>(4)</sup>	Net Change in Unrealized Appreciation/ (Depreciation)	Fair Value as of March 31, 2023
<b>Control Investments</b>								
<b>Majority Owned Control Investments</b>								
Coronado Aesthetics, LLC <sup>(8)</sup>	Preferred Stock	\$ —	\$ —	\$ 313	\$ —	\$ —	\$ (60)	\$ 253
	Common Stock	—	—	6	—	—	(3)	3
Gibraltar Acquisition LLC (p.k.a. Gibraltar Business Capital, LLC) <sup>(5)</sup>	Unsecured Debt	815	—	21,700	22	—	2,867	24,589
	Preferred Stock	—	—	14,137	—	—	805	14,942
	Common Stock	—	—	1,107	—	—	63	1,170
Hercules Adviser LLC <sup>(6)</sup>	Unsecured Debt	150	—	12,000	—	—	—	12,000
	Member Units	—	—	19,153	—	—	5,442	24,595
<b>Total Majority Owned Control Investments</b>		<b>\$ 965</b>	<b>\$ —</b>	<b>\$ 68,416</b>	<b>\$ 22</b>	<b>\$ —</b>	<b>\$ 9,114</b>	<b>\$ 77,552</b>
<b>Other Control Investments</b>								
Tectura Corporation <sup>(7)</sup>	Senior Debt	\$ 170	\$ —	\$ 8,042	\$ —	\$ —	\$ (268)	\$ 7,774
	Preferred Stock	—	—	—	—	—	—	—
	Common Stock	—	—	—	—	—	—	—
<b>Total Other Control Investments</b>		<b>\$ 170</b>	<b>\$ —</b>	<b>\$ 8,042</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (268)</b>	<b>\$ 7,774</b>
<b>Total Control Investments</b>		<b>\$ 1,135</b>	<b>\$ —</b>	<b>\$ 76,458</b>	<b>\$ 22</b>	<b>\$ —</b>	<b>\$ 8,846</b>	<b>\$ 85,326</b>

(1) Stock and warrants are generally non-income producing and restricted.

(2) Represents the total amount of interest, fees, or dividends credited to income for the period an investment was an affiliate or control investment.

(3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, paid-in-kind interest or dividends, the amortization of discounts and closing fees and the exchange of one or more existing securities for one or more new securities.

(4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include previously recognized depreciation on investments that become control or affiliate investments during the period.

(5) As of March 31, 2018, the Company's investment in Gibraltar Acquisition LLC (p.k.a. Gibraltar Business Capital, LLC) became classified as a control investment as a result of obtaining a controlling financial interest.

(6) Hercules Adviser LLC is a wholly owned subsidiary providing investment management and other services to the Adviser Funds and other External Parties.

(7) As of March 31, 2017, the Company's investment in Tectura Corporation became classified as a control investment as of result of obtaining more than 50% representation on the portfolio company's board. In May 2018, the Company purchased common shares, thereby obtaining greater than 25% of voting securities of Tectura as of June 30, 2018.

(8) As of December 31, 2021, the Company's investment in Coronado Aesthetics, LLC became classified as a control investment as a result of obtaining more than 25% of the voting securities of the portfolio company.



Schedule 12 – 14

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES**  
**For the Three Months Ended March 31, 2022 (unaudited)**

(in thousands)

Portfolio Company	Investment <sup>(1)</sup>	Amount of Interest and Fees Credited to Income <sup>(2)</sup>	Realized Gain (Loss)	Fair Value as of December 31, 2021	Gross Additions <sup>(3)</sup>	Gross Reductions <sup>(4)</sup>	Net Change in Unrealized Appreciation/ (Depreciation)	Fair Value as of March 31, 2022
<b>Control Investments</b>								
Majority Owned Control Investments								
Coronado Aesthetics, LLC <sup>(10)</sup>	Preferred Stock	\$ —	\$ —	\$ 500	\$ —	\$ —	\$ 86	\$ 586
	Common Stock	—	—	65	—	—	(37)	28
Gibraltar Business Capital, LLC <sup>(5)</sup>	Unsecured Debt	850	—	23,212	19	—	(274)	22,957
	Preferred Stock	—	—	19,393	—	—	(897)	18,496
	Common Stock	—	—	1,225	—	—	(56)	1,169
Hercules Adviser LLC <sup>(6)</sup>	Unsecured Debt	111	—	8,850	1,300	—	—	10,150
	Member Units	—	—	11,990	—	—	2,554	14,544
<b>Total Majority Owned Control Investments</b>		<b>\$ 961</b>	<b>\$ —</b>	<b>\$ 65,235</b>	<b>\$ 1,319</b>	<b>\$ —</b>	<b>\$ 1,376</b>	<b>\$ 67,930</b>
Other Control Investments								
Tectura Corporation <sup>(7)</sup>	Senior Debt	\$ 170	\$ —	\$ 8,269	\$ —	\$ —	\$ 78	\$ 8,347
	Preferred Stock	—	—	—	—	—	—	—
	Common Stock	—	—	—	—	—	—	—
<b>Total Other Control Investments</b>		<b>\$ 170</b>	<b>\$ —</b>	<b>\$ 8,269</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 78</b>	<b>\$ 8,347</b>
<b>Total Control Investments</b>		<b>\$ 1,131</b>	<b>\$ —</b>	<b>\$ 73,504</b>	<b>\$ 1,319</b>	<b>\$ —</b>	<b>\$ 1,454</b>	<b>\$ 76,277</b>
<b>Affiliate Investments</b>								
Black Crow AI, Inc. <sup>(8)</sup>	Preferred Stock	\$ —	\$ 3,772	\$ 1,120	\$ —	\$ (1,000)	\$ (120)	\$ —
Pineapple Energy LLC <sup>(9)</sup>	Senior Debt	1,047	—	7,747	—	(4,781)	20	2,986
	Common Stock	—	—	591	400	—	853	1,844
<b>Total Affiliate Investments</b>		<b>\$ 1,047</b>	<b>\$ 3,772</b>	<b>\$ 9,458</b>	<b>\$ 400</b>	<b>\$ (5,781)</b>	<b>\$ 753</b>	<b>\$ 4,830</b>
<b>Total Control and Affiliate Investments</b>		<b>\$ 2,178</b>	<b>\$ 3,772</b>	<b>\$ 82,962</b>	<b>\$ 1,719</b>	<b>\$ (5,781)</b>	<b>\$ 2,207</b>	<b>\$ 81,107</b>

- (1) Stock and warrants are generally non-income producing and restricted.
- (2) Represents the total amount of interest, fees, or dividends credited to income for the period an investment was an affiliate or control investment.
- (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, paid-in-kind interest or dividends, the amortization of discounts and closing fees and the exchange of one or more existing securities for one or more new securities.
- (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include previously recognized depreciation on investments that became control or affiliate investments during the period.
- (5) As of March 31, 2018, the Company's investment in Gibraltar Business Capital, LLC became classified as a control investment as a result of obtaining a controlling financial interest.
- (6) Hercules Adviser LLC is a wholly-owned subsidiary providing investment management and other services to External Parties.
- (7) As of March 31, 2017, the Company's investment in Tectura Corporation became classified as a control investment as of result of obtaining more than 50% representation on the portfolio company's board. In May 2018, the Company purchased common shares, thereby obtaining greater than 25% of voting securities of Tectura as of June 30, 2018.
- (8) During the three months ended March 31, 2022, the Company sold its investments in Black Crow AI, Inc., as a result it is no longer an affiliate investment as of March 31, 2022.
- (9) As of December 11, 2020, the Company's investment in Pineapple Energy LLC became classified as an affiliate investment as a result of obtaining more than 5% but less than 25% of the voting securities of the portfolio company.
- (10) As of December 31, 2021, the Company's investment in Coronado Aesthetics, LLC became classified as a control investment as a result of obtaining more than 25% of the voting securities of the portfolio company.

Schedule 12 – 14

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES**  
**As of March 31, 2023 (unaudited)**

(in thousands)								
Portfolio Company	Industry	Type of Investment <sup>(1)</sup>	Maturity Date	Interest Rate and Floor	Principal or Shares	Cost	Value <sup>(2)</sup>	
<b>Control Investments</b>								
Majority Owned Control Investments								
Coronado Aesthetics, LLC	Medical Devices & Equipment	Preferred Series A Equity			5,000,000	\$ 250	\$ 253	
	Medical Devices & Equipment	Common Stock			180,000	—	3	
Total Coronado Aesthetics, LLC						<u>\$ 250</u>	<u>\$ 256</u>	
Gibraltar Acquisition LLC (p.k.a. Gibraltar Business Capital, LLC)	Diversified Financial Services	Unsecured Debt	September 2026	Interest rate FIXED 11.50%	\$ 25,000	24,589	24,589	
	Diversified Financial Services	Preferred Series A Equity			10,602,752	26,122	14,942	
	Diversified Financial Services	Common Stock			830,000	1,884	1,170	
Total Gibraltar Acquisition, LLC						<u>\$ 52,595</u>	<u>\$ 40,701</u>	
Hercules Adviser LLC	Diversified Financial Services	Unsecured Debt	June 2025	Interest rate FIXED 5.00%	\$ 12,000	12,000	12,000	
	Diversified Financial Services	Member Units			1	35	24,595	
Total Hercules Adviser LLC						<u>\$ 12,035</u>	<u>\$ 36,595</u>	
Total Majority Owned Control Investments (5.17%)*						<u>\$ 64,880</u>	<u>\$ 77,552</u>	
Other Control Investments								
Tectura Corporation	Consumer & Business Services	Senior Secured Debt	July 2024	PIK Interest 5.00%	\$ 23,703	\$ 13,263	\$ —	
	Consumer & Business Services	Senior Secured Debt	July 2024	Interest rate FIXED 8.25%	\$ 8,250	8,250	7,774	
	Consumer & Business Services	Preferred Series BB Equity			1,000,000	—	—	
	Consumer & Business Services	Common Stock			414,994,863	900	—	
Total Tectura Corporation						<u>\$ 22,413</u>	<u>\$ 7,774</u>	
Total Other Control Investments (0.52%)*						<u>\$ 22,413</u>	<u>\$ 7,774</u>	
Total Control Investments (5.69%)*						<u>\$ 87,293</u>	<u>\$ 85,326</u>	

\* Value as a percent of net assets

(1) Stock and warrants are generally non-income producing and restricted.

(2) All of the Company's control and affiliate investments are Level 3 investments valued using significant unobservable inputs.

## Schedule 12 – 14

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES**  
**As of and for the year ended December 31, 2022**

(in thousands)								
Portfolio Company	Industry	Type of Investment <sup>(1)</sup>	Maturity Date	Interest Rate and Floor	Principal or Shares	Cost	Value <sup>(2)</sup>	
<b>Control Investments</b>								
Majority Owned Control Investments								
Coronado Aesthetics, LLC	Medical Devices & Equipment	Preferred Series A Equity			5,000,000	\$ 250	\$ 313	
	Medical Devices & Equipment	Common Stock			180,000	—	6	
Total Coronado Aesthetics, LLC						<u>\$ 250</u>	<u>\$ 319</u>	
Gibraltar Business Capital, LLC	Diversified Financial Services	Unsecured Debt	September 2026	Interest rate FIXED 14.50%	\$ 15,000	14,715	12,802	
	Diversified Financial Services	Unsecured Debt	September 2026	Interest rate FIXED 11.50%	\$ 10,000	9,852	8,898	
	Diversified Financial Services	Preferred Series A Equity			10,602,752	26,122	14,137	
	Diversified Financial Services	Common Stock			830,000	1,884	1,107	
Total Gibraltar Business Capital, LLC						<u>\$ 52,573</u>	<u>\$ 36,944</u>	
Hercules Adviser LLC	Diversified Financial Services	Unsecured Debt	June 2025	Interest rate FIXED 5.00%	\$ 12,000	12,000	12,000	
	Diversified Financial Services	Member Units			1	35	19,153	
Total Hercules Adviser LLC						<u>\$ 12,035</u>	<u>\$ 31,153</u>	
Total Majority Owned Control Investments (4.88%)*						<u>\$ 64,858</u>	<u>\$ 68,416</u>	
Other Control Investments								
Tectura Corporation	Consumer & Business Services	Senior Secured Debt	July 2024	PIK Interest 5.00%	\$ 10,680	\$ 240	\$ —	
	Consumer & Business Services	Senior Secured Debt	July 2024	Interest rate FIXED 8.25%	\$ 8,250	8,250	8,042	
	Consumer & Business Services	Senior Secured Debt	July 2024	PIK Interest 5.00%	\$ 13,023	13,023	—	
	Consumer & Business Services	Preferred Series BB Equity			1,000,000	—	—	
	Consumer & Business Services	Common Stock			414,994,863	900	—	
Total Tectura Corporation						<u>\$ 22,413</u>	<u>\$ 8,042</u>	
Total Other Control Investments (0.58%)*						<u>\$ 22,413</u>	<u>\$ 8,042</u>	
Total Control Investments (5.46%)*						<u>\$ 87,271</u>	<u>\$ 76,458</u>	
Total Control and Affiliate Investments (5.46%)*						<u>\$ 87,271</u>	<u>\$ 76,458</u>	

\* Value as a percent of net assets

(1) Stock and warrants are generally non-income producing and restricted.

(2) All of the Company's control and affiliate investments are Level 3 investments valued using significant unobservable inputs.

**SIGNATURES**

Pursuant to the requirements of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HERCULES CAPITAL, INC. (Registrant)

Dated: May 4, 2023

\_\_\_\_\_  
/S/ SCOTT BLUESTEIN

**Scott Bluestein**  
**President, Chief Executive Officer, and**  
**Chief Investment Officer**

Dated: May 4, 2023

\_\_\_\_\_  
/S/ SETH H. MEYER

**Seth H. Meyer**  
**Chief Financial Officer, and**  
**Chief Accounting Officer**