

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

**FORM 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2022

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from      to

Commission File No. 814-00702

**HERCULES CAPITAL, INC.**

(Exact name of Registrant as specified in its charter)

**Maryland**

(State or other jurisdiction of incorporation or organization)

**74-3113410**

(I.R.S. Employer Identification Number)

**400 Hamilton Avenue, Suite 310  
Palo Alto, California 94301**

(Address of principal executive offices)

**Registrant's telephone number, including area code: (650) 289-3060**  
**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	HCXY	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was approximately \$1.68 billion based upon a closing price of \$13.49 reported for such date on the New York Stock Exchange. Common shares held by each executive officer and director and by each person who owns 5% or more of the outstanding common shares have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not intended and shall not be deemed to be an admission that, such persons are affiliates of the Registrant.

On February 9, 2023, there were 136,480,361 shares outstanding of the registrant's common stock, \$0.001 par value.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Proxy Statement for its 2023 Annual Meeting of Stockholders to be filed within 120 days after the close of the registrant's year end are incorporated by reference into Part III of this Annual Report on Form 10-K.

Auditor Firm Id:	238	Auditor Name:	PricewaterhouseCoopers, LLP	Auditor Location:	San Francisco, CA
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**HERCULES CAPITAL, INC.**  
**FORM 10-K**  
**ANNUAL REPORT**

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Hercules Capital, Inc., our logo and other trademarks of Hercules Capital, Inc. are the property of Hercules Capital, Inc. All other trademarks or trade names referred to in this Annual Report on Form 10-K are the property of their respective owners.

*In this Annual Report on Form 10-K, or Annual 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.*

#### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This report contains forward-looking statements that involve substantial risks and uncertainties that are within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). You can identify these statements using forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “project,” “target,” “estimate,” “intend,” “continue” or “believe” or the negatives of, or other variations on, these terms or comparable terminology. You should read statements that contain these words carefully because they discuss our plans, strategies, prospects, and expectations concerning our business, operating results, financial condition, and other similar matters. We believe that it is important to communicate our future expectations to our investors. Our forward-looking statements include information in this report regarding general domestic and global economic conditions, our future financing plans, our ability to operate as a business development company (“BDC”) and the expected performance of, and the yield on, our portfolio companies. There may be events in the future, however, that we are not able to predict accurately or control. The factors listed under “Risk Factors” in this annual report on Form 10-K, as well as any cautionary language in this report, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. The occurrence of the events described in these risk factors and elsewhere in this report could have a material adverse effect on our business, results of operations and financial position. Any forward-looking statement made by us in this report speaks only as of the date of this report. Factors or events that could cause our actual results to differ from our forward-looking statements may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

#### **PART I**

##### **Item 1. Business**

#### **GENERAL**

Hercules Capital, Inc. is a specialty finance company focused on providing financing solutions 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 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.

Our primary business objectives are to increase our net income, net investment income, and net asset value (“NAV”) through our investments in primarily Structured Debt or senior secured debt instruments of venture capital-backed and institutional-backed companies across a variety of technology-related industries at attractive yields. We aim to achieve our business objectives by maximizing our portfolio total return through generation of current 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 Investment Company Act of 1940 (“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.

Our investments are focused in companies that are active in a variety of technology industry sub-sectors or are characterized by products or services that require advanced technologies, including, but not limited to, computer software and hardware, networking systems, semiconductors, semiconductor capital equipment, information technology infrastructure or services, consumer and business services, telecommunications, telecommunications equipment, media, life sciences, and renewable or alternative energy. Within the life sciences sub-sector, we generally focus on medical devices, bio-pharmaceutical, drug discovery and development, drug delivery, health care services and information systems companies. Within the sustainable and renewable technology sub-sector, we focus on sustainable and renewable energy technologies and energy efficiency and monitoring technologies. We refer to all of these companies as “technology-related” companies and intend, under normal circumstances, to invest at least 80% of the value of our total assets in such businesses.

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 of Directors (the "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.

### **CORPORATE STRUCTURE**

We are an internally managed, non-diversified closed-end investment company that has elected to be regulated as a business development company ("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," including securities of private U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. As a BDC, we must also maintain a coverage ratio of total assets to total senior securities, which include all of our borrowings (including accrued interest payable) except for debentures issued by the Small Business Administration (the "SBA") and any preferred stock we may issue in the future, of at least 150% subsequent to each borrowing or issuance of senior securities. Certain of our wholly owned subsidiaries are licensed to operate as a small business investment company (a "SBIC" or "SBICs") under the authority of the SBA. Through SBIC licensed vehicles we may access capital from the SBA debenture program. See "Regulation" for additional information related to our capital requirements.

We are internally managed under the supervision of our Board. We do not pay management or advisory fees, but instead incur costs customary for an operating company. Some of those costs include recruiting and marketing expenses as well as the costs associated with employing management, investment and portfolio management professionals, and technology, secretarial and other support personnel. In connection with our recruiting, branding and marketing efforts, we may, among other things, make charitable contributions in amounts we believe to be immaterial and that do not exceed \$500 thousand in the aggregate in any year. We believe that many of these contributions help us raise our profile in the communities and benefit us in attracting and retaining talent and investment opportunities.

Effective January 1, 2006, we elected to be treated for U.S. federal tax purposes as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended ("the Code"). As a RIC, we generally will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (i.e., net realized long-term capital gains in excess of net realized short-term capital losses) we distribute (or are deemed to distribute) as dividends for U.S. federal income tax purposes to stockholders with respect to that taxable year. We will be subject to a 4% non-deductible U.S. federal excise tax on certain undistributed income and gains unless we make distributions treated as dividends for U.S. federal income tax purposes in a timely manner to our stockholders in respect of each calendar year subject to certain requirements as defined for RICs. See "Certain United States Federal Income Tax Considerations" for additional information. Additionally, we have established wholly owned subsidiaries that are not consolidated for U.S. federal 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.

In May 2020, Hercules Adviser LLC (the "Adviser Subsidiary") was formed 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"). See "— Regulation—No-action and Exemptive Relief Obtained" for additional information regarding our Adviser Subsidiary.

### **CORPORATE HISTORY AND OFFICES**

We are a Maryland corporation formed in December 2003 that began investment operations in September 2004. On February 25, 2016, we changed our name from "Hercules Technology Growth Capital, Inc." to "Hercules Capital, Inc." Our principal executive offices are located at 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301, and our telephone number is (650) 289-3060. We also have offices in Boston, MA, New York, NY, Bethesda, MD, Westport, CT, Chicago, IL, San Diego, CA, and London, United Kingdom.

## AVAILABLE INFORMATION

We file with or submit to the SEC our annual, quarterly, current reports, proxy statements and other information meeting the informational requirements of the Securities Exchange Act of 1934, as amended (“the Exchange Act”). We make available, free of charge, on our website our proxy statement, annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports and other publicly filed information available as soon as reasonably practicable after we electronically file such material with, or furnish it to the SEC. Our Internet address where these documents and other information can be found is [www.hfgc.com](http://www.hfgc.com). Information contained on our website is not incorporated by reference into this Annual Report, and you should not consider that information to be part of this Annual Report. Our annual, quarterly, periodic and current reports, proxy statements and other public filings are also available free of charge on the EDGAR Database on the SEC’s Internet website at [www.sec.gov](http://www.sec.gov).

## OUR MARKET OPPORTUNITY

We believe that technology-related companies compete in one of the largest and most rapidly growing sectors of the U.S. economy and that continued growth is supported by ongoing innovation and performance improvements in technology products as well as the adoption of technology across virtually all industries in response to competitive pressures. We believe that an attractive market opportunity exists for a specialty finance company focused primarily on investments in Structured Debt, senior debt, and equity securities in technology-related companies for the following reasons:

- technology-related companies have generally been underserved by traditional lending sources;
- unfulfilled demand exists for Structured Debt financing to technology-related companies due to the complexity of evaluating risk in these investments; and
- Structured Debt products are less dilutive and complement equity financing from venture capital and private equity funds.

### ***Technology-Related Companies are Underserved by Traditional Lenders.***

We believe many viable technology-related companies backed by financial sponsors have been unable to obtain sufficient growth financing from traditional lenders, including financial services companies such as commercial banks and finance companies because traditional lenders have continued to consolidate and have adopted a more risk-averse approach to lending. More importantly, we believe traditional lenders are typically unable to underwrite the risk associated with these companies effectively.

The unique cash flow characteristics of many technology-related companies typically include significant research and development expenditures and high projected revenue growth thus often making such companies difficult to evaluate from a credit perspective. In addition, the balance sheets of these companies often include a disproportionately large amount of intellectual property assets, which can be difficult to value. Finally, the speed of innovation in technology and rapid shifts in consumer demand and market share add to the difficulty in evaluating technology-related companies.

Due to the difficulties described above, we believe traditional lenders generally refrain from entering the Structured Debt financing marketplace, instead preferring the risk-reward profile of asset-based lending. Traditional lenders generally do not have flexible product offerings that meet the needs of technology-related companies. The financing products offered by traditional lenders typically impose on borrowers many restrictive covenants and conditions, including limiting cash outflows and requiring a significant depository relationship to facilitate rapid liquidation.

### ***Unfulfilled Demand for Structured Debt Financing to Technology-Related Companies.***

Private debt capital in the form of Structured Debt financing from specialty finance companies continues to be an important source of funding for technology-related companies. We believe that the level of demand for Structured Debt financing is a function of the level of annual venture equity investment activity.

We believe that demand for Structured Debt financing is currently underserved. The venture capital market for the technology-related companies in which we invest has been active. Therefore, to the extent we have capital available, we believe this is an opportune time to be active in the structured lending market for technology-related companies.

### ***Structured Debt Products Complement Equity Financing from Venture Capital and Private Equity Funds.***

We believe that technology-related companies and their financial sponsors will continue to view Structured Debt securities as an attractive source of capital because it augments the capital provided by venture capital and private equity funds. We believe that our Structured Debt products provide access to growth capital that otherwise may only be available through incremental investments by existing equity investors. As such, we provide portfolio companies and their financial sponsors with an opportunity to diversify their capital sources. Generally, we believe many technology-related companies at all stages of development target a portion of their capital to be debt in an attempt to achieve a higher valuation through internal growth. In addition, because financial sponsor-backed companies have reached a more mature stage prior to reaching a liquidity event, we believe our investments could provide the debt capital needed to grow or recapitalize during the extended period sometimes required prior to liquidity events.

## OUR BUSINESS STRATEGY

Our strategy to achieve our investment objective includes the following key elements:

### ***Leverage the Experience and Industry Relationships of Our Management Team and Investment Professionals.***

We have been investing in venture capital-backed and institutional-backed companies for over 19 years. Our investment professionals are led by individuals with extensive experience as venture capitalists, commercial lenders, and originators of Structured Debt and equity investments in technology-related companies. In addition, our team members have originated Structured Debt, senior debt, and equity investments in over 600 technology-related companies, representing more than \$16.0 billion in commitments from inception to December 31, 2022, and have developed a network of industry contacts with investors and other participants within the venture capital and private equity communities. Members of our management team also have operational, research and development and finance experience with technology-related companies. Furthermore, we have established contacts with leading venture capital and private equity fund sponsors, public and private companies, research institutions and other industry participants, which we believe will enable us to identify and attract well-positioned prospective portfolio companies.

We focus our investing activities generally in industries in which our investment professionals have investment experience. We believe that our focus on financing technology-related companies will enable us to leverage our expertise in structuring prospective investments, to assess the value of both tangible and intangible assets, to evaluate the business prospects and operating characteristics of technology-related companies and to identify and originate potentially attractive investments with these types of companies.

### ***Mitigate Risk of Principal Loss and Build a Portfolio of Warrant and Equity Securities.***

We expect that our investments have the potential to produce attractive risk-adjusted returns through current income, in the form of interest and fee income, as well as capital appreciation from warrant and equity securities. We believe that we can mitigate the risk of loss on our debt investments through the combination of loan principal amortization after an initial interest only period, cash interest payments, relatively short maturities (typically between 36-48 months), security interests in the assets of our portfolio companies, and on select investment covenants requiring prospective portfolio companies to have certain amounts of available cash at the time of our investment and the continued support from a venture capital or private equity firm at the time we make our investment. Although we do not currently engage in hedging transactions, we may engage in hedging transactions in the future utilizing instruments such as forward contracts, currency options and interest rate swaps, caps, collars, and floors.

Historically our Structured Debt investments to technology-related companies typically include warrants or other equity interests, giving us the potential to realize equity-like returns on a portion of our investment. In addition, in some cases, we receive the right to make additional equity investments in our portfolio companies, including the right to convert some portion of our debt into equity, in connection with future equity financing rounds. We believe these equity interests will create the potential for meaningful long-term capital gains in connection with the future liquidity events of these technology-related companies.

### ***Provide Customized Financing Complementary to Financial Sponsors' Capital.***

We offer a broad range of investment structures and possess expertise and experience to effectively structure and price investments in technology-related companies. Unlike many of our competitors that only invest in companies that fit a specific set of investment parameters, we have the flexibility to structure our investments to suit the particular needs of our portfolio companies. We offer customized financing solutions ranging from senior debt, including below-investment grade debt instruments, also known as "junk bonds", to equity capital, with a focus on Structured Debt.

We use our relationships in the financial sponsor community to originate investment opportunities. Because venture capital and private equity funds typically invest solely in the equity securities of their portfolio companies, we believe that our debt investments will be viewed as an attractive and complimentary source of capital, both by the portfolio company and by the portfolio company's financial sponsor. In addition, we believe that many venture capital and private equity fund sponsors encourage their portfolio companies to use debt financing for a portion of their capital needs as a means of potentially enhancing equity returns, minimizing equity dilution and increasing valuations prior to a subsequent equity financing round or a liquidity event.

### ***Invest at Various Stages of Development.***

We provide growth capital to technology-related companies at all stages of development, including select publicly listed companies and select special opportunity lower middle market companies that require additional capital to fund acquisitions, recapitalizations and refinancings and established-stage companies. We believe that this provides us with a broader range of potential investment opportunities than those available to many of our competitors, who generally focus their investments on a particular stage in a company's development. Because of the flexible structure of our investments and the extensive experience of our investment professionals, we believe we are well positioned to take advantage of these investment opportunities at all stages of prospective portfolio companies' development.

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### ***Benefit from Our Efficient Organizational Structure.***

We believe that the perpetual nature of our corporate structure enables us to be a long-term partner for our portfolio companies in contrast to traditional investment funds, which typically have a limited life. In addition, because of our access to the equity markets, we believe that we may benefit from a lower cost of capital than that available to private investment funds. We are not subject to requirements to return invested capital to investors, nor do we have a finite investment horizon. Capital providers that are subject to such limitations are often required to seek a liquidity event more quickly than they otherwise might, which can result in a lower overall return on an investment.

## OUR INVESTMENTS AND OPERATIONS

We principally invest in debt securities and, to a lesser extent, equity securities, with a particular emphasis on Structured Debt. We generally seek to invest in companies that have been operating for at least six to twelve months prior to the date of our investment. We anticipate that such entities may, at the time of investment, be generating revenues or will have a business plan that anticipates generation of revenues within 24 to 48 months. Further, we anticipate that on the date of our investment we will generally obtain a lien on available assets, which may or may not include intellectual property, and these companies will have sufficient cash on their balance sheet to operate as well as potentially amortize their debt for at least three to nine months following our investment. We generally require that a prospective portfolio company, in addition to having sufficient capital to support leverage, demonstrate an operating plan capable of generating cash flows or raising the additional capital necessary to cover its operating expenses and service its debt, for an additional six to twelve months subject to market conditions.

We expect that our investments will generally range from \$15.0 million to \$40.0 million, although we may make investments in amounts above or below this range. We typically structure our debt securities to provide for amortization of principal over the life of the loan, but may include a period of interest-only payments. Our loans will typically be collateralized by a security interest in the borrower's assets, although we may not have the first claim on these assets and the assets may not include intellectual property. Our debt investments carry fixed or variable contractual interest rates which generally ranged from approximately 6.0% to 15.0% as of December 31, 2022. Approximately 95.3% of our loans were at floating rates or floating rates with a floor and 4.7% of the loans were at fixed rates as of December 31, 2022.

In addition to the cash yields received on our loans, our loans generally include one or more of the following: exit fees, balloon payment fees, commitment fees, success fees, or prepayment fees. In some cases, our loans also include contractual payment-in-kind ("PIK") interest arrangements. The increases in loan balances as a result of contractual PIK arrangements are included in income for the period in which such PIK interest was accrued, which is often in advance of receiving cash payment, and are separately identified on our statements of cash flows. We also may be required to include in income for U.S. federal, state, and local tax purposes certain other amounts prior to receiving the related cash.

Moreover as noted above, our debt investments in venture capital-backed and institutional-backed companies are generally structured with equity enhancement features. These enhancement features typically are received in the form of warrants or other equity securities that are considered original issue discounts ("OID") to our loans and are

designed to provide us with an opportunity for potential capital appreciation. Warrants exercised are typically immediately exercisable upon issuance and generally will remain exercisable for the lesser of five to ten years or three to five years after completion of an initial public offering (“IPO”). The exercise prices for the warrants varies from nominal exercise prices to exercise prices that are at or above the current fair market value of the equity for which we receive warrants. We may structure warrants to provide minority rights provisions or, on a very select basis, put rights upon the occurrence of certain events. We generally target a total annualized return (including interest, fees and value of warrants) of 10% to 20% for our debt investments.

Typically, our debt and equity investments take one of the following forms:

- **Structured Debt:** We seek to invest a majority of our assets in debt structured with warrants, equity, options, or other rights to purchase or convert into common or preferred stock of prospective portfolio companies. Our investments in Structured Debt may be the only debt capital on the balance sheet of our portfolio companies, and in many cases, we have a first priority security interest in all of our portfolio company’s assets, or in certain investments we may have a negative pledge on intellectual property. Our Structured Debt typically has a maturity of between two and five years, and it may provide for full amortization after an interest only period. Our Structured Debt with warrants carries an interest rate referenced to Prime, SOFR, LIBOR, or a similar benchmark rate plus a spread with a floor and may include an additional exit fee payment or contractual PIK interest arrangements. Additionally, our Structured Debt financings may include restrictive affirmative and negative covenants, default penalties, prepayment penalties, lien protection, equity calls, change-in-control provisions or board observation rights.
- **Senior Debt:** We seek to invest a limited portion of our assets in senior debt. Senior debt may be collateralized by accounts receivable and/or inventory financing of prospective portfolio companies. Senior debt has a senior position with respect to a borrower’s scheduled interest and principal payments and holds a first priority security interest in the assets pledged as collateral. Senior debt also may impose covenants on a borrower with regard to cash flows and changes in capital structure, among other items. We generally collateralize our investments by obtaining security interests in our

portfolio companies’ assets, which may include their intellectual property. In other cases, we may obtain a negative pledge covering a company’s intellectual property. Our senior loans, in certain instances, may be tied to the financing of specific assets. In connection with a senior debt investment, we may also provide the borrower with a working capital line-of-credit that will carry an interest rate generally referenced to Prime, SOFR, LIBOR, or a similar benchmark rate plus a spread with a floor, generally maturing in three to five years, and typically secured by accounts receivable and/or inventory. We also provide “unitranche” loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position with security interest in all the assets of the portfolio company. The loans can either be “first out” or “last out”, whereby the “last-out” loans will be subordinated to the “first-out” portion of the unitranche loan in a liquidation, sale or other disposition.

- **Equity Securities:** The equity securities we hold consist primarily of warrants or other equity interests generally obtained in connection with our Structured Debt investments. In addition to the warrants received as a part of a Structured Debt financing, we typically receive the right to make equity investments in a portfolio company in connection with that company’s next round of equity financing. We may also hold certain debt investments that have the right to convert a portion of the debt investment into equity. These rights will provide us with the opportunity to further enhance our returns over time through opportunistic equity investments in our portfolio companies. These equity investments are typically in the form of preferred or common equity and may be structured with a dividend yield, providing us with a current return, and with customary anti-dilution protection and preemptive rights. We may achieve liquidity through a merger or acquisition of a portfolio company, a public offering of a portfolio company’s stock or by exercising our right, if any, to require a portfolio company to buy back the equity securities we hold. We may also make stand-alone direct equity investments into portfolio companies in which we may not have any debt investment in the company. As of December 31, 2022, we held warrant and equity securities in 168 portfolio companies.

In addition to the characteristics described above, the table below compares the typical features of our investments.

	Structured Debt	Senior Debt	Equity Securities
<b>Typical Structure</b>	Term debt with warrants	Term or revolving debt	Warrants, preferred stock, or common stock
<b>Investment Horizon</b>	Long-term: 2 to 5 years; Average of 3.5 years	Generally under 4 years	3 to 7 years
<b>Covenants</b>	Less restrictive; mostly financial	Generally borrowing base and financial	None

#### Investment Criteria

We have identified several criteria, among others, that we believe are important in achieving our investment objective with respect to prospective portfolio companies. These criteria, while not inclusive, provide general guidelines for our investment decisions.

**Portfolio Composition** - While we generally focus our investments in venture capital-backed and institutional-backed companies in a variety of technology-related industries, we seek to invest across various financial sponsors as well as across various stages of companies’ development and various technology industry sub-sectors and geographies. As of December 31, 2022, approximately 80.5% of the fair value of our portfolio was composed of investments in three industries: 38.8% was composed of investments in the "Drug Discovery & Development" industry, 26.9% was composed of investments in the "Software" industry, and 14.8% was composed of investments in the "Consumer & Business Services" industry.

**Continuing Support from One or More Financial Sponsors** - We generally invest in companies in which one or more established financial sponsors have previously invested and continue to make a contribution to the management of the business. We believe that having established financial sponsors with meaningful commitments to the business is a key characteristic of a prospective portfolio company. In addition, we look for representatives of one or more financial sponsors to maintain seats on the board of directors of a prospective portfolio company as an indication of such commitment.

**Company Stage of Development** - While we invest in companies at various stages of development, we generally require that prospective portfolio companies be beyond the seed stage of development and generally have received or anticipate having commitments for their first institutional round of equity financing for early-stage companies. We expect a prospective portfolio company to demonstrate progress in its product development or demonstrate a path towards revenue generation or increase its revenues and operating cash flow over time. The anticipated growth rate of a prospective portfolio company is a key factor in determining the value that we ascribe to any warrants or other equity securities that we may acquire in connection with an investment in debt securities.

**Operating Plan** - We generally require that a prospective portfolio company, in addition to having potential access to capital to support leverage, demonstrate an operating plan capable of generating cash flows or the ability to potentially raise the additional capital necessary to cover its operating expenses and service its debt for a specific period. Specifically, we require that a prospective portfolio company demonstrate at the time of our proposed investment that in addition to having sufficient capital to support leverage, it has an operating plan capable of generating cash flows or raising the additional capital necessary to cover its operating expenses and service its debt for an additional six to twelve months subject to market conditions.

**Security Interest** - In many instances we seek a first priority security interest in all of the portfolio company’s tangible and intangible assets as collateral for our debt investment, subject in some cases to permitted exceptions. In other cases, we may obtain a negative pledge prohibiting a company from pledging or otherwise encumbering their intellectual property. Although we do not intend to operate as an asset-based lender, the estimated liquidation value of the assets, if any, collateralizing the debt securities that we hold is an important factor in our credit analysis and subject to assumptions that may change over the life of the investment especially when attempting to estimate the

value of intellectual property. We generally evaluate both tangible assets, such as accounts receivable, inventory and equipment, and intangible assets, such as intellectual property, customer lists, networks and databases.

**Covenants** - Our investments may include one or more of the following covenants: cross-default; material adverse change provisions; requirements that the portfolio company provide periodic financial reports and operating metrics; and limitations on the portfolio company's ability to incur additional debt, sell assets, dividend recapture, engage in transactions with affiliates and consummate an extraordinary transaction, such as a merger or recapitalization without our consent. In addition, we may require other performance or financial based covenants, as we deem appropriate.

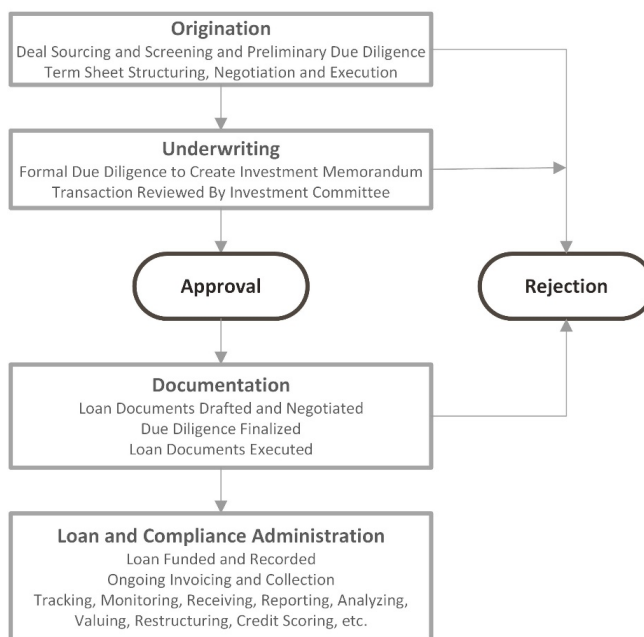
**Exit Strategy** - Prior to making a debt investment that is accompanied by a warrant or other equity security in a prospective portfolio company, we analyze the potential for that company to increase the liquidity of its equity through a future event that would enable us to realize appreciation in the value of our equity interest. Liquidity events may include an IPO, a private sale of our equity interest to a third party, a merger or an acquisition of the company or a purchase of our equity position by the company or one of its stockholders.

## Investment Process

We have organized our management team around the four key elements of our investment process:

- Origination;
- Underwriting;
- Documentation; and
- Loan and Compliance Administration.

Our investment process is summarized in the following chart:



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### Origination

The origination process for our investments includes sourcing, screening, preliminary due diligence and deal structuring and negotiation, all leading to an executed non-binding term sheet. As of December 31, 2022, our investment origination team, which consists of approximately 55 investment professionals, is headed by our Chief Investment Officer and Chief Executive Officer. The origination team is responsible for sourcing potential investment opportunities and members of the investment origination team use their extensive relationships with various leading financial sponsors, management contacts within technology-related companies, trade sources, technology conferences and various publications to source prospective portfolio companies. Our investment origination team is divided into life sciences, technology, SaaS finance, sustainable and renewable technology, and special situation sub-teams to better source potential portfolio companies.

In addition, we have developed a comprehensive proprietary database to track various aspects of our investment process including sourcing, originations, transaction monitoring and post-investment performance. Our proprietary database allows our origination team to maintain, cultivate and grow our industry relationships while providing our origination team with comprehensive details on companies in the technology-related industries and their financial sponsors.

If a prospective portfolio company generally meets certain underwriting criteria, we perform preliminary due diligence, which may include high level company and technology assessments, evaluation of its financial sponsors' support, market analysis, competitive analysis, identifying key management, risk analysis and transaction size, pricing, return analysis and structure analysis. If the preliminary due diligence is satisfactory, and the origination team recommends moving forward, we then structure, negotiate and execute a non-binding term sheet with the potential portfolio company. Upon execution of a term sheet, the investment opportunity moves to the underwriting process to complete formal due diligence review and approval.

### Underwriting

The underwriting review includes formal due diligence and approval of the proposed investment in the portfolio company.

**Due Diligence** - Our due diligence on a prospective investment is typically completed by two or more investment professionals whom we define as the underwriting team. The underwriting team for a proposed investment consists of the deal sponsor who typically possesses general industry knowledge and is responsible for originating and managing the transaction, other investment professionals who perform due diligence, credit and corporate financial analyses and our legal professionals, as needed. To ensure consistent underwriting, we generally use our standardized due diligence methodologies, which include due diligence on financial performance and credit risk as well as an analysis of the operations and the legal and applicable regulatory framework of a prospective portfolio company. The members of the underwriting team work together to conduct due diligence and understand the relationships among the prospective portfolio company's business plan, operations and financial performance.

As part of our evaluation of a proposed investment, the underwriting team prepares an investment memorandum for presentation to the investment committee. In preparing the investment memorandum, the underwriting team typically interviews select key management of the company and select financial sponsors and assembles information necessary to the investment decision. If and when appropriate, the investment professionals may also contact industry experts and customers, vendors or, in some cases, competitors of the company. The underwriting team collaborates with the credit and legal teams to ensure the final credit underwriting deal structure meets our standards.



In addition to the aforementioned members of the investment team, each deal is also assigned to a member of the credit team. The credit team is responsible for making sure that all material risks in the transaction are identified and mitigated to the extent possible in the investment memorandum and that the legal documentation properly reflects the transaction as approved by the investment committee.

*Approval Process* - The sponsoring managing director or principal presents the investment memorandum to our investment committee for consideration. The approval of a majority of our investment committee is required before we proceed with any investment. The investment committee members include our Chief Executive Officer and Chief Investment Officer, Chief Financial Officer, Chief Credit Officer, and Senior Managing Director of Risk Management. The investment committee meets on an as-needed basis.

#### **Documentation**

Our legal department administers the documentation process for our investments. This department is responsible for documenting the transactions approved by our investment committee with a prospective portfolio company. This department negotiates loan documentation and, subject to appropriate approvals, final documents are prepared for execution by all parties. The legal department generally uses the services of external law firms to complete the necessary documentation.

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#### **Loan and Compliance Administration**

Our investment committee, supported by our investment team, credit team, and finance department, administers loans and tracks covenant compliance, if applicable, of our investments and oversees periodic reviews of our critical functions to ensure adherence with our internal policies and procedures. After the funding of a loan in accordance with the investment committee's approval, the loan is recorded in our loan administration software and our proprietary database. The investment team, credit team, and finance department are responsible for ensuring timely interest and principal payments and collateral management as well as advising the investment committee on the financial performance and trends of each portfolio company, including any covenant violations that occur, to aid us in assessing the appropriate course of action for each portfolio company and evaluating overall portfolio quality. In addition, the investment team and credit team advise the investment committee and the Audit Committee of our Board, accordingly, regarding the credit and investment grading for each portfolio company as well as changes in the value of collateral that may occur.

The investment team and credit team monitor our portfolio companies in order to determine whether the companies are meeting our financing criteria and their respective business plans and also monitors the financial trends of each portfolio company from its monthly or quarterly financial statements to assess the appropriate course of action for each company and to evaluate overall portfolio quality. In addition, our management team closely monitors the status and performance of each individual company through our proprietary database and periodic contact with our portfolio companies' management teams and their respective financial sponsors.

*Credit and Investment Grading System.* Our investment and credit teams use an investment grading system to characterize and monitor our outstanding loans. They monitor and when appropriate, recommend changes to investment grading. Our investment committee reviews and approves the recommendations and/or changes to the investment grading. These approved investment gradings are provided on a quarterly basis to the Audit Committee and our Board, along with valuations for our investments which are submitted for approval.

From time to time, we will identify investments that require closer monitoring or become workout assets. We develop a workout strategy for workout assets and our investment committee monitors the progress against the strategy. We may incur losses from our investing activities; however, we work with our troubled portfolio companies to recover as much of our investments as is practicable, including possibly taking control of the portfolio company. There can be no assurance that principal will be recovered.

We use the following investment grading system approved by our Board:

- Grade 1 Loans involve the least amount of risk in our portfolio. The borrower is performing above expectations, and the trends and risk profile is generally favorable.
- Grade 2 The borrower is performing as expected and the risk profile is neutral to favorable. All new loans are initially graded 2.
- Grade 3 The borrower may be performing below expectations, and the loan's risk has increased materially since origination. We typically increase procedures to monitor a borrower when it is determined that credit risk has increased meaningfully since origination, such as, when the borrower is approaching a low liquidity point and an expected capital raise event is not imminent, when an expected milestone has slipped or failed, when performance or new business is materially below our plan, or if the estimated fair value of the enterprise is materially lower than it was when the loan was originated.
- Grade 4 The borrower is performing materially below expectations, and the loan risk has substantially increased since origination with the prospect of raising additional capital significantly in question. Loans graded 4 may experience some partial loss or full return of principal but are expected to realize some loss of interest which is not anticipated to be repaid in full, which, to the extent not already reflected, may require the fair value of the loan to be reduced to the amount we anticipate will be recovered. Grade 4 investments are closely monitored.
- Grade 5 The borrower is in workout, materially performing below expectations and a significant risk of principal loss is probable. Loans graded 5 will experience some partial principal loss or full loss of remaining principal outstanding is expected. Grade 5 loans will require the fair value of the loans be reduced to the amount, if any, we anticipate will be recovered.

As of December 31, 2022, our investment portfolio had a weighted average investment grading of 2.23.

#### **Managerial Assistance**

As a BDC, we are generally required to offer and provide, upon request, significant managerial assistance to our portfolio companies. This assistance could involve monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance, among other things. We may, from time to time, receive fees for these services. In the event that such fees are received, they are incorporated into our operating income and are passed through to our stockholders, given the nature of our structure as an internally managed BDC. See "—Regulation—Significant Managerial Assistance" for additional information.

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## **COMPETITION**

Our primary competitors provide financing to prospective portfolio companies and include non-bank financial institutions, federally or state-chartered banks, venture debt funds, financial institutions, venture capital funds, private equity funds, investment funds and investment banks. Many of these entities have greater financial and managerial resources than we have, and the 1940 Act imposes certain regulatory restrictions on us as a BDC to which many of our competitors are not subject. However, we believe that few of our competitors possess the expertise to properly structure and price debt investments to venture capital-backed and institutional capital-backed companies in technology-related industries. We believe that our specialization in financing technology-related companies will enable us to determine a range of potential values of intellectual property assets, evaluate the business prospects and operating characteristics of prospective portfolio companies and, as a result, identify investment opportunities that produce attractive risk-adjusted returns. For additional information concerning the competitive risks we face, see "Item 1A. Risk Factors—Risks Related to our Business Structure—We operate in a highly competitive market for investment opportunities".

## **HUMAN CAPITAL DISCLOSURES**

As an internally managed BDC, we believe that one of the strengths and principal reasons for the long-term success of our company is the quality and dedication of our people. As of December 31, 2022, our team comprises over 100 professionals across our 8 offices globally. Our investment team includes approximately 50 investment

professionals, whom are led by professionals with extensive experience in venture capital, structured finance, origination of debt and equity investments, commercial lending and acquisition finance with technology and biomedical companies, as well as our executive officers and treasury, finance, risk management, administrative support, IT and human resources professionals. We leverage the experience and relationships of our management team to successfully identify attractive investment opportunities, underwrite prospective portfolio companies and structure customized financing solutions. From inception to December 31, 2022, our team has originated Structured Debt, debt with warrants and equity investments in over 600 companies, representing more than \$16.0 billion in commitments. Our investment team leverages established contacts with leading venture capital and private equity fund sponsors, public and private companies, research institutions and other industry participants, to identify and source our investments. We believe that leveraging the relationships that our investment teams have established will enable us to continue to identify and attract well-positioned prospective portfolio companies.

#### ***Talent Acquisition and Retention***

We are committed to attracting, developing, and retaining the right blend of talent to support our business.

Our recruiting process is strategic and purposeful to ensure our business and culture continue to thrive. We may contract with employment agencies with whom we have developed relationships and who have learned our culture to assist with our recruitment efforts. From time to time, we may also contract with independent contractors on a temporary basis. We also sponsor an internship program that invites quality college students from a diverse pool of applicants to learn our business and contribute to our work for a period of approximately six months. Students who intern in our investment teams are provided visibility into the full investment process from due diligence to closing to ongoing portfolio management activities, and the internship may lead to permanent roles.

Retention of our personnel is important to the management of our business and believe that compensation and benefits and opportunities for professional development are a key driver of retention. We offer a competitive, compensation and benefits structure that we believe attracts current and prospective professionals relative to their local markets and industry. Our compensation strategy includes, for certain professionals, equity incentive plans. Such plans are structured to further align the interests of our professionals with those of our stockholders, and to cultivate a strong sense of ownership and commitment to our Company. To foster professional development, we provide training opportunities for our employees to continue to build their skills and increase their effectiveness as members of our team. Such opportunities include a variety of external and internal classes and training sessions as well as hands-on learning and one-on-one mentorship. Through our goal setting and performance review process, employees are annually evaluated by managers and senior management to ensure employees continue to develop and advance as expected. As we hire and develop individuals, we also plan for succession. We have succession plans in place for each of our named executive officers.

The pandemic has presented new challenges and opportunities to improve with respect to employee engagement and well-being. We continue to provide employees with flexibility to work from home and support our employees through dialogue with managers, colleagues, and leaders. Our Employee Assistance Program continues to provide additional, ongoing support and information for our employees and their families.

#### ***Our Culture***

We are committed to fostering a workplace conducive to the open communication of any concerns regarding unethical, fraudulent or illegal activities. We seek to promote a safe environment that is free of harassment or bullying. We do not tolerate discrimination or harassment of any kind, including, but not limited to, sexual, gender identity, race, religion, ethnicity, age, or disability, among others. We seek feedback from employees on matters related to their employment or our operations including its financial statement disclosures, accounting, internal accounting controls or auditing matters. Under our Whistleblower Policy, each director, officer, regular full-time, part-time and temporary employee of the Company has the ability to confidentially report any: questionable or improper accounting, internal controls, auditing matters, disclosure, or fraudulent business practices or other illegal or

unethical behavior. We seek to protect the confidentiality of those making reports of possible misconduct and our Whistleblower Policy prohibits retaliation against those who report activities believed in good faith to be a violation of any law, rule, regulation or internal policy.

Our Code of Business Conduct and Ethics establishes applicable policies, guidelines, and procedures that promote ethical practices and conduct by the Company and all its employees, officers, and directors. Upon joining and annually, all employees receive compliance training. Our Whistleblower Policy and Code of Business Conduct and Ethics Policy can be found on our website at [investor.htgc.com/corporate-governance/governance-documents](http://investor.htgc.com/corporate-governance/governance-documents).

#### ***Diversity, Equity, and Inclusion***

At Hercules, we feel strongly that building a diverse and inclusive team is an important priority. We aim to attract, motivate, and retain a diverse group of individuals and to create an inclusive community where all individuals are welcomed, valued, respected, and heard. We are proud that our workforce consists of diverse professionals including approximately 60% that are women or people of diverse ethnic backgrounds. Over 60% of our senior leaders, which includes our managing directors on the investment team and senior executives are women or people of diverse ethnic backgrounds. We strive to continue to create a welcoming and inclusive work environment for our employees.

#### ***Philanthropy***

Hercules encourages and supports our employees to be active participants in our local communities. As a Company, we support local non-profit organizations by hosting annual fundraising, food, supply, and toy drives. In addition to our Company sponsored philanthropic initiatives, we also provide employees with paid days off to volunteer at organizations of their choice. Hercules supports a variety of non-profit organizations through corporate sponsorship and donations. In addition, we support our employees and the causes that are most important to them through our Charitable Donation Matching program, in which we match donations our employees make to qualified 501(c)(3) non-profits (subject to maximum limits per employee).

For more information on our approach to social, governance, and environmental topics, please refer to our Environmental, Social and Governance Policy (“ESG Policy”), which can be found on our website at [investor.htgc.com/esg](http://investor.htgc.com/esg).

### **REGULATION**

We have elected to be regulated as a BDC under the 1940 Act. The following discussion is a general summary of the material prohibitions and descriptions governing BDCs. It does not purport to be a complete description of all of the laws and regulations affecting BDCs.

#### **Regulation as a Business Development Company**

A BDC primarily focuses on investing in or lending to private companies and making significant managerial assistance available to them, while providing its stockholders with the ability to retain the liquidity of a publicly traded stock. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their directors and officers and principal underwriters and certain other related persons and requires that a majority of the directors be persons other than “interested persons,” as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by a majority of our outstanding voting securities as defined in the 1940 Act. A majority of the outstanding voting securities of a company is defined under the 1940 Act as the lesser of: (i) 67% or more of such company’s shares present at a meeting if more than 50% of the outstanding shares of such company are present or represented by proxy, or (ii) more than 50% of the outstanding shares of such company.

#### ***Qualifying Assets***

Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company’s total assets. The principal categories of qualifying assets relevant to our business are the following:

- (1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:
  - (a) is organized under the laws of, and has its principal place of business in, the United States;
  - (b) is not an investment company (other than a SBIC wholly owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
  - (c) does not have any class of securities listed on a national securities exchange; or if it has securities listed on a national securities exchange such company has a market capitalization of less than \$250 million; is controlled by the BDC and has an affiliate of a BDC on its Board; or meets such other criteria as may be established by the SEC.
- (2) Securities of any portfolio company which we control.

- (3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- (4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- (5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.
- (6) Cash, cash equivalents, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment.

Control, as defined by the 1940 Act, is presumed to exist where a BDC beneficially owns more than 25% of the outstanding voting securities of the portfolio company or has greater than 50% representation on its board.

We do not intend to acquire securities issued by any investment company, including other BDCs, that exceed the limits imposed by the 1940 Act. Under these limits, we generally cannot acquire more than 3% of the voting stock of any investment company (as defined in the 1940 Act), invest more than 5% of the value of our total assets in the securities of one such investment company or invest more than 10% of the value of our total assets in the securities of such other investment companies in the aggregate. SEC rules permit us to exceed these limits, subject to certain conditions. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses.

#### *Significant Managerial Assistance*

BDCs generally must offer to make available to the issuer of the securities significant managerial assistance, except in circumstances where either (i) the BDC controls such issuer of securities or (ii) the BDC purchases such securities in conjunction with one or more other persons acting together and one of the other persons in the group makes available such managerial assistance. Making available significant managerial assistance means, among other things, any arrangement whereby the BDC, through its directors, officers or employees, offers to provide and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company through monitoring of portfolio company operations, selective participation in board and management meetings, consulting with and advising a portfolio company's officers or other organizational or financial guidance.

#### *Temporary Investments*

Pending investment in other types of qualifying assets, as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets. We may invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we generally would not meet the diversification tests imposed on us by the Code in order to qualify as a RIC for U.S. federal tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. We will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

#### *Warrants, Options, and Restricted Stock*

Under the 1940 Act, a BDC is subject to restrictions on the amount of warrants, options, restricted stock or rights to purchase shares of capital stock that it may have outstanding at any time. In particular, the amount of capital stock that would result from the conversion or exercise of all outstanding warrants, options or other rights to purchase or convert into capital stock cannot exceed 25% of the BDC's total outstanding shares of capital stock. This amount is reduced to 20% of the BDC's total outstanding shares of capital stock if the amount of warrants, options or rights issued pursuant to an executive compensation plan would exceed 15% of the BDC's total outstanding shares of capital stock. We have received exemptive relief from the SEC permitting us to issue stock options and restricted stock to our employees and directors subject to the above conditions, among others. For a discussion regarding the conditions of this exemptive relief, see "—No-action and Exemptive Relief" below and "Note 8 - Equity Incentive Plans" to our consolidated financial statements.

### *Reduced Asset Coverage Requirements*

In accordance with the Small Business Credit Availability Act ("SBCAA"), our Board and stockholders approved the reduction of our minimum asset coverage ratio applicable under Section 61(a)(2) of the 1940 Act on September 4, 2018 and December 6, 2018, respectively. As a result, effective December 7, 2018, the minimum asset coverage ratio under the 1940 Act applicable to us decreased from 200% to 150%, permitting us to incur additional leverage.

### *Senior Securities; Coverage Ratio*

We will be permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 150% immediately after each such issuance. In addition, we may not be permitted to declare any cash dividend distribution on our outstanding common shares, or purchase any such shares, unless, at the time of such declaration or purchase, we have asset coverage of at least 150% after deducting the amount of such distribution or purchase price. On April 5, 2007, we received approval from the SEC on our request for exemptive relief that permits us to exclude the indebtedness of our wholly owned subsidiaries that are SBICs from the 150% asset coverage requirement applicable to us. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes. For a discussion of the risks associated with the resulting leverage, see "Item 1A. Risk Factors—Risks Related To Leverage—Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us."

### *Capital Structure*

Subject to limited exceptions, we are not generally able to issue and sell our common stock at a price per share below NAV. We may, however, sell our common stock, or warrants, options or other rights to acquire such common stock, at a price below the current NAV if our Board determines that such sale is in the best interests of our stockholders and if stockholders, including a majority of those stockholders that are not affiliated with us, approve of such sale.

In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of the Board, closely approximates the market value of such securities (less any distribution commission or discount). We do not currently have authorization from our stockholders to issue common stock at a price below its then current NAV per share.

### **Other 1940 Act Regulations**

As a closed-end investment company that has elected to be regulated as a BDC under the 1940 Act, we are periodically examined by, and required to submit information to, the SEC for compliance with the Exchange Act and the 1940 Act. We are also prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our Board who are not interested persons and, in some cases, prior approval by the SEC. We are required by the 1940 Act to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office. We are also required to adopt and implement written policies and procedures reasonably designed to prevent violation of the federal securities laws, review these policies and procedures annually for their adequacy and the effectiveness of their implementation. Our Chief Compliance Officer is responsible for administering these policies and procedures.

### **Code of Ethics**

We have adopted and will maintain a code of ethics that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. We may be prohibited under the 1940 Act from conducting certain transactions with our affiliates without the prior approval of our directors who are not interested persons and, in some cases, the prior approval of the SEC.

Our current code of ethics is posted on our website at [investor.htgc.com/corporate-governance/governance-documents](http://investor.htgc.com/corporate-governance/governance-documents). In addition, the code of ethics is available on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>. You may also obtain copies of the code of ethics, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

### **Privacy Principles**

We are committed to maintaining the privacy of our stockholders and safeguarding their non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any non-public personal information relating to our stockholders, although certain non-public personal information of our stockholders may become available to us. We do not disclose any non-public personal information about our stockholders or former stockholders, except as permitted by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent).

We restrict access to non-public personal information about our stockholders to our employees with a legitimate business need for the information. We maintain physical, electronic and procedural safeguards designed to protect the non-public personal information of our stockholders.

#### **Indemnification Agreements**

We have entered into indemnification agreements with our directors and executive officers. The indemnification agreements are intended to provide our directors and executive officers the maximum indemnification permitted under Maryland law and the 1940 Act. Each indemnification agreement provides that we shall indemnify the director or executive officer who is a party to the agreement, or an "Indemnitee," including the advancement of legal expenses, if, by reason of his or her corporate status, the Indemnitee is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed proceeding, to the maximum extent permitted by Maryland law and the 1940 Act. We and our executives and directors are covered by Directors and Officers Insurance, with the directors and officers being indemnified by us to the maximum extent permitted by Maryland law subject to the restrictions in the 1940 Act.

#### **Proxy Voting Policies and Procedures**

We vote proxies relating to our portfolio securities in the best interest of our stockholders. Our proxy voting decisions are made by members of the Company's investment team, who review on a case-by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by us. Although we generally vote against proposals that may have a negative impact on our portfolio securities, we may vote for such a proposal if there exists compelling long-term reasons to do so. We generally do not believe it is necessary to engage the services of an independent third party to assist in issue analysis and vote recommendation for proxy proposals.

To ensure that our vote is not the product of a conflict of interest, we require that: (i) anyone involved in the decision making process disclose to our Chief Compliance Officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (ii) employees involved in the decision making process or vote administration are prohibited from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties.

#### **Small Business Administration Regulations**

We make investments in qualifying small businesses through wholly owned SBIC subsidiaries. SBICs are designed to stimulate the flow of private equity capital to eligible small businesses. Under present SBA regulations, eligible small businesses include those businesses that are below small business size standards as published by the North American Industry Classification System ("NASIC") and adopted by the SBA or any eligible business that has a tangible net worth not exceeding \$19.5 million and have average annual fully taxed net income not exceeding \$6.5 million for the two most recent fiscal years. In addition, SBICs must devote 25.0% of its investment activity to "smaller" enterprises as defined by the SBA. A smaller enterprise is one that meets the NASIC size standard for its industry or has a tangible net worth not exceeding \$6.0 million and has average annual fully taxed net income not exceeding \$2.0 million for the two most recent fiscal years. According to SBA regulations, SBICs may make long-term loans to small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services.

Each SBIC subsidiary is subject to regulation and oversight by the SBA, including requirements with respect to maintaining certain minimum financial ratios and other covenants. As part of the SBA's oversight, each SBIC is periodically examined and audited by the SBA's staff to determine their compliance with SBA regulations. If any of our SBICs fails to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit our SBICs' use of debentures, declare outstanding debentures immediately due and payable, and/or limit our SBICs from making new investments. In addition, our SBICs may also be limited in their ability to make distributions to us if they do not have sufficient capital in accordance with SBA regulations. Such actions by the SBA would, in turn, negatively impact us because our SBICs are wholly owned subsidiaries. Further, the SBA restricts the ability of SBICs to repurchase their capital stock. SBA regulations also include restrictions on a "change of control" or transfer of an SBIC and require that SBICs invest idle funds in accordance with SBA regulations. As of December 31, 2022, as a result of having sufficient capital as defined under the SBA regulations, our SBICs were in compliance with the terms of the SBA's leverage requirements.

The receipt of an SBIC license does not assure that a SBIC will receive SBA guaranteed debenture funding, which is dependent upon our SBICs continuing to be in compliance with SBA regulations and policies. The SBA, as a creditor, will have a superior claim to our SBICs' assets over our stockholders in the event we liquidate our SBICs or the SBA exercises its remedies under the SBA-guaranteed debentures issued by our SBICs upon an event of default.

### **Compliance with the Securities Exchange Act of 1934 and Sarbanes-Oxley Act**

We are subject to the reporting and disclosure requirements of the Exchange Act, including the filing of quarterly, annual and current reports, proxy statements and other required items. In addition, we are subject to the Sarbanes-Oxley Act of 2002, which imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. For example:

- pursuant to Rule 13a-14 of the Exchange Act, our Chief Executive Officer and Chief Financial Officer are required to certify the accuracy of the consolidated financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports are required to disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the Exchange Act, our management is required to prepare a report regarding its assessment of our internal control over financial reporting, which must be audited by our independent registered public accounting firm;
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal control over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act requires us to review our policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

### **Compliance with The New York Stock Exchange (NYSE) Corporate Governance Regulations**

Our common stock is listed on the NYSE under the symbol “HTGC”. As a listed company on the NYSE, we are subject to various listing standards including corporate governance listing standards. We believe we are in compliance with such corporate governance listing standards. We intend to monitor our compliance with all future listing standards and to take all necessary actions to ensure that we stay in compliance.

### **Brokerage Allocations and Other Practices**

Because we generally acquire and dispose of our investments in privately negotiated transactions, we typically do not use brokers in the normal course of business. However, from time to time, we may work with brokers to sell positions we have acquired in the securities of publicly listed companies or to acquire positions (principally equity) in companies where we see a market opportunity to acquire such securities at attractive valuations. In cases where we do use a broker, we do not execute transactions through any particular broker or dealer, but will seek to obtain the best net results for the Company, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm’s risk and skill in positioning blocks of securities. While we generally seek reasonably competitive execution costs, we may not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly upon brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if we determine in good faith that such commission is reasonable in relation to the services provided.

### **No-action and Exemptive Relief Obtained**

On May 11, 2020, we received no-action relief from the SEC staff that allowed us to form the Adviser Subsidiary as a registered investment adviser under the Advisers Act. Separately, for information regarding our SEC exemptive relief obtained, please see the section entitled “Regulation – Exemptive Relief Obtained” in our Annual Report on [Form 10-K](#) for the year ended December 31, 2019, filed with the SEC on February 20, 2020 (the “[2019 10-K](#)”), which is incorporated by reference.

### **Investment Adviser Regulation**

The Adviser Subsidiary, which is wholly owned by us, is subject to regulation under the Advisers Act. The Advisers Act establishes, among other things, recordkeeping and reporting requirements, disclosure requirements, limitations on transactions between the adviser's account and an advisory client's account, limitations on transactions between the accounts of advisory clients, and general anti-fraud prohibitions. The Adviser Subsidiary may be examined by the SEC from time to time for compliance with the Advisers Act.

## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of certain material U.S. federal income tax considerations relating to our qualification and taxation as a RIC and the acquisition, ownership and disposition of our preferred stock or common stock, but does not purport to be a complete description of the income tax considerations relating thereto. Except as otherwise noted, this discussion assumes you are a taxable U.S. person (as defined for U.S. federal income tax purposes) and that you hold your shares of our stock as capital assets for U.S. federal income tax purposes (generally, assets held for investment). This discussion is based upon current provisions of the Code, the regulations promulgated thereunder and judicial and administrative authorities, all of which are subject to change or differing interpretations by the courts or the Internal Revenue Service (the "IRS"), possibly with retroactive effect. No attempt is made to present a detailed explanation of all U.S. federal income tax concerns affecting us and our stockholders (including stockholders subject to special rules under U.S. federal income tax law).

The discussions set forth herein do not constitute tax advice. We have not sought and will not seek any ruling from the IRS regarding any matters discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to those set forth below. This summary does not discuss any aspects of foreign, state or local tax. Prospective investors must consult their own tax advisers as to the U.S. federal income tax consequences (including the alternative minimum tax consequences) of acquiring, holding and disposing of shares of our stock, as well as the effects of state, local, and foreign tax laws.

### **Election to be Subject to Tax as a RIC**

Through December 31, 2005, we were subject to U.S. federal income tax as an ordinary corporation under Subchapter C of the Code. Effective for the tax year beginning on January 1, 2006, we met the criteria specified below to qualify as a RIC and elected to be treated as a RIC under Subchapter M Part I of the Code. To qualify for treatment as a RIC we must, among other requirements, meet certain source of income and asset diversification requirements (as described below). In addition, we must distribute to our stockholders, in respect of each taxable year, dividends for U.S. federal income tax purposes of an amount generally at least equal to 90% of our "investment company taxable income," which is generally equal to the sum of our net ordinary income plus the excess of our realized net short-term capital gains over our realized net long-term capital losses, determined without regard to any deduction for distributions paid (the "Annual Distribution Requirement"). Upon satisfying the Annual Distribution Requirement in respect of a taxable year, we generally will not be subject to U.S. federal income taxes on any income we distribute to our stockholders as dividend distributions.

### **Taxation as a Regulated Investment Company**

For any taxable year in which we:

- qualify as a RIC; and
- distribute dividends for U.S. federal income tax purposes to our stockholders of an amount at least equal to the Annual Distribution Requirement;

We generally will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gains we distribute (or are deemed to distribute) as dividends for U.S. federal income tax purposes to stockholders with respect to that taxable year.

We made the election to recognize built-in gains as of the effective date of our election to be treated as a RIC and therefore were not subject to any built-in gains tax when we sold those assets. However, if we subsequently acquire built-in gain assets from a C corporation in a carryover basis transaction, then we may be subject to taxes on the gains recognized by us on dispositions of such assets unless we make a special election to pay corporate-level taxes on such built-in gain at the time the assets are acquired. We will be subject to U.S. federal income taxes at regular corporate rates on any income or capital gains not distributed (or deemed distributed) as dividends for U.S. federal income tax purposes to our stockholders.

In order to qualify as a RIC for U.S. federal income tax purposes and obtain the tax benefits of RIC status, in addition to satisfying the Annual Distribution Requirement, we must, among other requirements:

- have in effect at all times during each taxable year an election to be regulated as a BDC under the 1940 Act;
- derive in each taxable year at least 90% of our gross income from (a) dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities, foreign currencies, or other income derived with respect to our business of investing in such stock or securities and (b) net income derived from an interest in a "qualified publicly traded partnership" (the "90% Income Test");



- diversify our holdings so that at the end of each quarter of the taxable year:
  - o at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of such issuer; and
  - o no more than 25% of the value of our assets is invested in (i) securities (other than U.S. government securities or securities of other RICs) of any one issuer, (ii) securities (other than U.S. government securities or securities of other RICs) of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) securities of one or more “qualified publicly traded partnerships” (the “Diversification Tests”).

We may invest in partnerships which may result in our being subject to state, local, or foreign income, franchise or other tax liabilities. In addition, some of the income and fees that we may recognize will not be qualifying income under the 90% Income Test. In order to mitigate the risk that such income and fees would disqualify us as a RIC as a result of a failure to satisfy the 90% Income Test, we may be required to recognize such income and fees indirectly through one or more entities classified as corporations for U.S. federal income tax purposes. Such corporations generally will be subject to U.S. federal, state, and potentially local taxes, which ultimately will reduce our return on such income and fees.

As a RIC, we will be subject to a 4% non-deductible U.S. federal excise tax on certain undistributed income and gains unless we make distributions treated as dividends for U.S. federal income tax purposes in a timely manner to our stockholders in respect of each calendar year of an amount at least equal to the sum of (1) 98% of our ordinary income (taking into account certain deferrals and elections) for each calendar year, (2) 98.2% of our 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 (“Excise Tax Avoidance Requirement”). We are not subject to this excise tax on any amount on which we incurred U.S. federal income taxes.

Depending on the level of taxable income earned in a taxable year, we 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% U.S. federal 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 we choose to carry over taxable income into the next tax year, distributions declared and paid by us in a tax year may differ from our taxable income for that tax year. As such, distributions may include the distribution of the current tax year taxable income, the distribution of the prior tax year taxable income that has been carried over and distributed in the current tax year, or may include a return of capital.

Under applicable Treasury regulations and other administrative guidance issued by the IRS, we are permitted to treat certain distributions payable in our stock as taxable distributions that will satisfy the Annual Distribution Requirement as well as the Excise Tax Avoidance Requirement provided that stockholders have the opportunity to elect to receive the distribution in cash. Taxable stockholders receiving such distributions will be required to include the full amount of such distributions as ordinary income (or as long-term capital gains to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be subject to tax with respect to such distributions in excess of any cash received. If a U.S. stockholder sells the stock it receives as a distribution in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold certain U.S. taxes with respect to such distributions, including in respect of all or a portion of such distribution that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on distributions, then such sales may put downward pressure on the trading price of our stock. We may in the future determine to make taxable distributions that are payable in part in our common stock.

We may be required to recognize taxable income in circumstances in which we do not receive a corresponding payments in cash. For example, certain of our debt investments may earn OID or PIK income, which we must include in taxable income regardless of whether cash representing such income is received by us in the same tax year. Because OID or PIK income recognized is generally required to be included in our taxable income in the tax year it is recognized, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement and the Excise Tax Avoidance Requirement, even though we will not have received any corresponding cash amount.

Gains or losses realized by us from the sale or exchange of equity or warrants acquired by us, as well as any losses attributable to the lapse of such warrants, generally will be treated as capital gains or losses. Such capital gains or losses will be long-term or short-term, depending on how long we held related equity or warrant instrument.

We are authorized to borrow funds and to sell assets in order to satisfy the Annual Distribution Requirement and the Excise Tax Avoidance Requirement (collectively the “Distribution Requirements”). However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain “asset

coverage” tests are met. See “Regulation—Senior Securities; Coverage Ratio”. Additionally, we may also be restricted from making distributions under the terms of our debt obligations themselves unless certain conditions are satisfied. Moreover, our ability to dispose of assets to meet the Distribution Requirements may be limited by (1) the illiquid nature of our portfolio, or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Distribution Requirements, we may make such dispositions at times that, from an investment standpoint, are not advantageous. If we are prohibited from making distributions or are unable to obtain cash from other sources to make the distributions, we may lose our RIC status, which would result in us becoming subject to U.S. federal income taxes.

In addition, we may have to request a waiver of the SBA’s restrictions applicable to our SBICs to enable us to meet the RIC Distribution Requirement. Our SBIC subsidiaries are subject to regulation by the Small Business Investment Act of 1958, as amended, and SBA regulations governing SBICs. Certain SBA regulations may restrict us from making distributions to us that may be necessary to maintain our status as a RIC. While we may request a waiver of the SBA’s restrictions, we cannot assure you that the SBA will grant such waiver. If our SBICs are unable to obtain a waiver, compliance with the SBA regulations may cause us to lose our RIC status, which would result in us becoming subject to U.S. federal income taxes.

Certain of our investment practices are subject to special and complex U.S. federal income tax provisions that may, among other things, (i) convert distributions that would otherwise constitute qualified dividend income into ordinary income, (ii) treat distributions that would otherwise be eligible for deductions available to certain U.S. corporations under the Code as ineligible for such treatment, (iii) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (iv) convert long-term capital gains into short-term capital gains or ordinary income, (v) convert short-term capital losses into long-term capital losses, (vi) convert an ordinary loss or deduction into a capital loss (the deductibility of which is more limited), (vii) cause us to recognize income or gain without a corresponding receipt of cash, (viii) adversely alter the characterization of certain complex financial transactions, and (ix) produce gross income that will not constitute qualifying gross income for purposes of the 90% Income Test. These rules also could affect the amount, timing and character of distributions to stockholders.

A RIC is limited in its ability to deduct expenses in excess of its taxable income. If our otherwise deductible expenses in a given tax year exceed our ordinary taxable gross income, we would incur a net operating loss for that tax year. However, a RIC is not permitted to carry back or carry forward net operating losses, respectively, to prior and subsequent tax years, and such net operating losses would not pass through to the RIC’s stockholders. In addition, deductible expenses can only be used to offset investment company taxable income, and not any net capital gains recognized. Furthermore, RICs cannot use net capital losses to offset the RIC’s investment company taxable income. However, a RIC generally may carry forward such net capital losses in order to use them as an offset to future capital gains indefinitely. Due to these limitations on the deductibility of expenses and net capital losses, we may for U.S. federal tax purposes have aggregate taxable income for several tax years that we are required to distribute and that is taxable to our stockholders even if such taxable income is greater than the aggregate net income we actually earned during those tax years. Such required distributions may be made from our cash assets or by liquidation of investments, if necessary. We may realize capital gains or losses from such liquidations. In the event we realize net capital gains from such transactions, you may receive a larger capital gain distribution than you would have received in the absence of such transactions.

Investment income received from sources located within foreign countries, or capital gains earned by investing in securities of foreign issuers, may be subject to foreign income taxes and withheld at the source. In this regard, countries with which the United States does not have a tax treaty can result in high withholding tax rates, dependent on each taxpayer’s circumstances. The United States has entered into tax treaties with many foreign countries that may entitle us to a reduced rate of tax or exemption from tax on this related income and capital gains. The effective rate of foreign taxes may vary depending on the location, status of tax treaties, changes in international tax laws, and types of investment held, among other reasons. Further, we do not anticipate being eligible for the special election that allows a RIC to treat foreign income taxes paid by us as having been paid by its stockholders.

If we acquire the equity securities of passive foreign investment companies (“PFICs”), which are foreign corporations that earn at least 75% of their annual gross income from passive sources (such as interest, dividends, rents, royalties or capital gain) or hold at least 50% of their total assets in investments producing such passive income, we could be subject to federal income tax and additional interest charges on “excess distributions” received from such companies or gain from the sale of stock in such companies, even if all income or gain actually received by us is timely distributed to our stockholders to the extent that such income or gain is attributable to our ownership of PFIC stock in a prior taxable year. We would not be able to pass through to our stockholders any credit or deduction for such a tax. Certain elections may, if available, ameliorate these adverse tax consequences, but any such election could require us to recognize taxable income or gain without the concurrent receipt of cash. We intend to limit and/or manage our holdings in PFICs to minimize our liability for any such taxes and related interest charges.

If we acquire the equity securities of a controlled foreign corporation (a “CFC”), which is a foreign corporation in which more than 50% of the stock, by vote or value, is owned by U.S. persons each of whom either directly or constructively own 10% or more of the stock of a foreign corporation by vote or by value, we would generally be required to include as ordinary income our allocable share of the CFC’s income derived from certain specified sources with our investment company taxable income for such tax year, regardless of when the CFC makes distributions to us. We intend to limit and/or manage our holdings in issuers that could be treated as CFCs in order to limit our tax liability or maximize our after-tax return from these investments.

Our functional currency, for U.S. federal income tax purposes, is the U.S. dollar. Under the Code, foreign exchange gains and losses realized by us in connection with certain transactions involving foreign currencies, or payables or receivables denominated in a foreign currency, as well as certain non-U.S. dollar denominated debt securities, certain foreign currency futures contracts, foreign currency option contracts, foreign currency forward contracts, and similar financial instruments are subject to Code provisions that generally treat such gains and losses as ordinary income and losses and may affect the amount, timing and character of distributions to our stockholders. Any such transactions that are not directly related to our investment in securities (possibly including speculative currency positions or currency derivatives not used for hedging purposes) also could, under future Treasury regulations, produce income not among the types of qualifying income from which a RIC must derive at least 90% of its annual gross income.

#### **Failure to Qualify as a Regulated Investment Company**

If we were unable to qualify for treatment as a RIC and are unable to cure the failure, for example, by disposing of certain investments timely or raising additional capital to prevent the loss of RIC status, we generally would be subject to tax on all of our taxable income at regular corporate rates. The Code provides some relief from RIC disqualification due to failures to comply with the 90% Income Test and the Diversification Tests, although there could be additional taxes due in such cases. We cannot assure you that we would qualify for any such relief should we fail the 90% Income Test or the Diversification Tests.

Should failure occur, not only would all our taxable income be subject to tax at regular corporate rates, we would not be able to deduct dividend distributions to stockholders, nor would they be required to be made. Distributions, including distributions of net long-term capital gain, would generally be treated as ordinary dividend income to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, certain corporate stockholders would be eligible to claim dividends received deduction with respect to such dividends and non-corporate stockholders would generally be able to treat such dividends as “qualified dividend income,” which is subject to reduced rates of U.S. federal income tax. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder’s tax basis, and any remaining distributions would be treated as a capital gain. Further, we would also be subject to regular corporate tax on any net built-in gains with respect to certain of our assets (i.e., the excess of the aggregate gains, including items of income, over aggregate losses that would have been realized with respect to such assets if we had been liquidated) that we elect to recognize on requalification or when recognized over the next five taxable years. The remainder of this discussion assumes that we qualify as a RIC and have satisfied the Annual Distribution Requirement.

## DETERMINATION OF NET ASSET VALUE

We determine the NAV per share of our common stock quarterly. The NAV per share is equal to the value of our total assets minus liabilities and any preferred stock outstanding divided by the total number of shares of common stock outstanding. As of the date of this report, we do not have any preferred stock outstanding.

As of December 31, 2022, approximately 97.9% of our total assets represented investments in portfolio companies whose fair value is determined in good faith by the Board. 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 Board. Our investments are carried at fair value in accordance with the 1940 Act and ASC Topic 946 and measured in accordance with ASC Topic 820, Fair Value Measurements and Disclosures. Our 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 our investments in these portfolio companies are considered Level 3 assets under ASC Topic 820 because there is no known or accessible market or market indexes for these investment securities to be traded or exchanged. As such, we value substantially all of our investments at fair value as determined in good faith pursuant to a consistent valuation policy by our 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 our investments determined in good faith by our 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.

We intend to continue to engage one or more independent valuation firm(s) to provide us with assistance regarding our determination of the fair value of selected portfolio investments each quarter unless directed by the Board to cancel such valuation services. Specifically, on a quarterly basis, we will identify portfolio investments with respect to which an independent valuation firm will assist in valuing. We select these portfolio investments based on a number of factors, including, but not limited to, the potential for material fluctuations in valuation results, credit quality and the time lapse since the last valuation of the portfolio investment by an independent valuation firm. The scope of the services rendered by an independent valuation firm is at the discretion of the Board. Our Board is ultimately, and solely, responsible for determining the fair value of our investments in good faith.

See “Note 2 – Summary of Significant Accounting Policies” in the notes to the consolidated financial statements for a detailed discussion of our investment portfolio valuation process and procedures.

### Determinations in Connection with Offerings

In connection with each offering of shares of our common stock, the Board or a committee thereof is required to make the determination that we are not selling shares of our common stock at a price below our then current NAV at the time at which the sale is made, unless it is determined by the Board that such sale is in the best interests of our stockholders. The Board considers the following factors, among others, in making such determination:

- the NAV of our common stock disclosed in the most recent periodic report we filed with the SEC;
- our management’s assessment of whether any material change in the NAV has occurred (including through the realization of net gains on the sale of our portfolio investments) from the period beginning on the date of the most recently disclosed NAV to the period ending two days prior to the date of the sale of our common stock; and
- the magnitude of the difference between (i) a value that our Board or an authorized committee thereof has determined reflects the current NAV of our common stock, which is generally based upon the NAV of our common stock disclosed in the most recent periodic report that we filed with the SEC, as adjusted to reflect our management’s assessment of any material change in the NAV of our common stock since the date of the most recently disclosed NAV of our common stock, and (ii) the offering price of the shares of our common stock in the proposed offering.

Importantly, this determination does not require that we calculate NAV in connection with each offering of shares of our common stock, but instead it involves the determination by the Board or a committee thereof that we are not selling shares of our common stock at a price below the then current NAV at the time at which the sale is made.

Moreover, to the extent that there is a possibility that we may (i) issue shares of our common stock at a price below the then current NAV of our common stock at the time at which the sale is made or (ii) trigger the undertaking (which we will provide to the SEC in a registration statement to which a prospectus will be a part) to suspend the offering of shares of our common stock pursuant to a prospectus if the NAV fluctuates by certain amounts in certain circumstances until such prospectus is amended, the Board or a committee thereof will elect, in the case of clause (i) above, either to postpone the offering until such time that there is no longer the possibility of the occurrence of such events or to undertake to determine NAV within two days prior to any such sale to ensure that such sale will not be below our then current NAV, and, in the case of clause (ii) above, to comply with such undertaking or to undertake to determine NAV to ensure that such undertaking has not been triggered.

These processes and procedures are part of our compliance policies and procedures. Records will be made contemporaneously with all determinations described in this section and these records will be maintained with other records we are required to maintain under the 1940 Act.

## SUMMARY OF RISK FACTORS

The risk factors described below are a summary of the principal risk factors associated with an investment in us. These are not the only risks we face. You should carefully consider these risk factors, together with the risk factors set forth in Item 1A. of this Annual Report on Form 10-K and the other reports and documents filed by us with the SEC.

### Risks Related To Our Business And Structure

- We operate in a highly competitive market for investment opportunities.
- We are dependent upon senior management personnel for our future success, particularly our CEO, Scott Bluestein.
- Our success depends on attracting and retaining qualified personnel in a competitive environment.
- Our business model depends to a significant extent upon strong referral relationships.
- Our Board may change our operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse.
- We may not be able to pay distributions to our stockholders, our distributions may not grow over time, and a portion of distributions paid to our stockholders may be a return of capital, which is a distribution of the stockholders' invested capital.
- We are subject to risks related to corporate social responsibility.

### Risks Related To Our Investments

- Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment.
- Our investments are concentrated in certain technology-related industries, which subjects us to the risk of significant loss if any one or more of such industries experiences a downturn.
- Our financial results could be negatively affected if a significant portfolio investment fails to perform as expected.
- We may be exposed to higher risks with respect to our investments that include PIK interest or Exit fees.
- The lack of liquidity in our investments may adversely affect our business.
- We may not have the funds or ability to make additional investments in our portfolio companies.
- There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.
- We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer, which may subject us to a risk of significant loss if any such issuer experiences a downturn.
- We generally will not control our portfolio companies, which may result in the portfolio company making decisions which could adversely impact the value of our investments in the portfolio company's securities.
- Defaults by our portfolio companies will harm our operating results.
- Substantially all of our portfolio investments are recorded at fair value as determined in accordance with our Valuation Guidelines and, as a result, there may be uncertainty as to the value of our portfolio investments.
- Any unrealized depreciation we experience on our investment portfolio may be an indication of future realized losses, which could reduce our income available for distribution and could impair our ability to service our borrowings.
- We are subject to risks associated with the current interest rate environment and changes in interest rates will affect our cost of capital, net investment income and the value of our investments.
- We may not realize gains from our equity or warrant investments.
- Our investments in foreign securities or investments denominated in foreign currencies may involve significant risks in addition to the risks inherent in U.S. and U.S.-denominated investments.

### Risks Related To Leverage

- Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.
- Substantially all of our assets are subject to security interests under our senior securities and if we default on our obligations under our senior securities, we may suffer adverse consequences, including foreclosure on our assets.

### Risks Related To Our Investment Management Activities

- Our executive officers and employees, through the Adviser Subsidiary, are expected to manage the Adviser Funds or separately managed accounts, which includes funds from External Parties, that operate in the same or a related line of business as we do, which may result in significant conflicts of interest.
- Investments in the Adviser Funds managed by our Adviser Subsidiary may create conflicts of interests.
- We, through the Adviser Subsidiary, derive revenues from managing third-party funds pursuant to management agreements that may be terminated, which could negatively impact our operating results.

#### **Risks Related To BDCs**

- Failure to comply with applicable laws or regulations and changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.
- Failure to maintain our status as a BDC would reduce our operating flexibility.
- Operating under the constraints imposed on us as a BDC and RIC may hinder the achievement of our investment objectives.
- Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital.

#### **Risks Related To Our Securities**

- Investing in our securities may involve a high degree of risk.
- Shares of closed-end investment companies, including BDCs, may trade at a discount to their NAV.
- The market price of our securities may be volatile and fluctuate significantly.
- Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock.
- Certain Debt securities are unsecured and therefore effectively subordinated to any current or future secured indebtedness or may be structurally subordinated to the indebtedness and other liabilities of our subsidiaries.
- Our debt securities may or may not have an established trading market. If a trading market in our debt securities is developed, it may not be maintained.
- A downgrade, suspension, or withdrawal of the credit rating assigned by a rating agency to us or our debt securities, if any, or change in the debt markets could cause the liquidity or market value of our debt securities to decline significantly.
- The indentures under which our debt securities were issued contain limited protections for the holders of the debt securities.
- If we default on our obligations to pay our other indebtedness, we may not be able to make payments on our outstanding Notes and Credit Facilities.
- We may not be able to prepay the Notes or Credit Facilities upon a change in control.

#### **Risks Related To Our SBIC Subsidiaries**

- We, through our wholly owned subsidiary, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of our subsidiary that are superior to the claims of our securities holders.
- Our wholly owned subsidiary is licensed by the SBA, and therefore subject to SBIC regulations.
- Our SBIC subsidiary may be unable to make distributions to us that will enable us to meet or maintain RIC status, which could result in the imposition of an entity-level tax.

#### **Risks Related To Operating As A RIC And U.S. Federal Income Taxes**

- We will be subject to U.S. federal income taxes if we are unable to qualify as a RIC under Subchapter M of the Code.
- We may have difficulty paying the distributions required to maintain our RIC status under the Code if we recognize income before or without receiving cash representing such income.
- Legislative or regulatory tax changes could adversely affect our stockholders.

#### **General Risk Factors**

- We are currently operating in a period of capital markets disruption and economic uncertainty, and capital markets may experience periods of disruption and instability in the future. These market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.
- Terrorist attacks, acts of war, public health crises or natural disasters may affect any market for our securities, impact the businesses in which we invest and harm our business, operating results and financial condition.
- We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.
- The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.
- We may be the target of litigation.

## **Item 1A. Risk Factors**

*Investing in our securities involves a number of significant risks. In addition to the other information contained in this Annual Report on Form 10-K, you should carefully consider the following information before making an investment in our securities. The risks set forth below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also impair our operations and performance. If any of the following events occur, our business, financial condition, and results of operations could be materially adversely affected. In such case, our NAV and the trading price of our common stock or the value of our other securities could decline, and you may lose all or part of your investment.*

### **Risks Related To Our Business Structure**

***We operate in a highly competitive market for investment opportunities.***

We compete for investments with a number of other investment funds (including venture capital and private equity funds, debt funds, BDCs and SBICs), as well as traditional financial services companies such as commercial and investment banks and other sources of funding. Many of our competitors are substantially larger and have considerably greater financial, technical, marketing and other resources than we do. For example, some competitors may have a lower cost of funds and/or access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we do match our competitors' pricing, terms or structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. A significant increase in the number and/or the size of our competitors in this target market could force us to accept less attractive investment terms. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or that the Code imposes on us as a RIC.

***We are dependent upon senior management personnel for our future success, particularly our CEO, Scott Bluestein.***

We depend upon the members of our senior management, particularly Mr. Bluestein, and other key personnel for the identification, final selection, structuring, closing and monitoring of our investments. These employees have critical industry experience and relationships on which we rely to implement our business plan. Our future success depends on the continued service of our senior management team. The departure of Mr. Bluestein or any member of our senior management team or a significant number of the members of our investment team could have a material adverse effect on our ability to achieve our investment objective as well as our business, financial condition or results of operation. As a result, we may not be able to operate our business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer.

***Our success depends on attracting and retaining qualified personnel in a competitive environment.***

Our growth will require that we retain new investment and administrative personnel in a competitive market. Our ability to attract and retain personnel with the requisite credentials, experience and skills depends on several factors including, but not limited to, our ability to offer competitive wages, benefits and professional growth opportunities. Many of the entities, including investment funds (such as venture capital funds, private equity funds, debt funds and mezzanine funds) and traditional financial services companies, with which we compete for experienced personnel have greater resources than we have.

The competitive environment for qualified personnel may require us to take certain measures to ensure that we are able to attract and retain experienced personnel. Such measures may include increasing the attractiveness of our overall compensation packages, altering the structure of our compensation packages through the use of additional forms of compensation, or other steps. The inability to attract and retain experienced personnel would have a material adverse effect on our business.

***As an internally managed BDC, we are subject to certain restrictions that may adversely affect our business.***

As an internally managed BDC, the size and categories of our assets under management is limited, and we are unable to offer as wide a variety of financial products to prospective portfolio companies and sponsors (potentially limiting the size and diversification of our asset base). We therefore may not achieve efficiencies of scale and greater management resources available to externally managed business development companies. In addition, if we fail to comply with restrictions applicable to an internally managed BDC, for example with respect to the portion of our assets representing qualifying assets, we may be subject to further restrictions that could have a negative impact on our business. See "Item 1. Business — Regulation."

Additionally, as an internally managed BDC, our ability to offer more competitive and flexible compensation structures, such as offering both a profit-sharing plan and an equity incentive plan, is subject to the limitations imposed by the 1940 Act, which limits our ability to attract and retain talented investment management professionals. As such, these limitations could inhibit our ability to grow, pursue our business plan and attract and retain professional talent, any or all of which may have a negative impact on our business, financial condition and results of operations.

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***Our business model depends to a significant extent upon strong referral relationships.***

We expect that members of our management team will maintain their relationships with venture capital and private equity firms, other financial institutions and intermediaries, investment bankers, commercial bankers, financial advisers, attorneys, accountants, consultants and other individuals within our network, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If we fail to maintain our existing relationships or develop new relationships with sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom members of our management team have relationships are not obligated to provide us with investment opportunities and, therefore, there is no assurance that such relationships will generate investment opportunities for us.

***Our Board may change our operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse.***

Our Board has the authority to modify or waive certain of our current operating policies and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, NAV, operating results and value of our stock. However, the effect might be adverse, which could negatively impact our ability to pay interest and principal payments to holders of our debt instruments and dividends to our stockholders and cause our investors to lose all or part of their investment in us.

***We may not be able to pay distributions to our stockholders, our distributions may not grow over time, and a portion of distributions paid to our stockholders may be a return of capital, which is a distribution of the stockholders' invested capital.***

We intend to pay distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to pay a specified level of cash distributions, previously projected distributions for future periods, or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by, among other things, the impact of one or more of the risk factors described herein. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could limit our ability to pay distributions. All distributions will be paid at the discretion of our Board and will depend on our earnings, our financial condition, maintenance of our RIC status, compliance with applicable BDC regulations, compliance with our debt covenants and such other factors as our Board may deem relevant from time to time. We cannot assure you that we will pay distributions to our stockholders in the future.

When we make distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated taxable earnings, recognized capital gains or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for U.S. federal income tax purposes, which may result in higher tax liability when the shares are sold, even if they have not increased in value or have lost value. In addition, any return of capital will be net of any sales load and offering expenses associated with sales of shares of our common stock. In the future, our distributions may include a return of capital.

***We are subject to risks related to corporate social responsibility.***

Our business faces increasing public scrutiny related to environmental, social and governance (“ESG”) activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, support for local communities, corporate governance and transparency and considering ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand, the cost of our operations and relationships with investors, all of which could adversely affect our business and results of operations. Additionally, new regulatory initiatives related to ESG could adversely affect our business.

## **Risks Related To Our Investments**

### ***Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment.***

Investing in our portfolio companies exposes us indirectly to a number of significant risks. Among other things, these companies:

- may have limited financial resources (including the inability to obtain additional equity or debt financing as needed) and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments;
- may require substantial additional financing to satisfy their continuing working capital and other cash requirements;
- may have shorter operating histories, narrower product lines, smaller market shares and/or significant customer concentrations than larger businesses, which tend to render them more vulnerable to competitors’ actions and market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation, termination or significant under-performance of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;

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- generally have less predictable operating results which may fluctuate suddenly and dramatically, may from time-to-time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, finance expansion or maintain their competitive position, and may have more limited access to capital and higher funding costs;
- may be adversely affected by a lack of IPO or merger and acquisition opportunities; and
- generally have less publicly available information about their businesses, operations and financial condition. We are required to rely on the ability of our management team and investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and may lose all or part of our investment.

In addition, in the course of providing significant managerial assistance to certain of our portfolio companies, certain of our officers and directors may serve as directors on the boards of such companies. To the extent that litigation arises out of our investments in these companies, our officers and directors may be named as defendants in such litigation, which could result in an expenditure of funds (through our indemnification of such officers and directors) and the diversion of management time and resources.

### ***A lack of IPO or merger and acquisition opportunities may cause companies to stay in our portfolio longer, leading to lower returns, unrealized depreciation, or realized losses.***

A lack of IPO or merger and acquisition, or M&A, opportunities for private companies, including venture capital-backed and institutional-backed companies could lead to portfolio companies staying longer in our portfolio as private entities still requiring funding. IPO activity in particular has slowed significantly during 2022 and this trend may remain for the foreseeable future. This situation may adversely affect the amount of available funding for early-stage companies in particular as, in general, venture capital, institutional, and other sponsor firms are being forced to provide additional financing to late-stage companies that cannot complete an IPO or M&A transaction. In the best case, such stagnation would dampen returns, and in the worst case, could lead to unrealized depreciation and realized losses as some portfolio companies run short of cash and have to accept lower valuations in private fundings or are not able to access additional capital at all. A lack of IPO or M&A opportunities for private companies can also cause some venture capital, institutional, and other sponsor firms to change their strategies, leading some of them to reduce funding to their portfolio companies and making it more difficult for such companies to access capital and to fulfill their potential, which can result in unrealized depreciation and realized losses in such portfolio companies by other companies, such as ourselves, who are co-investors in such portfolio companies.

### ***Investing in publicly traded companies can involve a high degree of risk and can be speculative.***

A portion of our portfolio is invested in publicly traded companies or companies that are in the process of completing their IPO. As publicly traded companies, the securities of these companies may not trade at high volumes, and prices can be volatile, particularly during times of general market volatility, which may restrict our ability to sell our positions and may have a material adverse impact on us.

In addition, our ability to invest in public companies may be limited in certain circumstances. To maintain our status as a BDC, we are not permitted to acquire any assets other than “qualifying assets” specified in the 1940 Act unless, at the time the acquisition is made and giving effect to it, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Subject to certain exceptions for follow-on investments and distressed companies, an investment in an issuer that has outstanding securities listed on a national securities exchange may be treated as a qualifying asset only if such issuer has a market capitalization that is less than \$250.0 million at any point in the 60 days prior to the time of such investment and meets the other specified requirements.

### ***Our investments are concentrated in certain technology-related industries, which subjects us to the risk of significant loss if any one or more of such industries experiences a downturn.***

We have invested and intend to continue investing in a limited number of companies that operate in technology-related industries. A downturn in one or more technology-related industry sectors and particularly those in which we are heavily concentrated could materially adversely affect our financial condition more than if we invested in a wider range of industries. As of December 31, 2022, approximately 80.5% of the fair value of our portfolio comprised investments in three industries: 38.8% comprised investments in the “Drug Discovery and Development” industry, 26.9% comprised investments in the “Software” industry and 14.8% comprised investments in the “Consumer & Business Services” industry. Companies in technology-related industries are subject to numerous risks, including:

- ***Technology Industry (including Software and Consumer & Business Services Industries) Risk.*** The market prices and values of companies operating in the technology industry – including software and consumer and business services companies – tend to exhibit a greater degree of risk and volatility than other types of investments. These companies may fall in and out of favor with the public and investors rapidly, which may cause sudden selling and dramatically lower market prices. These companies also may be affected adversely by changes in technology, consumer and business purchasing patterns, short product cycles, falling prices and profits, government regulation, lack of standardization or compatibility with existing technologies, intense competition, aggressive pricing, dependence on copyright and/or patent protection and/or obsolete products or services. Certain technology-related companies may face special risks that their

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products or services may not prove to be commercially successful. Technology-related companies are also strongly affected by worldwide scientific or technological developments. As a result, their products may rapidly become obsolete.

Companies in the application software industry, in particular, may also be negatively affected by the decline or fluctuation of subscription renewal rates for their products and services, which may have an adverse effect on profit margins. Companies in the systems software industry may be adversely affected by, among



other things, actual or perceived security vulnerabilities in their products and services, which may result in individual or class action lawsuits, state or federal enforcement actions and other remediation costs.

Such companies are also often subject to governmental regulation and may, therefore, be adversely affected by governmental policies. In addition, a rising interest rate environment tends to negatively affect technology and technology-related companies. Those technology or technology-related companies seeking to finance their expansion would have increased borrowing costs, which may negatively impact their earnings. Technology-related companies are often smaller and less experienced companies and may be subject to greater risks than larger companies, such as limited product lines, markets and financial and managerial resources. These risks may be heightened for technology companies in foreign markets.

- *Drug Discovery & Development Industry Risk.* The success of pharmaceutical companies operating in the drug discovery and development industry is highly dependent on the development, procurement and marketing of drugs. The values of pharmaceutical companies are also dependent on the development, protection and exploitation of intellectual property rights and other proprietary information, and the profitability of pharmaceutical companies may be significantly affected by such things as the expiration of patents or the loss of, or the inability to enforce, intellectual property rights. The research and other costs associated with developing or procuring new drugs and the related intellectual property rights can be significant, and the results of such research and expenditures are unpredictable. There can be no assurance that those efforts or costs will result in the development of a profitable drug. Pharmaceutical companies may be susceptible to product obsolescence. Many pharmaceutical companies face intense competition from new products and less costly generic products. Moreover, the process for obtaining regulatory approval by the FDA or other governmental regulatory authorities is long and costly and there can be no assurance that the necessary approvals will be obtained or maintained.

Pharmaceutical companies are also subject to rapid and significant technological change and competitive forces that may make drugs obsolete or make it difficult to raise prices and, in fact, may result in price discounting. Pharmaceutical companies may also be subject to expenses and losses from extensive litigation based on intellectual property, product liability and similar claims. Failure of pharmaceutical companies to comply with applicable laws and regulations can result in the imposition of civil and criminal fines, penalties and, in some instances, exclusion of participation in government sponsored programs such as Medicare and Medicaid. Pharmaceutical companies may be adversely affected by government regulation and changes in reimbursement rates. The ability of many pharmaceutical companies to commercialize current and any future products depends in part on the extent to which reimbursement for the cost of such products and related treatments are available from third party payors, such as Medicare, Medicaid, private health insurance plans and health maintenance organizations. Third-party payors are increasingly challenging the price and cost-effectiveness of medical products. Significant uncertainty exists as to the reimbursement status of health care products, and there can be no assurance that adequate third-party coverage will be available for pharmaceutical companies to obtain satisfactory price levels for their products.

The international operations of many pharmaceutical companies expose them to risks associated with instability and changes in economic and political conditions, foreign currency fluctuations, changes in foreign regulations and other risks inherent to international business. Additionally, a pharmaceutical company's valuation can often be based largely on the potential or actual performance of a limited number of products. A pharmaceutical company's valuation can also be greatly affected if one of its products proves unsafe, ineffective or unprofitable. Such companies also may be characterized by thin capitalization and limited markets, financial resources or personnel, as well as dependence on wholesale distributors. The values of companies in the pharmaceutical industry have been and will likely continue to be extremely volatile.

- *Biotechnology Industry Risk.* The success of biotechnology companies is highly dependent on the development, procurement and/or marketing of drugs. The values of biotechnology companies are also dependent on the development, protection and exploitation of intellectual property rights and other proprietary information, and the profitability of biotechnology companies may be significantly affected by such things as the expiration of patents or the loss of, or the inability to enforce, intellectual property rights. The research and other costs associated with developing or procuring new drugs, products or technologies and the related intellectual property rights can be significant, and the results of such research and expenditures are unpredictable. There can be no assurance that those efforts or costs will result in the development of a profitable drug, product or technology. Moreover, the process for obtaining regulatory approval by the FDA or other governmental regulatory authorities is long and costly and there can be no assurance that the necessary approvals will be obtained or maintained. Biotechnology companies are also subject to rapid and significant technological change and competitive forces that may make drugs, products or technologies obsolete or make it difficult to raise prices and, in fact, may result in price discounting. Biotechnology companies may also be subject to expenses and losses from extensive litigation based on intellectual property, product liability and similar claims.

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Failure of biotechnology companies to comply with applicable laws and regulations can result in the imposition of civil and/or criminal fines, penalties and, in some instances, exclusion of participation in government sponsored programs such as Medicare and Medicaid. Biotechnology companies may be adversely affected by government regulation and changes in reimbursement rates. Healthcare providers, principally hospitals, that transact with biotechnology companies, often rely on third party payors, such as Medicare, Medicaid, private health insurance plans and health maintenance organizations to reimburse all or a portion of the cost of healthcare related products or services. Biotechnology companies will continue to be affected by the efforts of governments and third-party payors to contain or reduce health care costs. For example, certain foreign markets control pricing or profitability of biotechnology products and technologies. In the United States, there has been, and there will likely continue to be, a number of federal and state proposals to implement similar controls. A biotechnology company's valuation could be based on the potential or actual performance of a limited number of products. A biotechnology company's valuation could be affected if one of its products proves unsafe, ineffective or unprofitable. Such companies may also be characterized by thin capitalization and limited markets, financial resources or personnel. The stock prices of companies involved in the biotechnology sector have been and will likely continue to be extremely volatile.

- *Life Sciences Industry Risk.* Life sciences industries are characterized by limited product focus, rapidly changing technology and extensive government regulation. In particular, technological advances can render an existing product, which may account for a disproportionate share of a company's revenue, obsolete. Obtaining governmental approval from agencies such as the FDA, the U.S. Department of Agriculture and other governmental agencies for new products can be lengthy, expensive and uncertain as to outcome. Any delays in product development may result in the need to seek additional capital, potentially diluting the interests of existing investors such as the Company. In addition, governmental agencies may, for a variety of reasons, restrict the release of certain innovative technologies of commercial significance, such as genetically altered material. These various factors may result in abrupt advances and declines in the securities prices of particular companies and, in some cases, may have a broad effect on the prices of securities of companies in particular life sciences industries.

Intense competition exists within and among certain life sciences industries, including competition to obtain and sustain proprietary technology protection. Life sciences companies can be highly dependent on the strength of patents, trademarks and other intellectual property rights for maintenance of profit margins and market share. The complex nature of the technologies involved can lead to patent disputes, including litigation that may be costly and that could result in a company losing an exclusive right to a patent. Competitors of life sciences companies may have invested substantially in developing technologies and products that are more effective or less costly than any that may be developed by life sciences companies in which the Company invests and may also prove to be more successful in production and marketing. Competition may increase further as a result of potential advances in health services and medical technology and greater availability of capital for investment in these fields.

With respect to healthcare, cost containment measures already implemented by the federal government, state governments and the private sector have adversely affected certain sectors of these industries. Increased emphasis on managed care in the United States may put pressure on the price and usage of products sold by life sciences companies in which the Company may invest in and may adversely affect the sales and revenues of life sciences companies.

Product development efforts by life sciences companies may not result in commercial products for many reasons, including, but not limited to, failure to achieve acceptable clinical trial results, limited effectiveness in treating the specified condition or illness, harmful side effects, failure to obtain regulatory approval, and high manufacturing costs. Even after a product is commercially released, governmental agencies may require additional clinical trials or change

the labeling requirements for products if additional product side effects are identified, which could have a material adverse effect on the market price of the securities of those life sciences companies.

Certain life sciences companies in which the Company may invest may be exposed to potential product liability risks that are inherent in the testing, manufacturing, marketing and sale of pharmaceuticals, medical devices or other products. There can be no assurances that a product liability claim would not have a material adverse effect on the business, financial condition or securities prices of a company in which the Company has invested.

- **Healthcare Services Industry Risk.** The operations of healthcare services companies are subject to extensive federal, state and local government regulations, including Medicare and Medicaid payment rules and regulations, federal and state anti-kickback laws, the physician self-referral law and analogous state self-referral prohibition statutes, Federal Acquisition Regulations, the False Claims Act and federal and state laws regarding the collection, use and disclosure of patient health information and the storage, handling and administration of pharmaceuticals. The Medicare and Medicaid reimbursement rules related to claims submission, enrollment and licensing requirements, cost reporting, and payment processes impose complex and extensive requirements upon dialysis providers as well. A violation or departure from any of these legal requirements may result in government audits, lower reimbursements, significant fines and penalties, the potential loss of certification, recoupment efforts or voluntary repayments. If healthcare services companies fail to adhere to all of the complex government regulations that apply to their businesses, such companies could suffer severe consequences that would substantially reduce revenues, earnings, cash flows and stock prices. If healthcare companies are unable to successfully expand their product lines through internal research and development and acquisitions, their business may be

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materially and adversely affected. In addition, if these companies are unable to successfully grow their businesses through marketing partnerships and acquisitions, their business may be materially and adversely affected.

- **Sustainable and Renewable Technology Industry Risk.** Companies in sustainable and renewable technology sectors may be subject to extensive regulation by foreign, U.S. federal, state and/or local agencies. Changes in existing laws, rules or regulations, or judicial or administrative interpretations thereof, new laws, rules or regulations, or changes in government priorities or limitations on government resources could all have an adverse impact on the business and industries of these companies. We are unable to predict whether any such changes in laws, rules or regulations will occur and, if they do occur, the impact of these changes on our portfolio companies and our investment returns. Furthermore, if any of our portfolio companies fail to comply with applicable regulations, they could be subject to significant penalties and claims that could materially and adversely affect their operations, which would also impact our ability to realize value since our exit from the investment may be subject to the portfolio company obtaining the necessary regulatory approvals. Our portfolio companies may be subject to the expense, delay and uncertainty of the regulatory approval process for their products and, even if approved, these products may not be accepted in the marketplace. In addition, there is considerable uncertainty about whether foreign, U.S., state and/or local governmental entities will enact or maintain legislation or regulatory programs that mandate reductions in greenhouse gas emissions or provide incentives for sustainable and renewable technology companies. Without such regulatory policies, investments in sustainable and renewable technology companies may not be economical and financing for sustainable and renewable technology companies may become unavailable.

Further, industries within the energy sector are cyclical with fluctuations in commodity prices and demand for, and production of commodities driven by a variety of factors. The highly cyclical nature of the industries within the energy sector may lead to volatile changes in commodity prices. Commodity price fluctuation may adversely affect the earnings of companies in which we may invest.

***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 investments held in portfolio companies as of December 31, 2022, that represent greater than 5% of our net assets:

(in thousands)	December 31, 2022	
	Fair Value	Percentage of Net Assets
Corium, Inc.	\$ 135,619	9.7%
Worldremit Group Limited	94,031	6.7%
Phathom Pharmaceuticals, Inc.	94,017	6.7%
Axsome Therapeutics, Inc.	89,461	6.4%
Rocket Lab Global Services, LLC	87,933	6.3%
SeatGeek, Inc.	87,876	6.3%
Convoy, Inc.	73,862	5.3%
uniQure B.V.	73,408	5.2%

- Corium, Inc. develops, engineers, and manufactures drug delivery products and devices that utilize the skin and mucosa as a primary means of transport.
- Worldremit Group Limited is a global online money transfer business.
- Phathom Pharmaceuticals, Inc. is a biopharmaceutical company focused on the development and commercialization of novel treatments for gastrointestinal diseases and disorders.
- 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.
- Rocket Lab Global Services, LLC is a commercial space provider of high-frequency, low-cost launches.
- SeatGeek, Inc. is a mobile-focused ticket platform that enables users to buy and sell tickets for live sports, concerts and theater events.
- Convoy, Inc. is a developer for on-demand shipment services.
- uniQure B.V. is a leader in the field of gene therapy, developing proprietary therapies to treat patients with severe genetic diseases of the central nervous system and liver.

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 may be exposed to higher risks with respect to our investments that include PIK interest or exit fees.***

Our investments may include contractual PIK interest and exit fees. PIK interest represents contractual interest added to a loan's principal balance and is due in accordance with the loan's amortization terms. Exit fees represent a contractual fee accrued over the life

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of the loan and is typically due at loan payoff. To the extent PIK interest and exit fees constitute a portion of our income, we are exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash, including the following:

- PIK interest and exit fee instruments may have higher yields, which reflect the payment deferral and credit risk associated with these instruments;

- PIK interest and exit fee instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of the collateral; and
- PIK interest and exit fee instruments may represent a higher credit risk than coupon loans; even if the conditions for income accrual under generally accepted accounting principles in the United States of America are satisfied, a borrower could still default when actual payment is due upon the maturity of such loan.

***The lack of liquidity in our investments may adversely affect our business.***

We generally invest in companies whose securities are not publicly traded and/or whose securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. As a result, we do not expect to achieve liquidity in our investments in the near-term. Our investments are usually subject to contractual or legal restrictions on resale or are otherwise illiquid because there is usually no established trading market for such investments. Even if an established trading market for such securities were established, we may be limited in our ability to divest ourselves from a debt or equity instrument for a variety of reasons, such as limited trading volume in a public company's securities, or regulatory factors such as the receipt of material non-public information or insider blackout periods when we are legally prohibited from selling. The illiquidity of most of our investments may make it difficult for us to dispose of them at a favorable price or at all and, as a result, we may suffer losses.

***We may not have the funds or ability to make additional investments in our portfolio companies.***

We may not have the funds or ability to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through the extension of additional loans, the exercise of a warrant to purchase equity securities, or the funding of additional equity investments. There is no assurance that we will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation, may reduce our ability to protect an existing investment or may dilute our equity interest or otherwise reduce the expected yield on the investment.

***There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.***

Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which we invest. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Even if our investment is structured as a senior-secured loan, principles of equitable subordination, as defined by existing case law, could lead a bankruptcy court to subordinate all or a portion of our claim to that of other creditors and transfer any lien securing such subordinated claim to the bankruptcy estate. The principles of equitable subordination defined by case law have generally indicated that a claim may be subordinated only if its holder is guilty of misconduct or where the senior loan is re-characterized as an equity investment and the senior lender has actually provided significant managerial assistance to the bankrupt debtor. We may also be subject to lender liability claims for actions taken by us with respect to a borrower's business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender liability claim, including as a result of actions taken in rendering significant managerial assistance or actions to compel and collect payments from the borrower outside the ordinary course of business.

***We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer, which may subject us to a risk of significant loss if any such issuer experiences a downturn.***

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. Under the 1940 Act, a "diversified" investment company is required to invest at least 75% of the value of its total assets in cash and cash items, government securities, securities of other investment companies and other securities limited in respect of any one issuer to an amount not greater than 5% of the value of the total assets of such company and no more than 10% of the outstanding voting securities of such issuer. As a non-diversified investment company, we are not subject to this requirement. To the extent that we assume large positions in the securities of a small number of issuers, our NAV may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company might be. Beyond our RIC asset diversification requirements, we do not have fixed guidelines for portfolio diversification, and our investments could be concentrated in relatively few portfolio companies. See "Risk Factors – Federal Income Tax Risks – We will be subject to corporate-level U.S. federal income tax if we are unable to qualify as a RIC under Subchapter M of the Code."

***We generally will not control our portfolio companies, which may result in the portfolio company making decisions which could adversely impact the value of our investments in the portfolio company's securities.***

In some instances, we may control our portfolio companies or provide our portfolio companies with significant managerial assistance. However, we do not, and do not expect to, control the ultimate decision making in most of our portfolio companies, even though we may have board representation or board observation rights, and our debt agreements may contain certain restrictive covenants. As a result, we are subject to the risk that a portfolio company in which we invest will make business decisions with which we disagree, and the management of such company will take risks or otherwise act in ways that do not serve our interests as debt investors or minority equity holders. Due to the lack of liquidity for our investments in non-traded companies, we may not be able to dispose of our interests in our portfolio companies as readily as we would like or at an appropriate valuation. As a result, a portfolio company may make decisions that would decrease the value of our portfolio holdings.

***Defaults by our portfolio companies will harm our operating results.***

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to non-payment of interest and other defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt or equity securities that we hold. In addition, in the event of a default by a portfolio company on a secured loan, we will only have recourse to the assets collateralizing the loan, which in some cases excludes the IP on which we have only a negative pledge. In any case, the assets collateralizing our loan may not be sufficient to fully cover our indebtedness. Further, some of our secured loans are secured by a negative pledge on a portfolio company's intellectual property. In the event of a default on a loan, there can be no assurance that our security interest will be enforceable in a court of law or bankruptcy court or that there will not be others with senior or pari passu credit interests. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

***Substantially all of our portfolio investments are recorded at fair value as determined in accordance with our Valuation Guidelines and, as a result, there may be uncertainty as to the value of our portfolio investments.***

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at the fair value as determined in accordance with our Valuation Guidelines adopted pursuant to Rule 2a-5 under the 1940 Act. As of December 31, 2022, portfolio investments, whose fair value is determined in good faith by our Valuation Committee and approved by the Board were approximately 97.9% of our total assets. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market

value existed for such investments, and the differences could be material. Our NAV could be adversely affected if determinations regarding the fair value of these investments were materially higher than the values ultimately realized upon the disposal of such investments.

***Any unrealized depreciation we experience on our investment portfolio may be an indication of future realized losses, which could reduce our income available for distribution and could impair our ability to service our borrowings.***

Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized depreciation in our portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to us with respect to the affected loans or potential impairment of the value of affected equity investments. This could result in realized losses in the future and ultimately in reductions of our income and gains available for distribution in future periods.

***Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.***

During the year ended December 31, 2022, we received early principal payments and early payoffs on our debt investments of approximately \$373.3 million. We are subject to the risk that the debt investments we make in our portfolio companies may be repaid prior to maturity. When this occurs, we will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being

prepaid, and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our securities.

***The phase-out of LIBOR and the use of replacement rates for LIBOR may adversely affect the value of our portfolio securities.***

On March 5, 2021, the U.K.'s Financial Conduct Authority publicly announced that all U.S. Dollar LIBOR settings will either cease to be provided by any administrator or no longer be representative (i) immediately after December 31, 2021 for one-week and two-month U.S. Dollar LIBOR settings and (ii) immediately after June 30, 2023 for the remaining U.S. Dollar LIBOR settings. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, supports replacing U.S. Dollar LIBOR with the Secured Overnight Financing Rate, or SOFR, a new index calculated by short-term repurchase agreements, backed by Treasury securities. Although there are an increasing number of issuances utilizing SOFR or the Sterling Over Night Index Average, or SONIA, an alternative reference rate that is based on transactions, these alternative reference rates may not attain market acceptance as replacements for LIBOR. The transition away from LIBOR to alternative reference rates is complex and could have a material adverse effect on our business, financial condition and results of operations, including as a result of any changes in the pricing of our investments, changes to the documentation for certain of our investments and the pace of such changes, disputes and other actions regarding the interpretation of current and prospective loan documentation or modifications to processes and systems.

In anticipation of the cessation of LIBOR, we may need to renegotiate any credit agreements extending beyond June 30, 2023 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate or rely on certain fallback provisions that could cause interest rates to shift to a base rate plus a margin. Any such renegotiations may have a material adverse effect on our business, financial condition and results of operations, including as a result of changes in interest rates payable to us by our portfolio companies. In addition, if a replacement rate is not widely agreed upon, the mismatch on the interest rates payable by any leverage incurred by us and the interest rate payable to us on our portfolio company investments could result in a decrease in our net investment income and distributions we are able to pay to our stockholders.

***We are subject to risks associated with the current interest rate environment and changes in interest rates will affect our cost of capital, net investment income and the value of our investments.***

To the extent we borrow money or issue debt securities or preferred stock to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities or preferred stock and the rate at which we invest these funds. In addition, many of our debt investments and borrowings have floating interest rates that reset on a periodic basis, and many of our investments are subject to interest rate floors and caps. As of December 31, 2022, approximately 95.3% of our debt investments were at floating rates or floating rates with a floor, and 4.7% of our debt investments were at fixed rates. As a result, a change in market interest rates could have a material adverse effect on our net investment income, in particular with respect to increases from current levels to the level of the interest rate caps on certain investments. In periods of rising interest rates, our cost of funds will increase because the interest rates on the amounts borrowed under our Credit Facilities are floating and are not subject to interest rate caps, which could reduce our net investment income to the extent any debt investments have either fixed interest rates, or floating interest rates subject to an interest rate cap below the then current levels, and as a result such interest rates on these debt investments will not increase.

Some of our portfolio companies have debt investments which bear interest at variable rates and may be negatively affected by changes in market interest rates. An increase in market interest rates would increase the interest costs and reduce the cash flows of our portfolio companies that have variable rate debt instruments, a situation which could reduce the value of our investments in these portfolio companies. The value of our securities could also be reduced from an increase in market interest rates as rates available to investors could make an investment in our securities less attractive than alternative investments. Conversely, decreases in market interest rates could negatively impact the interest income from our variable rate debt investments. A decrease in market interest rates may also have an adverse impact on our returns by requiring us to accept lower yields on our debt investments and by increasing the risk that our portfolio companies will prepay our debt investments, resulting in the need to redeploy capital at potentially lower rates. See further discussion and analysis at "Item 7A. Quantitative and Qualitative Disclosures about Market Risk."

***We may not realize gains from our equity or warrant investments.***

Certain investments that we have made in the past and may make in the future include warrants or other equity securities. Investments in equity securities involve a number of significant risks, including the risk of further dilution as a result of additional issuances, inability to access additional capital and failure to pay current distributions. We may from time to time make non-control, equity investments in portfolio companies. Our goal is ultimately to realize gains upon our disposition of such equity interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. We may seek puts or similar rights to give us the right to sell our equity securities back to the portfolio company issuer;

however, we may be unable to exercise these put rights for the consideration provided in our investment documents if the issuer is in financial distress. In addition, we anticipate that approximately 50% of our warrants may not realize any exit or generate any returns. Furthermore, because of the financial reporting requirements under U.S. generally accepted accounting principles ("U.S. GAAP"), of those approximately 50% of warrants that we do not realize any exit, the assigned costs to the initial warrants may lead to realized losses when the warrants either expire or are not exercised.

***We may expose ourselves to risks if we engage in hedging transactions.***

If we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a

hedging transaction at an acceptable price. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and there can be no assurance that any such hedging arrangements will achieve the desired effect. During the year ended December 31, 2022, we did not engage in any hedging activities.

***Our investments in foreign securities or investments denominated in foreign currencies may involve significant risks in addition to the risks inherent in U.S. and U.S.-denominated investments.***

Our investment strategy contemplates potential investments in securities of foreign companies. Our total investments at value in foreign companies were approximately \$293.4 million or 9.9% of total investments as of December 31, 2022. Investing in foreign companies may expose us to additional risks not typically associated with investing in securities of U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although most of our investments will be U.S. dollar denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments.

***The disposition of our investments may result in contingent liabilities.***

Many of our investments involve private securities. In connection with the disposition of an investment in private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to certain potential liabilities. These arrangements may result in contingent liabilities that ultimately yield funding obligations that must be satisfied through our return of certain distributions previously made to us.

***Depending on funding requirements, we may need to raise additional capital to meet our unfunded commitments through additional borrowings.***

As of December 31, 2022, we had approximately \$628.9 million of available unfunded commitments, including undrawn revolving facilities, which were available at the request of the portfolio company and unencumbered by milestones.

Our unfunded contractual commitments may be significant from time-to-time. A portion of these unfunded contractual commitments are dependent upon the portfolio company achieving 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 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. Closed commitments generally fund 50-80% of the committed amount in aggregate over the life of the commitment. We believe that our assets provide adequate cover to satisfy all of our unfunded commitments and we intend to use cash flow from operations and early principal repayments and proceeds from borrowings and notes to fund these commitments. However, there can be no assurance that we will have sufficient capital available to fund these commitments as they come due, which could have a material adverse effect on our reputation in the market and our ability to generate incremental lending activity and subject us to lender liability claims.

Our ability to secure additional financing and satisfy our financial obligations under indebtedness outstanding from time to time will depend upon our future operating performance, which is subject to the prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond our control. The prolonged continuation or worsening of current economic and capital market conditions could have a material adverse effect on our ability to secure financing on favorable terms, if at all.

**Risks Related To Leverage**

***Because we have substantial borrowings, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.***

Borrowings, also known as leverage, magnify the potential for loss on investments in our indebtedness and gain or loss on investments in our equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent we use leverage. Such events could result in a substantial loss to us, which would be greater than if leverage had not been used. In addition, our investment objectives are dependent on the continued availability of leverage at attractive relative interest rates.

We may also borrow from banks and other lenders and may issue debt securities or enter into other types of borrowing arrangements in the future. Lenders of these senior securities will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. We generally may grant security interests in our assets, subject to our requirement to maintain a 150% minimum asset coverage ratio and any restrictions on encumbered assets imposed by the terms of our existing indebtedness.

The terms of our existing indebtedness require us to comply with certain financial and operational covenants, and we expect similar covenants in future debt instruments. Failure to comply with such covenants could result in a default under the applicable credit facility or debt instrument if we are unable to obtain a waiver from the applicable lender or holder, and such lender or holder could accelerate repayment under such indebtedness and negatively affect our business, financial condition, results of operations and cash flows. In addition, under the terms of any credit facility or other debt instrument we enter into, in the event of a default, we are likely to be required by its terms to use the net proceeds of any investments that we sell to repay a portion of the amount borrowed under such facility or instrument before applying such net proceeds to any other uses. See “Note 5 – Debt” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition, Liquidity, Capital Resources and Obligations” for a discussion regarding our outstanding indebtedness.

If the value of our assets decreases, leveraging would cause NAV to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any decrease in our income would cause net investment income to decline more sharply than it would have had we not leveraged our business. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities.

Our ability to service our debt depends largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Our secured credit facilities with Sumitomo Mitsui Banking Corporation (the “SMBC Facility”) and MUFG Union Bank, N.A., (the “MUFG Bank Facility”) and our letter of credit facility with Sumitomo Mitsui Banking Corporation entered into in January 2023 (the “SMBC LC Facility” and together with the SMBC Facility and MUFG Bank Facility, our “Credit Facilities”), as well as the July 2024 Notes, February 2025 Notes, June 2025 Notes, June 2025 3-Year Notes, March 2026 A Notes, March 2026 B Notes, September 2026 Notes, January 2027 Notes, 2031 Asset-Backed Notes and 2033 Notes (each term as is individually defined herein and collectively, the “Notes”) contain financial and operating covenants that could restrict our business activities, including our ability to declare dividend distributions if we default under certain provisions. As of December 31, 2022, we had \$72.0 million and \$107.0 million in borrowings under the SMBC Facility and MUFG Bank Facility. As of December 31, 2022, we had approximately \$175.0 million of indebtedness outstanding incurred by our SBIC subsidiary, and approximately \$1.24 billion in aggregate principal outstanding Notes.

*Illustration.* The following table illustrates the effect of leverage on returns from an investment in our common stock assuming that we employ (1) our actual asset coverage ratio as of December 31, 2022, (2) a hypothetical asset coverage ratio of 200%, and (3) a hypothetical asset coverage ratio of 150% (each excluding our SBA debentures as permitted by our exemptive relief) each at various annual returns on our portfolio as of December 31, 2022, net of expenses. The calculations in the table below are hypothetical, and actual returns may be higher or lower than those appearing in the table below.

Annual Return on Our Portfolio (Net of Expenses)				
-10%	-5%	0%	5%	10%

Corresponding return to common stockholder assuming our actual asset coverage of 198.5% as of December 31, 2022 <sup>(1)</sup>	(26.44)%	(15.64)%	(4.83)%	5.98%	16.78%
Corresponding return to common stockholder assuming 200% asset coverage <sup>(2)</sup>	(26.23)%	(15.50)%	(4.77)%	5.97%	16.70%
Corresponding return to common stockholder assuming 150% asset coverage <sup>(3)</sup>	(40.44)%	(24.72)%	(9.00)%	6.72%	22.44%

(1) Assumes \$3.0 billion in total assets, \$1.6 billion in debt outstanding, \$1.4 billion in stockholders' equity, and an average cost of funds of 4.2%, which is the approximate average cost of our Notes and Credit Facilities for the period ended December 31, 2022. Actual interest payments may be different.

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(2) Assumes \$3.0 billion in total assets including debt issuance costs on a pro forma basis, \$1.6 billion in debt outstanding, \$1.4 billion in stockholders' equity, and an average cost of funds of 4.2%, which is the approximate average cost of our Notes and Credit Facilities for the period ended December 31, 2022, along with the hypothetical estimated incremental cost of debt that would be incurred on offering the maximum permissible debt under the 200% asset coverage. Actual interest payments may be different.

(3) Assumes \$4.4 billion in total assets including debt issuance costs on a pro forma basis, \$3.0 billion in debt outstanding, \$1.4 billion in stockholders' equity, and an average cost of funds of 4.2%, which is the approximate average cost of our Notes and Credit Facilities for the period ended December 31, 2022, along with the hypothetical estimated incremental cost of debt that would be incurred on offering the maximum permissible debt under the 150% asset coverage. Actual interest payments may be different.

Our ability to achieve our investment objective may depend in part on our ability to access additional leverage on favorable terms and there can be no assurance that such additional leverage can in fact be achieved. If we are unable to obtain leverage or renew, extend or replace our current leverage facilities, or if the interest rates of such leverage are not attractive, we could experience diminished returns. The number of leverage providers and the total amount of financing available could decrease or remain static.

***Certain of our assets are subject to security interests under our senior securities and if we default on our obligations under our senior securities, we may suffer adverse consequences, including foreclosure on those assets.***

Certain of our assets are currently pledged as collateral under our senior securities, including any credit facilities or notes. If we default on our obligations under our senior securities, our lenders may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests or their superior claim. In such event, we may be forced to sell our investments to raise funds to repay our outstanding borrowings in order to avoid foreclosure and these forced sales may be at times and at prices we would not consider advantageous. Moreover, such deleveraging of our company could significantly impair our ability to effectively operate our business in the manner in which we have historically operated. As a result, we could be forced to curtail or cease new investment activities and lower or eliminate the dividends that we have historically paid to our stockholders. In addition, if the lenders exercise their right to sell the assets pledged under our senior securities, such sales may be completed at distressed sale prices, thereby diminishing or potentially eliminating the amount of cash available to us after repayment of the amounts outstanding under the senior securities.

If our operating performance declines and we are not able to generate sufficient cash flow to service our debt obligations, we may in the future need to refinance or restructure our debt, sell assets, reduce or delay capital investments, seek to raise additional capital or seek to obtain waivers from the required lenders under our senior securities to avoid being in default. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under our senior securities. If we breach our covenants under our senior securities and seek a waiver, we may not be able to obtain a waiver from the required lenders or debt holders. If this occurs, we would be in default under our senior securities, the lenders or debt holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations could proceed against the collateral securing the debt. Because certain of our senior securities have customary cross-default and cross-acceleration provisions, if the indebtedness under our senior securities is accelerated, we may be unable to repay or finance the amounts due.

#### **Risks Related To Our Investment Management Activities**

***Our executive officers and employees, through the Adviser Subsidiary, are expected to manage the Adviser Funds or separately managed accounts, which includes funds from External Parties, that operate in the same or a related line of business as we do, which may result in significant conflicts of interest.***

Our executive officers and employees, through the Adviser Subsidiary, are expected to manage the Adviser Funds that operate in the same or a related line of business as we do, and which funds may be invested in by us and/or our executive officers and employees. Accordingly, they may have obligations to such other entities, the fulfillment of which obligations may not be in the interests of us or our stockholders. Our relationship with the Adviser Subsidiary may require us to commit resources to achieving the Adviser Funds or External Parties' investment objectives, while such resources were previously solely devoted to achieving our investment objective. Our investment objective and investment strategies may be very similar to those of the Adviser Funds and External Parties, and it is likely that an investment appropriate for us, the Adviser Funds, or External Parties would be appropriate for the other entity. Because the Adviser Subsidiary may receive performance-based fee compensation from the Adviser Funds or External Parties, this may provide an incentive to allocate opportunities to the Adviser Funds or External Parties instead of us. Accordingly, we and the Adviser Subsidiary have established policies and procedures governing the allocation investment opportunities between us, the Adviser Funds, and External Parties. We may be limited in or unable to participate in certain investments based upon such allocation policy. Although we will endeavor to allocate investment opportunities in a fair and equitable manner, we may face conflicts in allocating investment opportunities between us, the Adviser Funds and External Parties managed by the Adviser Subsidiary.

***Investments in the Adviser Funds managed by our Adviser Subsidiary may create conflicts of interests.***

Our Adviser Subsidiary is committed to make contributions as a limited partner to certain Adviser Funds, it is also entitled to receive distributions on such interest. Our officers and employees may dedicate more time or resources to the Adviser Funds or allocate more favorable investment opportunities to the Adviser Funds instead of us. The Adviser Funds will, at times, acquire, hold,

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or sell investments that are also suitable for us. Investments allocated to the Adviser Funds may reduce the amount of investments available to us. Our officers and employees may make investment decisions or recommendations for the Adviser Funds that differ from the investment decisions that are made for us. The Adviser Subsidiary could determine to sell a loan for one or more Adviser Funds while all or a portion of such loan is retained by us, or vice-versa. The Adviser Subsidiary makes its decisions as to whether the Adviser Funds should invest pursuant to, among other things, its duties under the applicable governing documents for the Adviser Funds. Conflicts of interest can arise if the Adviser Subsidiary seeks to acquire or sell portions of one or more loans for one or more of the Adviser Funds while we also seek to acquire or sell portions of such loans. We and the Adviser Subsidiary have implemented an investment allocation policy and procedures designed to ensure that investment opportunities are allocated among us and the Adviser Funds fairly and equitably over time; however, there can be no assurance that the application of our allocation policy will result in our desired participation in every investment opportunity that may be suitable for both us and the Adviser Funds.

In addition, we may make investments in the Adviser Funds in the form of loans. For example, prior to the receipt by the Adviser Funds of capital contributions from investors for which a capital call notice has or will be given, we expect to provide loan financing to such Adviser Funds to fund such amounts on a temporary basis in order to permit the Adviser Funds to invest in a target portfolio company within the applicable time constraints prior to the receipt by the Adviser Funds of a capital call in respect of such investment. In addition, we may provide loan financing to the Adviser Funds to cover start-up and initial operating costs prior to the receipt by the Adviser Funds of a capital call in respect of such expenses. The provision of debt financing to the Adviser Funds may cause conflicts of interest, including in situations where our interest as a lender to the Adviser Funds conflicts with the interest of holders of third-party equity interests.

***We, through the Adviser Subsidiary, derive revenues from managing third-party funds pursuant to management agreements that may be terminated, which could negatively impact our operating results.***

We will derive our revenues related to the Adviser Subsidiary primarily from dividend income, which the Adviser Subsidiary will pay from net profits generated from advisory fees charged to the Adviser Funds. The Adviser Funds may be established with different fee structures, including management fees payable at varying rates and carried

interest or performance fees that are payable at varying hurdle rates. Investment advisory, carried interest, and performance fee revenues can be adversely affected by several factors, including market factors, third-party investor preferences, and our Adviser Subsidiary's performance and track record. A reduction in revenues of our Adviser Subsidiary, without a commensurate reduction in expenses, would adversely affect our Adviser Subsidiary's business and our revenues and results of operations derived from the Adviser Subsidiary. In addition, the terms of the investment management agreements with the Adviser Funds generally provide for the right to terminate the management agreement in certain circumstances. Termination of any such management agreements would reduce the fees we earn from the Adviser Funds, which could have a material adverse effect on our results of operations.

#### **Risk Related To BDCs**

***Failure to comply with applicable laws or regulations and changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.***

We, the Adviser Funds and our portfolio companies are subject to applicable local, state and federal laws and regulations, including those promulgated by the SEC, the NYSE, and the Public Company Accounting Oversight Board. Failure to comply with any applicable local, state or federal law or regulation could negatively impact our reputation and our business results. New legislation may also be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make, any of which could harm us and our stockholders, potentially with retroactive effect. Additionally, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth herein and may result in our investment focus shifting from the areas of expertise of our investment team to other types of investments in which our investment team may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment.

***Failure to maintain our status as a BDC would reduce our operating flexibility.***

If we do not remain a BDC, we might be regulated as a closed-end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease our operating flexibility.

***Operating under the constraints imposed on us as a BDC and RIC may hinder the achievement of our investment objectives.***

The 1940 Act and the Code impose numerous constraints on the operations of BDCs and RICs that do not apply to certain of the other investment vehicles that we may compete with. BDCs are required, for example, to invest at least 70% of their total assets in certain qualifying assets, including U.S. private or smaller U.S. public companies, cash, cash equivalents, U.S. government securities and other high-quality debt instruments that mature in one year or less from the date of investment. See "Item 1. Business – Regulation." Moreover, qualification for taxation as a RIC requires satisfaction of source-of-income, asset diversification and distribution requirements. Operating under these constraints may hinder our ability to take advantage of attractive investment opportunities and to achieve our investment objective. Any failure to do so could subject us to enforcement action by the SEC, cause us to fail to satisfy the requirements associated with RIC status and subject us to entity-level corporate income taxation, cause us to

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fail the 70% test described above or otherwise have a material adverse effect on our business, financial condition or results of operations.

***Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital.***

Our business will require capital to operate and grow. In addition to funding new and existing investments, we may pursue growth through acquisitions or strategic investments in new businesses. Completion and timing of any such acquisitions or strategic investments may be subject to a number of contingencies and risks. There can be no assurance that the integration of an acquired business will be successful or that an acquired business will prove to be profitable or sustainable. We may acquire additional capital from the following sources:

***Senior Securities.*** We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities. As a result of issuing senior securities, we will be exposed to additional risks, including the following:

- Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150% immediately after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we will be prohibited from issuing debt securities or preferred stock and/or borrowing money from banks or other financial institutions and may not be permitted to declare a dividend or make any distribution to stockholders or repurchase shares until such time as we satisfy this test.
- Any amounts that we use to service our debt or make payments on preferred stock will not be available for dividends to our common stockholders.
- It is likely that any senior securities or other indebtedness we issue will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, some of these securities or other indebtedness may be rated by rating agencies, and in obtaining a rating for such securities and other indebtedness, we may be required to abide by operating and investment guidelines that further restrict operating and financial flexibility.
- We and, indirectly, our stockholders will bear the cost of issuing and servicing such securities and other indebtedness.
- Preferred stock or any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock, including separate voting rights and could delay or prevent a transaction or a change in control to the detriment of the holders of our common stock.
- Any unsecured debt issued by us would generally rank (i) *pari passu* with our current and future unsecured indebtedness and effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, and (ii) structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries.

***Additional Common Stock.*** We are not generally able to issue and sell our common stock at a price below NAV per share. We may, however, sell our common stock, warrants, options or rights to acquire our common stock, at a price below the current NAV of the common stock if our Board of Directors determines that such sale is in the best interests of our stockholders, and our stockholders approve such sale. See "Risk Factors – Risks Related to our Securities — Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock" for a discussion of the risks related to us issuing shares of our common stock below NAV. Our stockholders have authorized us to issue warrants, options or rights to subscribe for, convert to, or purchase shares of our common stock at a price per share below the NAV per share, subject to the applicable requirements of the 1940 Act. There is no expiration date on our ability to issue such warrants, options, rights or convertible securities based on this stockholder approval. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and they may experience dilution. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future, on favorable terms or at all.

#### **Risks Related To Our Securities**

***Investing in our securities may involve a high degree of risk.***

The investments we make in accordance with our investment objective may be highly speculative and result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Our investments in portfolio companies involve higher levels of risk, and therefore, an investment in our securities may not be suitable for someone with lower risk tolerance.

***Shares of closed-end investment companies, including BDCs, may trade at a discount to their NAV.***

Shares of closed-end investment companies, including BDCs, may trade at a discount to NAV. This characteristic of closed-end investment companies and BDCs is separate and distinct from the risk that our NAV per share may decline. We cannot predict whether our common stock will trade at, above or below NAV. In addition, if our common stock trades below our NAV per share, we will generally not be able to issue additional common stock at the market price unless our stockholders approve such a sale and our Board makes certain determinations. See “Risk Factors — Risks Related to our Securities — Stockholders may incur dilution if we

sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock” for a discussion related to us issuing shares of our common stock below NAV.

***The market price of our securities may be volatile and fluctuate significantly.***

Fluctuations in the trading prices of our securities may adversely affect the liquidity of the trading market for our securities and, if we seek to raise capital through future securities offerings, our ability to raise such capital. The market price and liquidity of the market for our securities may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- changes in regulatory policies, accounting pronouncements or tax guidelines;
- the exclusion of BDC common stock from certain market indices, such as what happened with respect to the Russell indices and the Standard and Poor’s indices, could reduce the ability of certain investment funds to own our common stock and limit the number of owners of our common stock and otherwise negatively impact the market price of our common stock;
- inability to obtain any exemptive relief that may be required by us in the future from the SEC;
- loss of our BDC or RIC status or our wholly owned subsidiary’s status as an SBIC;
- changes in our earnings or variations in our operating results;
- changes in the value of our portfolio of investments;
- any shortfall in our investment income or net investment income or any increase in losses from levels expected by investors or securities analysts;
- loss of a major funding source;
- fluctuations in interest rates;
- the operating performance of companies comparable to us;
- departure of our key personnel;
- proposed, or completed, offerings of our securities, including classes other than our common stock;
- global or national credit market changes; and
- general economic trends and other external factors.

***Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock.***

The 1940 Act prohibits us from selling shares of our common stock at a price below the current NAV per share of such stock, with certain exceptions. One such exception is prior stockholder approval of issuances below NAV provided that our Board of Directors makes certain determinations. We did not seek stockholder authorization to sell shares of our common stock below the then current NAV per share of our common stock at our 2022 Annual Meeting of Stockholders. We may, however, seek such authorization at future annual or special meetings of stockholders. Our stockholders have previously approved a proposal to authorize us to issue securities to subscribe to, convert to, or purchase shares of our common stock in one or more offerings. Any decision to sell shares of our common stock below the then current NAV per share of our common stock or securities to subscribe to, convert to, or purchase shares of our common stock would be subject to the determination by our Board that such issuance is in our and our stockholders’ best interests.

If we were to sell shares of our common stock below NAV per share, such sales would result in an immediate dilution to the NAV per share. This dilution would occur as a result of the sale of shares at a price below the then current NAV per share of our common stock and a proportionately greater decrease in a stockholder’s interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. In addition, if we issue securities to subscribe to, convert to or purchase shares of common stock, the exercise or conversion of such securities would increase the number of outstanding shares of our common stock. Any such exercise would be dilutive on the voting power of existing stockholders and could be dilutive with regard to dividends and our NAV, and other economic aspects of the common stock.

Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted; however, the example below illustrates the effect of dilution to existing stockholders resulting from the sale of common stock at prices below the NAV of such shares.

*Illustration: Example of Dilutive Effect of the Issuance of Shares Below NAV.* Assume that Company XYZ has 1,000,000 total shares outstanding, \$15,000,000 in total assets and \$5,000,000 in total liabilities. The NAV per share of the common stock of

Company XYZ is \$10.00. The following table illustrates the reduction to NAV, or NAV, and the dilution experienced by Stockholder A following the sale of 40,000 shares of the common stock of Company XYZ at \$9.50 per share, a price below its NAV per share.

	Prior to Sale Below NAV	Following Sale Below NAV	Percentage Change
<b><i>Reduction to NAV</i></b>			
Total Shares Outstanding	1,000,000	1,040,000	4.0%
NAV per share	\$ 10.00	\$ 9.98	(0.2)%
<b><i>Dilution to Existing Stockholder</i></b>			
Shares Held by Stockholder A	10,000	10,000 <sup>(1)</sup>	0.0%
Percentage Held by Stockholder A	1.00%	0.96%	(4.0)%
Total Interest of Stockholder A in NAV	\$ 100,000	\$ 99,808	(0.2)%

(1) Assumes that Stockholder A does not purchase additional shares in the sale of shares below NAV.

In addition, all distributions in cash payable to stockholders who participate in our dividend reinvestment plan are automatically reinvested in shares of our common stock. As a result, stockholders who opt out of our dividend reinvestment plan will experience dilution of their ownership percentage of our common stock over time.

***Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.***

The Maryland General Corporation Law and our charter and bylaws contain provisions that may have the effect of discouraging, delaying, or making difficult a change in control of our company or the removal of our incumbent directors. For example, our governing documents provide for a staggered board and authorize the issuance of “blank



check” preferred stock. The existence of these provisions, among others, may have a negative impact on the price of our common stock and may discourage third party bids for ownership of our company. These provisions may prevent any premiums being offered to you for our common stock.

***We may in the future determine to issue preferred stock, which could adversely affect the market value of our common stock.***

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the 1940 Act, preferred stock constitutes a “senior security” for purposes of the asset coverage test.

***The Notes are unsecured and therefore effectively subordinated to any current or future secured indebtedness.***

The Notes are not secured by any of our assets or any of the assets of our subsidiaries and rank equally in right of payment with all of our existing and future unsecured, unsecured indebtedness. As a result, the Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred and may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes.

***The Notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries.***

The Notes are obligations exclusively of Hercules Capital, Inc. and not of any of our subsidiaries. None of our subsidiaries are or act as guarantors of the Notes. Furthermore, the Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. Our secured indebtedness with respect to the SBA debentures is held through our SBIC subsidiary. The assets of any such subsidiary are not directly available to satisfy the claims of our creditors, including holders of the Notes. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors (including holders of preferred stock, if any, of our subsidiaries) will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. As a result of not having a direct claim against any of our subsidiaries, the Notes are structurally subordinated to all indebtedness and other liabilities (including trade payables) of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise. In addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the Notes.

***The Notes may or may not have an established trading market. If a trading market in the Notes is developed, it may not be maintained.***

The Notes may or may not have an established trading market. If a trading market in the Notes is developed, it may not be maintained. If the Notes are traded, they may trade at a discount to their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, our financial condition or other relevant factors. Accordingly, we cannot assure

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you that a liquid trading market has been or will develop for the Notes, that you will be able to sell your Notes at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market does not develop or is not maintained, the liquidity and trading price for the Notes may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time.

***A downgrade, suspension, or withdrawal of the credit rating assigned by a rating agency to us or our debt securities, if any, or change in the debt markets could cause the liquidity or market value of our debt securities to decline significantly.***

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our outstanding debt and equity securities and our ability to raise capital. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of such debt and equity securities. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to maintain our credit ratings or to advise holders of our debt and equity securities of any changes in our credit ratings. There can be no assurance that a credit rating will remain for any given period of time or that such credit ratings will not be lowered or withdrawn entirely if future circumstances relating to the basis of the credit rating, such as adverse changes in our company, so warrant. An increase in the competitive environment, inability to cover distributions, or increase in leverage could lead to a downgrade in our credit ratings and limit our access to the debt and equity markets capability impairing our ability to grow the business. The conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future.

***The indentures under which the Notes were issued contain limited protections for the holders of the Notes.***

The indentures under which the Notes were issued offers limited protections to the holders of the Notes. The terms of the respective Notes indentures do not restrict our or any of our subsidiaries’ ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on an investment in the Notes. In particular, the terms of the respective Notes indentures do not place any restrictions on our or our subsidiaries’ ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore would rank structurally senior to the Notes and (4) securities, indebtedness or other obligations issued or incurred by our subsidiaries that would be senior in right of payment to our equity interests in our subsidiaries and therefore would rank structurally senior in right of payment to the Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect to any exemptive relief granted to us by the SEC (currently, these provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 150% thereafter after such borrowings);
- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes, including subordinated indebtedness;
- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);
- enter into transactions with affiliates;
- create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;
- make investments; or
- create restrictions on the payment of distributions or other amounts to us from our subsidiaries.

Furthermore, the terms of the respective Notes indentures do not protect their respective holders in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified

levels of net worth, revenues, income, cash flow or liquidity.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the Notes may have important consequences for their holders, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting their trading value.

Certain of our debt instruments include more protections for their respective lenders than the Notes, and we may issue or incur additional debt in the future which could contain more protections for its holders, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the Notes.

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***Terms relating to redemption may materially adversely affect your return on any debt securities that we may issue.***

If you are holding debt securities issued by us and such securities are redeemable at our option, we may choose to redeem your debt securities at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In addition, if you are holding debt securities issued by us and such securities are subject to mandatory redemption, we may be required to redeem your debt securities at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In this circumstance, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as your debt securities being redeemed. We may redeem our Notes at a redemption price set forth under the terms of the individual indentures. See "Note 5 – Debt." If we choose to redeem our Notes when the fair market value is above par value, you would experience a loss of any potential premium.

***If we default on our obligations imposed upon us by our indebtedness, we may not be able to make payments on our outstanding Notes and Credit Facilities.***

The agreements governing our indebtedness, including our Notes and Credit Facilities, require us to comply with certain financial, operational and payment covenants. These covenants require us to, among other things, maintain certain financial ratios, including asset coverage, debt to equity and interest coverage. Our ability to continue to comply with these covenants in the future depends on many factors, some of which are beyond our control. Any default under such agreements, or other indebtedness to which we may be a party, that is not waived by the required lenders or holders, and the remedies sought by the holders of such indebtedness, could make us unable to pay principal, premium, if any, and interest on any of our indebtedness, including our Notes and Credit Facilities, or other indebtedness and substantially decrease the market value of our outstanding Notes and Credit Facilities debt. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, (i) the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, (ii) the lenders under our Credit Facilities or other debt we may incur in the future could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and (iii) we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek to obtain waivers from the required lenders under our Credit Facilities or the required holders of our outstanding Notes or other debt that we may incur in the future to avoid being in default. If we breach our debt covenants and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default under the related Credit Facility or Notes and the lenders or holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations, including the lenders under our Credit Facilities, could proceed against the collateral securing the debt. Because our Credit Facilities have, and any future credit facilities will likely have, customary cross-default and cross-acceleration provisions, if our outstanding Notes are accelerated, we may be unable to repay or finance the amounts due.

***We may not be able to prepay the Notes or Credit Facilities upon a change in control.***

The indentures governing the July 2024 Notes, February 2025 Notes, June 2025 Notes, June 2025 3-Year Notes, March 2026 A Notes, March 2026 B Notes, September 2026 Notes and January 2027 Notes require us to offer to prepay all of the issued and outstanding notes upon a change in control and election by the holders, which could have a material adverse effect on our business, financial condition and results of operations. A change in control under the indentures occurs upon the consummation of a transaction which results in a "person" or "group" (as those terms are used in the Exchange Act and the rules promulgated thereunder) becoming the beneficial owner of more than 50% of our outstanding voting stock.

Upon a change in control event, holders of the notes may require us to prepay for cash some or all of the notes at a prepayment price equal to 100% of the aggregate principal amount of the notes being prepaid, plus accrued and unpaid interest to, but not including, the date of prepayment. If a change in control were to occur, we may not have sufficient funds to prepay any such accelerated indebtedness. The 2033 Notes do not require us to purchase the 2033 Notes in connection with a change of control or any other event.

***Any inability to renew, extend or replace our Credit Facilities could adversely impact our liquidity and ability to find new investments or maintain distributions to our stockholders.***

As of December 31, 2022, we had two available secured credit facilities, the MUFG Bank Facility and the SMBC Facility, which mature in February 2024 and November 2026, respectively. The MUFG Bank Facility was amended on January 13, 2023 and extended its maturity to January 2027. The SMBC LC Facility has a final maturity date ending January 2026. There can be no assurance that we will be able to renew, extend or replace our Credit Facilities upon maturity on terms that are favorable to us, if at all. Our ability to renew, extend or replace the Credit Facilities will be constrained by then-current economic conditions affecting the credit markets. In the event that we are not able to renew, extend or replace our Credit Facilities at the time of their respective maturities, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify as a RIC.

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**Risks Related To Our SBIC Subsidiaries**

***We, through our wholly owned subsidiary, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of our subsidiary that are superior to the claims of our securities holders.***

We, through our wholly owned subsidiary Hercules Capital IV, LP ("HC IV"), have outstanding SBIC debentures guaranteed by the SBA. The debentures guaranteed by the SBA have a maturity of ten years from the date of issuance and require semiannual payments of interest. We will need to generate sufficient cash flow to make required interest payments on the debentures. If we are unable to meet the financial obligations under the debentures, the SBA, as a creditor, will have a superior claim to the assets of HC IV over our securities holders in the event we liquidate or the SBA exercises its remedies under such debentures as the result of a default by us. See "Item 1. Business — Regulation—Small Business Administration Regulations."

***Our wholly owned subsidiary is licensed by the SBA, and therefore subject to SBIC regulations.***

HC IV is licensed to act as SBICs and is regulated by the SBA. The SBA also places certain limitations on the financing terms of investments by SBICs in portfolio companies and prohibits SBICs from providing funds for certain purposes or to businesses in a few prohibited industries. Compliance with SBA requirements may cause us to forego attractive investment opportunities that are not permitted under SBIC regulations. Further, the SBIC regulations require, among other things, that a licensed SBIC be periodically examined by the SBA and audited by an independent auditor, in each case to determine the SBIC's compliance with the relevant SBIC regulations. The SBA prohibits, without prior SBA approval, a "change of control" of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10% or more of a class of capital stock of a licensed SBIC. If HC IV fails to comply with applicable SBIC regulations, the SBA could, depending on the severity of the violation, limit or prohibit our use of SBIC debentures, declare outstanding SBIC debentures immediately due and payable, and/or limit HC IV from making new investments. In addition, the

SBA can revoke or suspend a license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act of 1958 or any rule or regulation promulgated thereunder. Such actions by the SBA would, in turn, negatively affect us.

***Our SBIC subsidiary may be unable to make distributions to us that will enable us to meet or maintain RIC status, which could result in the imposition of an entity-level tax.***

In order for us to continue to qualify for RIC tax treatment and to minimize corporate-level U.S. federal taxes, we will be required to distribute substantially all of our net ordinary taxable income and net capital gain income, including taxable income from certain of our subsidiaries, which includes the income from HC IV. We will be partially dependent on HC IV for cash distributions to enable us to meet the RIC distribution requirements. HC IV may be limited by SBIC regulations from making certain distributions to us that may be necessary to enable us to maintain our status as a RIC. We may have to request a waiver of the SBA's restrictions for HC IV to make certain distributions to maintain our eligibility for RIC status. We cannot assure you that the SBA will grant such waiver and if HC IV is unable to obtain a waiver, compliance with the SBIC regulations may result in loss of RIC status and a consequent imposition of an entity-level tax on us.

#### **Risks Related To Operating As A RIC And U.S. Federal Income Taxes**

***We will be subject to U.S. federal income tax if we are unable to qualify as a RIC under Subchapter M of the Code.***

To maintain RIC status under Subchapter M Part I of the Code, we must meet the following annual distribution, income source and asset diversification requirements:

- The Annual Distribution Requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% U.S. federal excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. For more information regarding tax treatment, see "Item 1. Business — Certain United States Federal Income Tax Considerations — Taxation as a Regulated Investment Company." Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and are (and may in the future become) subject to certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. In addition, because we receive non-cash sources of income such as PIK interest which involves us recognizing taxable income without receiving the cash representing such income, we may have difficulty meeting the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify as a RIC and thus become subject to U.S. federal income tax.
- The source-of-income requirement will be satisfied if we obtain at least 90% of our gross income for each year from distributions, interest, gains from the sale of stock or securities or similar sources.
- The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50% of the value of our assets must consist of cash,

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cash equivalents, U.S. government securities, securities of other RICs, and other acceptable securities; and no more than 25% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, (i) of one issuer, (ii) of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) of certain "qualified publicly traded partnerships."

Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments are in privately held companies, and therefore illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses. Moreover, if we fail to maintain our RIC status for any reason and are subject to U.S. federal income taxes, the resulting taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions.

***We may have difficulty paying the distributions required to maintain RIC status under the Code if we recognize income before or without receiving cash representing such income.***

We will include in income certain amounts that we have not yet received in cash. Among other circumstances, these amounts generally relate to: (i) amortization of OID, which may arise if (a) we receive equity, warrants, or another asset in connection with the origination of a loan; (b) we invest or acquire a debt investment at a discount to its par value; (ii) contractual payment-in-kind, or PIK, interest, which represents contractual interest added to the loan balance and due at the end of the loan term; (iii) contractual exit fees, which is a contractual fee accrued over the life of a loan and its typically due at loan payoff; or (iv) contractual preferred dividends, which represents contractual dividends added to the preferred stock and due at the end of the preferred stock term, subject to adequate profitability at the portfolio company. Such amortization of OID, accrual to par of any debt bought below par, accrual of PIK, exit fees, and cumulative preferred dividends will be included in income before we receive the corresponding cash payments.

Since, in certain cases, we may recognize taxable income before or without receiving cash representing such income, we may have difficulty meeting the Annual Distribution Requirement necessary to maintain RIC status under the Code. Accordingly, we may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify as a RIC and thus become subject to U.S. federal income tax. For additional discussion regarding the tax implications of a RIC, please see "Item 1. Business — Certain United States Federal Income Tax Considerations – Taxation as a Regulated Investment Company."

***We may in the future choose to pay distributions in our own stock, in which case you may be required to pay tax in excess of the cash you receive.***

We may distribute taxable dividends that are payable in part in our stock. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable by us in cash or in shares of stock (at the stockholders' election) would satisfy the Annual Distribution Requirement. The IRS has issued guidance providing that a dividend payable in stock or in cash at the election of the stockholders will be treated as a taxable dividend eligible for the dividends paid deduction provided that at least 20% of the total dividend is payable in cash and certain other requirements are satisfied. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long-term capital gain to the extent such dividend is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

***Stockholders may have current tax liability on dividends they elect to reinvest in our common stock but would not receive cash from such dividends to pay such tax liability.***

If stockholders participate in our dividend reinvestment plan, they will be deemed to have received, and for federal income tax purposes will be taxed on, the amount reinvested in our common stock to the extent the amount reinvested was not a tax-free return of capital. As a result, unless a stockholder is a tax-exempt entity, it may have to use funds from other sources to pay its tax liability on the value of the dividend that they have elected to have reinvested in our common stock.

***Legislative or regulatory tax changes could adversely affect our stockholders.***

At any time, the U.S. federal income tax laws governing RICs or the administrative interpretations of those laws or regulations may be amended. Significant changes to the existing U.S. tax regulations have been enacted under the Biden Administration that include, among others, a minimum tax on book income and profits of certain

multinational corporations, and there are a number of proposals in the U.S. Congress that would similarly modify the existing U.S. tax rules. The likelihood of any new legislation being enacted is uncertain. Any of those new laws, regulations or interpretations may take effect retroactively and could adversely affect the taxation of us or our stockholders. Therefore, changes in tax laws, regulations or administrative interpretations or any amendments

thereto could diminish the value of an investment in our shares or the value or the resale potential of our investments. If we do not comply with applicable laws and regulations, we could lose any licenses that we then hold for the conduct of our business and may be subject to civil fines and criminal penalties.

***FATCA withholding may apply to payments made to certain foreign entities.***

The Foreign Account Tax Compliance Act provisions of the Code and the related Treasury Regulations and other administrative guidance promulgated thereunder, or collectively, FATCA, generally requires us to withhold U.S. tax (at a 30% rate) on payments of interest and taxable dividends made to a foreign financial institution or non-financial foreign entity (including such an institution or entity acting as an intermediary) unless the foreign financial institution or non-financial foreign entity complies with certain information reporting, withholding, identification, certification and related requirements imposed by FATCA. Persons located in jurisdictions that have entered into an intergovernmental agreement with the United States to implement FATCA may be subject to different rules. Stockholders may be requested to provide additional information to enable us to determine whether such withholding is required.

**General Risk Factors**

***We are currently operating in a period of capital markets disruption and economic uncertainty, and capital markets may experience periods of disruption and instability in the future. These market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.***

U.S. capital markets have experienced extreme volatility and disruption following the global outbreak of COVID-19 that began in December 2019, as evidenced by the volatility in global stock markets as a result of, among other things, uncertainty surrounding the COVID-19 pandemic and the impact of supply chain disruptions. Despite actions of the U.S. federal government and foreign governments, these events have contributed to unpredictable general economic conditions that are materially and adversely impacting the broader financial and credit markets. These and future market disruptions and/or illiquidity would be expected to have an adverse effect on our business, financial condition, results of operations and cash flows, as well as the businesses of our portfolio companies, and the broader financial and credit markets.

At various times, such disruptions have resulted in, and may in the future result in, a lack of liquidity in parts of the debt capital markets, significant write-offs in the financial services sector and the repricing of credit risk. Such conditions may occur for a prolonged period of time again, and may materially worsen in the future, including as a result of U.S. government shutdowns, or future downgrades to the U.S. government's sovereign credit rating or the perceived credit worthiness of the U.S. or other large global economies. In addition, the current U.S. political environment and the resulting uncertainties regarding actual and potential shifts in U.S. foreign investment, trade, taxation, economic, environmental and other policies under the current Administration, as well as the impact of geopolitical tension, such as a deterioration in the bilateral relationship between the U.S. and China or an escalation in conflict between Russia and Ukraine, could lead to disruption, instability and volatility in the global markets. Unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events have limited and could continue to limit our investment originations, and limit our ability to grow and could have a material negative impact on our operating results, financial condition, results of operations and cash flows and the fair values of our debt and equity investments.

In addition, the U.S. and global capital markets have in the past, and may in the future, experience periods of extreme volatility and disruption during economic downturns and recessions. Trade wars and volatility in the U.S. repo market, the U.S. high yield bond markets, the Chinese stock markets and global markets for commodities may affect other financial markets worldwide. In addition, while recent government stimulus measures worldwide have reduced volatility in the financial markets, volatility may return as such measures are phased out, and the long-term impacts of such stimulus on fiscal policy and inflation remain unknown. Increases to budget deficits, which have been exacerbated by the COVID-19 pandemic, or direct and contingent sovereign debt may create concerns about the ability of certain nations to service their sovereign debt obligations and any risks resulting from any such debt crisis in Europe, the U.S. or elsewhere could have a detrimental impact on the global economy, sovereign and non-sovereign debt in certain countries and the financial condition of financial institutions generally. Government shutdowns or austerity measures that certain countries may agree to as part of any debt crisis or disruptions to major financial trading markets may adversely affect world economic conditions, our business and the businesses of our portfolio companies.

Additionally, the Federal Reserve may raise the Federal Funds Rate in 2023. These developments, along with the United States government's debt ceiling, budget, credit, and deficit concerns, global economic uncertainties and market volatility and the impacts of COVID-19, could cause interest rates to be volatile, which may negatively impact our ability to access the capital markets on favorable terms.

***Deterioration in the economy and financial markets could impair our portfolio companies' financial positions and operating results and affect the industries in which we invest, which could, in turn, harm our operating results.***

The broader fundamentals of the United States economy remain mixed. In the event that the United States economy contracts, it is likely that the financial results of small to mid-sized companies, like those in which we invest, could experience deterioration or limited growth from current levels, which could ultimately lead to difficulty in meeting their debt service requirements and an increase

in defaults. In addition, a decline in oil and natural gas prices would adversely affect the credit quality of our debt investments and the underlying operating performance of our equity investments in energy-related businesses. Consequently, we can provide no assurance that the performance of certain portfolio companies will not be negatively impacted by economic cycles, industry cycles or other conditions, which could also have a negative impact on our future results.

Although we have been able to secure access to additional liquidity, the potential for volatility in the debt and equity capital markets provides no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

***We may experience fluctuations in our operating results.***

We could experience fluctuations in our operating results due to a number of factors, including our ability or inability to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities we acquire, the level of portfolio dividend and fee income, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, operating results for any period should not be relied upon as being indicative of performance in future periods.

***Terrorist attacks, acts of war, public health crises or natural disasters may affect any market for our securities, impact the businesses in which we invest and harm our business, operating results and financial condition.***

Terrorist acts, acts of war, public health crises (including the COVID-19 outbreak) or natural disasters may disrupt our operations, as well as the operations of the businesses in which we invest. Such acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Future terrorist activities, military or security operations, public health crises, or natural disasters could further weaken the domestic/global economies and create additional uncertainties, which may negatively impact the businesses in which we invest directly or indirectly and, in turn, could have a material adverse impact on our business, operating results and financial condition. Losses from terrorist attacks, public health crises and natural disasters are generally uninsurable.

***Technological innovations and industry disruptions may negatively impact us.***

Technological innovations have disrupted traditional approaches in multiple industries and can permit younger companies to achieve success and in the process disrupt markets and market practices. We can provide no assurance that new businesses and approaches will not be created that would compete with us and/or our portfolio companies or alter the market practices in which we have been designed to function within and on which we depend on for our investment return. New approaches could damage our investments, disrupt the market in which we operate and subject us to increased competition, which could materially and adversely affect our business, financial condition and results of investments.

***We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.***

Our business is highly dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- disease pandemics;
- events arising from local or larger scale political or social matters, including terrorist acts and social unrest; and
- cyber-attacks, including software viruses, ransomware, malware and phishing and vishing schemes.

***The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.***

Our business operations rely upon secure information technology systems for data processing, storage and reporting. Despite careful security and controls design, implementation and updating, our information technology systems could become subject to cyber-attacks. Network, system, application and data breaches could result in operational disruptions or information misappropriation, which could have a material adverse effect on our business, results of operations and financial condition.

The occurrence of a disaster such as a cyber-attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in our disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of our managers were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised.

We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, we may experience threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

Third parties with which we do business (including, but not limited to, service providers, such as accountants, custodians, transfer agents and administrators, and the issuers of securities in which we invest) may also be sources or targets of cyber security or other technological risks. While we engage in actions to reduce our exposure to third-party risks, we cannot control the cyber security plans and systems put in place by these third parties and ongoing threats may result in unauthorized access, loss, exposure or destruction of data, or other cybersecurity incidents, with increased costs and other consequences, including those described above. Privacy and information security laws and regulation changes, and compliance with those changes, may also result in cost increases due to system changes and the development of new administrative processes and may divert management's attention.

***We may experience fluctuations in our quarterly operating results.***

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate payable on the loans and debt securities we acquire, the default rate on such loans and securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. In light of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

***We may be the target of litigation.***

We may be the target of securities litigation in the future, particularly if the value of shares of our common stock fluctuates significantly. We could also generally be subject to litigation, including derivative actions by our stockholders or in connection with shareholder activism. In addition, our investment activities subject us to litigation relating to the bankruptcy process and the normal risks of becoming involved in litigation by third parties. This risk is somewhat greater where we exercise control or significant influence over a portfolio company's direction. Any litigation could result in substantial costs and divert management's attention and resources from our business and cause a material adverse effect on our business, financial condition and results of operations.

#### **Item 1B. *Unresolved Staff Comments***

None.

#### **Item 2. *Properties***

Neither we nor any of our subsidiaries own any real estate or other physical properties materially important to our operation or any of our subsidiaries. Currently, we lease approximately 14,500 square feet of office space in Palo Alto, CA for our corporate headquarters. We also lease office space in Boston, MA, New York, NY, Bethesda, MD, Westport, CT, Chicago, IL, San Diego, CA, and London, United Kingdom.

#### **Item 3. *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 4. *Mine Safety Disclosures***

Not applicable.



## PART II

### Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

#### PRICE RANGE OF COMMON STOCK

Our common stock is traded on the NYSE under the symbol "HTGC." As of February 3, 2023, we had approximately 117,950 stockholders of record. Most of the shares of our common stock are held by brokers and other institutions on behalf of stockholders. There are currently approximately 154 additional beneficial holders of our common stock.

Shares of BDCs may trade at a market price that is less than the NAV per share. The possibilities that our shares of common stock will trade at a discount from NAV or at premiums that are unsustainable over the long term are separate and distinct from the risk that our NAV will decrease. At times, our shares of common stock have traded at a premium to NAV or at a significant discount to the NAV per share.

#### *Price Range of Common Stock and Distributions*

The following table sets forth the range of high and low closing sales prices of our common stock, the sales price as a percentage of NAV and the distributions declared by us for each fiscal quarter. The stock quotations are interdealer quotations and do not include markups, markdowns or commissions.

	NAV <sup>(1)</sup>	Price Range		Premium/ Discount of High Sales Price to NAV	Premium/ Discount of Low Sales Price to NAV	Cash Distribution per Share <sup>(2)</sup>
		High	Low			
<b>2020</b>						
First quarter	\$ 9.92	\$ 15.99	\$ 6.81	61.2%	(31.40)%	\$ 0.40
Second quarter	\$ 10.19	\$ 11.83	\$ 6.64	16.1%	(34.80)%	\$ 0.32
Third quarter	\$ 10.26	\$ 11.97	\$ 10.02	16.7%	(2.30)%	\$ 0.32
Fourth quarter	\$ 11.26	\$ 14.42	\$ 11.13	28.1%	(1.20)%	\$ 0.34
<b>2021</b>						
First quarter	\$ 11.36	\$ 16.60	\$ 14.21	46.1%	25.1%	\$ 0.37
Second quarter	\$ 11.71	\$ 17.66	\$ 15.98	50.8%	36.5%	\$ 0.39
Third quarter	\$ 11.54	\$ 17.56	\$ 16.50	52.2%	43.0%	\$ 0.39
Fourth quarter	\$ 11.22	\$ 18.07	\$ 16.14	61.1%	43.9%	\$ 0.40
<b>2022</b>						
First quarter	\$ 10.82	\$ 18.23	\$ 16.56	68.5%	53.0%	\$ 0.48
Second quarter	\$ 10.43	\$ 18.91	\$ 12.82	81.3%	22.9%	\$ 0.48
Third quarter	\$ 10.47	\$ 16.13	\$ 11.45	54.1%	9.4%	\$ 0.50
Fourth quarter	\$ 10.53	\$ 14.92	\$ 11.59	41.7%	10.1%	\$ 0.51

(1) NAV per share is generally determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.

(2) Represents the dividend or distribution declared in the relevant quarter.

#### SALES OF UNREGISTERED SECURITIES

During 2022, 2021, and 2020, we issued 259,466, 248,041, and 280,690 shares, respectively, 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 of 1933, as amended ("the Securities Act"). The aggregate value of the shares of our common stock issued under our dividend reinvestment plan during the years ended December 31, 2022, 2021, and 2020 were approximately \$4.0 million, \$4.1 million, and \$3.3 million, respectively.

#### EQUITY COMPENSATION PLAN INFORMATION

See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

#### ISSUER PURCHASES OF EQUITY SECURITIES

The Company did not repurchase common stock on the open market during the years ended 2022, 2021, and 2020. Upon vesting of restricted stock awarded pursuant to our equity compensation plans, shares may be withheld to meet applicable tax withholding requirements. Any shares withheld are treated as common stock purchases by the Company in our consolidated financial statements as they reduce the number of shares received by employees upon vesting. Please refer to "Retired shares for restricted stock vesting" and "Retired shares from net issuance" in the consolidated statements of changes in net assets for share amounts withheld.

## DISTRIBUTION POLICY

Our Board maintains a variable distribution policy with the objective of distributing four quarterly distributions in an amount that approximates 90-100% of our taxable quarterly income or potential annual income for a particular tax year. In addition, periodically our Board may choose to pay additional special distributions, so that we may distribute approximately all of our annual taxable income in the taxable year in which it was earned, or may elect to maintain the option to spill over our excess taxable income into the following taxable year as part of any future distribution payments.

Distributions from our taxable income to a stockholder generally will be treated as a dividend for U.S. federal income tax purposes to the extent of such stockholder's allocable share of our current or accumulated earnings and profits. Distributions in excess of our current and accumulated earnings and profits would generally be treated first as a return of capital to the extent of a stockholder's tax basis in our shares, and any remaining distributions would be treated as a capital gain. The determination of the tax attributes of our distributions is made annually as of the end of our taxable year based upon our taxable income for the full taxable year and distributions paid for the full taxable year. Of the distributions declared during the years ended December 31, 2022, 2021, and 2020, 100% were distributions derived from our current and accumulated earnings and profits. There can be no certainty to stockholders that this determination is representative of what the tax attributes of our 2023 distributions to stockholders will actually be and we cannot assure you that we will achieve results that will permit the payment of any cash distributions.

We maintain an "opt-out" distribution reinvestment plan that provides for reinvestment of our distribution on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our Board authorizes, and we declare a cash distribution, then our stockholders who have not "opted out" of our distribution reinvestment plan will have their cash distribution automatically reinvested in additional shares of our common stock, rather than receiving the cash distributions. During 2022, 2021, and 2020, we issued 259,466, 248,041 and 280,690 shares, respectively, of common stock to stockholders in connection with the distribution reinvestment plan.

To maintain our RIC status under the Code, we must distribute to our stockholders dividend distributions of an amount generally at least equal to the Annual Distribution Requirement, in order to maintain our RIC status. In addition, we generally will be required to pay an U.S. federal excise tax equal to 4% on certain undistributed U.S. federal taxable income unless we distribute in a timely manner as defined under the Code. Depending on the level of taxable income earned in a tax year, we may choose to carry forward such taxable income for distribution in the following year, and pay any applicable excise tax. See "Item 1. Business— Certain United States Income Tax Considerations."

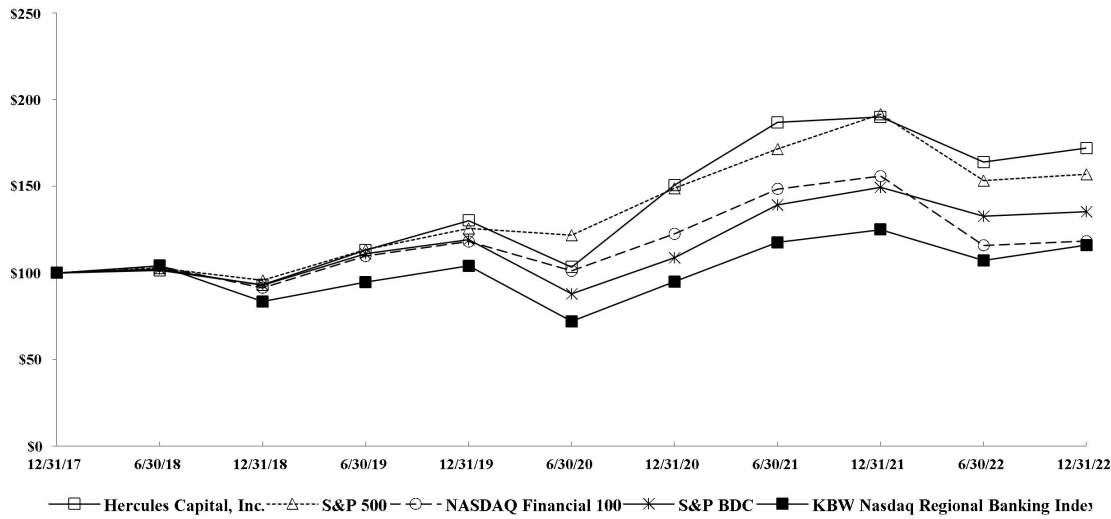


**PERFORMANCE GRAPH**

The following stock performance graph compares the cumulative stockholder return assuming that, on December 31, 2017, a person invested \$100 in each of our common stock, the S&P 500 Index, the NASDAQ Financial 100 Index, the S&P BDC Index, and the KBW Regional Bank Index. The graph measures total stockholder return, which takes into account both changes in stock price and distributions, prior to any tax effect. It assumes that distributions paid are reinvested in like securities.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\***

Among Hercules Capital, Inc., the S&P 500 Index, the NASDAQ Financial 100 Index, the S&P BDC Index<sup>^</sup>, and KBW Nasdaq Regional Banking Index



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\* Assumes \$100 invested on December 31, 2017 in Hercules Capital, Inc. or the applicable index, and that all dividends are reinvested.

<sup>^</sup> The NYSE Composite Index, which was included in our Form 10-K for the year ended December 31, 2021, has been replaced with the S&P BDC Index, which we believe is more directly comparable to Hercules' performance. The S&P BDC Index measures the performance of business development companies that trade on major U.S. exchanges, whereas the NYSE Composite Index measures performance of any company listed on the New York Stock Exchange irrespective of whether the company is a business development company or not.

This graph and other information furnished under Part II, Item 5 of the Form 10-K shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act. The stock price performance included in the above graph is not necessarily indicative of, or intended to forecast, future stock price performance.

**Item 6. [Reserved]**

**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.

For a discussion of factors that could cause our actual results to differ from forward-looking statements contained in this report, please see the discussion under “Item 1A. Risk Factors.” 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” and “Forward-Looking Statements” of this Item 7.

***Use of Non-GAAP Measures***

In Item 1. Business and 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. 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 invest primarily in Structured Debt and, to a lesser extent, in senior debt and equity investments. Our portfolio is comprised of, and we anticipate that our portfolio will continue to be comprised of, investments primarily in technology related companies at various stages of their development.

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 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 tax 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, which are typically senior or subordinated debt structured with warrants, options, equity, or other rights to invest in 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 of Directors (the “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 (the “Adviser Subsidiary”), is our wholly owned registered investment adviser subsidiary, which began providing investment advisory and related services to investment vehicles (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, and the supply chain issues. 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***

As of December 31, 2022, the total fair value of our investment portfolio was approximately \$3.0 billion, as compared to approximately \$2.4 billion as of December 31, 2021. The fair value of our debt investment portfolio as of December 31, 2022 was approximately \$2.8 billion, compared to a fair value of approximately \$2.2 billion as of December 31, 2021. The fair value of the equity portfolio as of December 31, 2022, was approximately \$134.0 million, compared to a fair value of approximately \$184.7 million as of December 31, 2021. The fair value of the warrant portfolio as of December 31, 2022, was approximately \$30.6 million, compared to a fair value of approximately \$38.4 million as of December 31, 2021.

### ***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 year ended December 31, 2022, Hercules and the Adviser Funds directly committed or originated an aggregate total \$3,121.4 million of investment commitments. Of the aggregated total directly committed or originated by Hercules and the Adviser Funds, \$747.1 million of investment commitments were directly committed or originated by the Adviser Funds. Of the aggregate total direct fundings or originations, \$330.2 million of debt, equity, and warrant fundings during the period, were assigned to, directly funded or originated by the Adviser Funds.

During the year ended December 31, 2021, Hercules and the Adviser Funds directly committed or originated an aggregate total \$2,639.2 million of investment commitments. Of the aggregated total directly committed or originated by Hercules and the Adviser Funds, \$374.5 million of investment commitments were directly committed or originated by the Adviser Funds. Of the aggregate total direct fundings or originations, \$226.4 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 years ended December 31, 2022, and 2021 was comprised of the following:

(in millions)	December 31, 2022	December 31, 2021
<b>Gross Debt Commitments Originated by Hercules Capital and the Adviser Funds <sup>(1)</sup></b>		
New portfolio company	\$ 2,612.0	\$ 1,810.4
Existing portfolio company	482.3	801.3
<b>Sub-total</b>	<b>3,094.3</b>	<b>2,611.7</b>
Less: Debt commitments assigned to or directly committed by the Adviser Funds <sup>(3)</sup>	(742.4)	(371.7)
<b>Net Total Debt Commitments</b>	<b>\$ 2,351.9</b>	<b>\$ 2,240.0</b>
<b>Gross Debt Fundings by Hercules Capital and the Adviser Funds <sup>(2)</sup></b>		
New portfolio company	\$ 1,068.1	\$ 1,056.7
Existing portfolio company	371.5	482.6
<b>Sub-total</b>	<b>1,439.6</b>	<b>1,539.3</b>
Less: Debt fundings assigned to or directly funded by the Adviser Funds <sup>(3)</sup>	(325.5)	(223.6)
<b>Net Total Debt Fundings</b>	<b>\$ 1,114.1</b>	<b>\$ 1,315.7</b>
<b>Equity Investments and Investment Funds and Vehicles Fundings by Hercules Capital and the Adviser Funds</b>		
New portfolio company	\$ 5.0	\$ 18.6
Existing portfolio company	20.4	10.5
<b>Sub-total</b>	<b>\$ 25.4</b>	<b>\$ 29.1</b>
Less: Equity fundings assigned to or directly funded by the Adviser Funds <sup>(3)</sup>	(4.7)	(2.8)
<b>Net Total Equity and Investment Funds and Vehicle Fundings</b>	<b>\$ 20.7</b>	<b>\$ 26.3</b>
<b>Total Unfunded Contractual Commitments <sup>(4)</sup></b>	<b>\$ 628.9</b>	<b>\$ 286.8</b>
<b>Non-Binding Term Sheets</b>		
New portfolio company	\$ 96.7	\$ 275.0
Existing portfolio company	39.4	—
<b>Total</b>	<b>\$ 136.1</b>	<b>\$ 275.0</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, or 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 \$173.5 million and \$34.9 million of unfunded commitments as of December 31, 2022 and December 31, 2021, 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 year ended December 31, 2022, we received approximately \$443.4 million in aggregate principal repayments. Of the aggregate principal repayments, approximately \$70.1 million were scheduled principal payments, and approximately \$373.3 million were early principal repayments related to 29 portfolio companies. Of the approximately \$373.3 million early principal repayments, approximately \$53.4 million were early repayments due to merger and acquisition transactions related to four portfolio companies.

Total portfolio investment activity (inclusive of unearned income and excluding activity related to taxes payable, and escrow receivables) as of and for each of the years ended December 31, 2022, and 2021 was as follows:

(in millions)	December 31, 2022	December 31, 2021
<b>Beginning portfolio</b>	<b>\$ 2,434.5</b>	<b>\$ 2,354.1</b>
New fundings and restructures	1,465.0	1,568.4
Fundings assigned to or directly funded by the Adviser Funds <sup>(1)</sup>	(330.2)	(226.4)
Warrants not related to current period fundings	2.0	1.1
Principal payments received on investments	(70.1)	(80.9)
Early payoffs	(373.3)	(1,104.1)
Proceeds from sale of debt investments	(84.0)	—
Proceeds from sale of equity investments	(17.6)	(111.2)
Accretion of loan discounts and paid-in-kind principal	54.8	44.5
Net acceleration of loan discounts and loan fees due to early payoffs or restructures	(17.7)	(23.4)
New loan fees	(13.8)	(17.2)
Gain (loss) on investments due to sales or write offs	(0.3)	24.7
Net change in unrealized appreciation (depreciation)	(85.4)	4.9
<b>Ending portfolio</b>	<b>\$ 2,963.9</b>	<b>\$ 2,434.5</b>

(1) Funded amounts include \$193.2 million and \$101.2 million of direct fundings of investments made by the Adviser Funds for the years ended December 31, 2022 and 2021, 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:

	December 31, 2022	December 31, 2021
Number of portfolio companies with debt outstanding	120	92
Percentage of debt bearing a floating rate	95.3 %	94.0 %
Percentage of debt bearing a fixed rate	4.7 %	6.0 %
Weighted average core yield <sup>(1)</sup>	12.3 %	11.4 %
Weighted average effective yield <sup>(2)</sup>	12.7 %	12.9 %
Prime rate at the end of the period	7.5 %	3.3 %

(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 December 31, 2022, 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 15.0%. 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, which 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 December 31, 2022 and 2021, unamortized capitalized fee income was recorded as follows:

(in millions)	As of December 31,	
	2022	2021
Offset against debt investment cost	\$ 43.1	\$ 36.5
Deferred obligation contingent on funding or other milestone	10.9	6.4
<b>Total Unamortized Fee Income</b>	<b>\$ 54.0</b>	<b>\$ 42.9</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 December 31, 2022 and 2021, loan exit fees receivable were recorded as follows:

(in millions)	As of December 31,	
	2022	2021
Included within debt investment cost	\$ 32.5	\$ 29.6
Deferred receivable related to expired commitments	5.0	5.4
<b>Total Exit Fees Receivable</b>	<b>\$ 37.5</b>	<b>\$ 35.0</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. In the years ended December 31, 2022 and December 31, 2021, we recorded approximately \$20.5 million and \$11.2 million of 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.

	December 31, 2022	December 31, 2021
Total Yield	11.9%	11.9%
Effective Yield	12.7%	12.9%
Core Yield (Non-GAAP)	12.3%	11.4%

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)	For the year ended	
	December 31, 2022	December 31, 2021
<b>GAAP Basis:</b>		
Total investment income	\$ 321,688	\$ 280,976
Less: fee and income accelerations attributed to early payoffs, restructuring, loan modifications, and other one-time events except income from expired commitments	(12,340)	(32,420)
<b>Non-GAAP Basis:</b>		
Core investment income	\$ 309,348	\$ 248,556

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 (10.1)% and 25.6% during the years ended December 31, 2022 and 2021, 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 December 31, 2022 and December 31, 2021:

(in thousands)	December 31, 2022		December 31, 2021	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Drug Discovery & Development	\$ 1,150,707	38.8 %	\$ 967,383	39.7 %
Software	798,264	26.9 %	585,622	24.1 %
Consumer & Business Services	439,384	14.8 %	395,506	16.3 %
Healthcare Services, Other	198,763	6.7 %	121,003	5.0 %
All other industries <sup>(1)</sup>	376,837	12.8 %	365,008	14.9 %
<b>Total</b>	<b>\$ 2,963,955</b>	<b>100.0 %</b>	<b>\$ 2,434,522</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 December 31, 2022 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 years ended December 31, 2022 and 2021, our ten largest portfolio companies represented approximately 29.0% and 30.5% of the total fair value of our investments in portfolio companies, respectively. As of December 31, 2022 and December 31, 2021, we had eight and six investments that represented 5% or more of our net assets, respectively. As of December 31, 2022 and December 31, 2021, we had four and six equity investments representing approximately 39.8% and 49.6%, 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 represents more than 10% of the fair value of our total investments as of December 31, 2022 and 2021.

As of December 31, 2022 and 2021, approximately 95.3% and 94.0%, respectively, 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. 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 December 31, 2022, we held warrants in 110 portfolio companies, with a fair value of approximately \$30.6 million. The fair value of our warrant portfolio decreased by approximately \$7.8 million, as compared to a fair value of \$38.4 million as of December 31, 2021, primarily related to the decrease in fair value of the portfolio companies.

Our existing warrant holdings would require us to invest approximately \$71.9 million to exercise such warrants as of December 31, 2022. 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. See "Item 1. Business—Investment Process—Loan and Compliance Administration." The following table shows the distribution of our outstanding debt investments on the 1 to 5 investment grading scale at fair value as of December 31, 2022 and 2021, respectively:

(in thousands)	December 31, 2022			December 31, 2021		
	Number of Companies	Debt Investments at Fair Value	Percentage of Total Portfolio	Number of Companies	Debt Investments at Fair Value	Percentage of Total Portfolio
Investment Grading						
1	20	\$ 549,135	19.6 %	15	\$ 408,975	18.5 %
2	55	1,171,632	41.9 %	47	1,208,323	54.7 %
3	40	1,015,199	36.3 %	28	581,424	26.3 %
4	4	57,807	2.1 %	1	8,269	0.4 %
5	1	1,671	0.1 %	1	2,608	0.1 %
	<b>120</b>	<b>\$ 2,795,444</b>	<b>100.0 %</b>	<b>92</b>	<b>\$ 2,209,599</b>	<b>100.0 %</b>



As of December 31, 2022, our debt investments had a weighted average investment grading of 2.23 on a cost basis, as compared to 2.10 as of December 31, 2021. 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 the 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 December 31, 2022 and December 31, 2021:

(in millions)	As of December 31,			
	2022		2021	
	Amortized Cost	Percentage of Total Portfolio at Amortized Cost	Amortized Cost	Percentage of Total Portfolio at Amortized Cost
Performing	\$ 2,988	99.4 %	\$ 2,367	99.0 %
Non-accrual	18	0.6 %	24	1.0 %
<b>Total Investments</b>	<b>\$ 3,006</b>	<b>100.0 %</b>	<b>\$ 2,391</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 the years ended December 31, 2022 and 2021, were as follows:

(in thousands, except per share data)	Year Ended December 31,	
	2022	2021
Total investment income	\$ 321,688	\$ 280,976
Total expenses	133,620	131,008
<b>Net investment income</b>	<b>188,068</b>	<b>149,968</b>
Net realized gain (loss):	(924)	20,876
Net change in unrealized appreciation (depreciation):	(85,063)	3,311
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 102,081</b>	<b>\$ 174,155</b>
Net investment income before gains and losses per common share:		
Basic	\$ 1.48	\$ 1.29
Change in net assets resulting from operations per common share:		
Basic	\$ 0.80	\$ 1.50
Diluted	\$ 0.79	\$ 1.49

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 year ended December 31, 2022 was approximately \$321.7 million as compared to approximately \$281.0 million for the year ended December 31, 2021. 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 years ended December 31, 2022 and 2021:

(in thousands)	Year Ended December 31,	
	2022	2021
Contractual interest income	\$ 249,375	\$ 200,682
Exit fee interest income	32,063	37,494
PIK interest income	20,455	11,210
Other interest income <sup>(1)</sup>	5,365	3,974
<b>Total interest income</b>	<b>\$ 307,258</b>	<b>\$ 253,360</b>

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

Interest income for the year ended December 31, 2022 totaled approximately \$307.3 million as compared to approximately \$253.4 million for the year ended December 31, 2021. The increase in interest income for the year ended December 31, 2022 as compared to the year ended December 31, 2021 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 years ended December 31, 2022 and December 31, 2021:

(in thousands)	Year Ended December 31,	
	2022	2021
Recurring interest income	\$ 300,013	\$ 238,067
Non-recurring interest income	7,245	15,293
<b>Total interest income</b>	<b>\$ 307,258</b>	<b>\$ 253,360</b>

The following table shows the PIK related activity for the years ended December 31, 2022 and 2021, at cost:

(in thousands)	Year Ended December 31,	
	2022	2021
<b>Beginning PIK interest receivable balance</b>	\$ 11,801	\$ 14,817
PIK interest income during the period	20,455	11,210
Payments received from PIK loans	(6,176)	(14,047)
Realized gain (loss)	(367)	(179)
<b>Ending PIK interest receivable balance</b>	<b>\$ 25,713</b>	<b>\$ 11,801</b>

The increase in PIK interest income during the year ended December 31, 2022, as compared to the year ended December 31, 2021 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 December 31, 2022 and December 31, 2021, represented approximately 1% of total debt investments.

### Fee Income

Fee income from commitment, facility, and loan related fees for the year ended December 31, 2022 totaled approximately \$14.4 million as compared to approximately \$27.6 million for the year ended December 31, 2021. The decrease in fee income for year ended December 31, 2022 is primarily due to a decrease in the acceleration of unamortized fees, and one-time fees as a result of a lower volume of early repayments on our loan portfolio.

Fee income is comprised of recurring fee income from commitment, facility, and loan related fees, acceleration of 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 years ended December 31, 2022 and December 31, 2021:

(in thousands)	Year Ended December 31,	
	2022	2021
Recurring fee income	\$ 7,834	\$ 7,458
Accelerated fee income - expired commitments	1,502	3,031
Accelerated fee income - early repayments	5,094	17,127
<b>Total fee income</b>	<b>\$ 14,430</b>	<b>\$ 27,616</b>

In certain investment transactions, we may earn income from advisory services; however, we had no income from advisory services in the years ended December 31, 2022 and 2021, respectively.

### 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 years ended December 31, 2022 and 2021, our operating expenses totaled approximately \$133.6 million and \$131.0 million, respectively.

### *Interest and Fees on our Debt*

Interest and fees on our debt totaled approximately \$62.3 million and \$63.1 million for the years ended December 31, 2022 and 2021, respectively. Our lower weighted average borrowing costs during the year ended December 31, 2022, resulted in a decline of interest and fee expenses as compared to the year ended December 31, 2021.

We had a weighted average cost of debt of approximately 4.2% and 4.9% for the years ended December 31, 2022 and 2021, respectively. The weighted average cost of debt includes interest and fees on our debt, but excludes the impact of fee acceleration due to extinguishment of debt. The decrease in the weighted average cost of debt during 2022 as compared to 2021, was attributable to our debt refinancing activities completed over recent years.

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

General and administrative expenses include legal fees, consulting fees, accounting fees, printer fees, insurance premiums, taxes, rent, expenses associated with the workout of underperforming investments and various other expenses. Our general and administrative expenses increased to \$16.9 million from \$16.1 million for the years ended December 31, 2022 and 2021, respectively. The increase in general and administrative expenses for the year ended December 31, 2022 is primarily attributable to an increase in information technology related expenses. Tax expenses primarily relate to excise tax accruals. Tax expenses were \$5.4 million and \$7.9 million for the years ended December 31, 2022 and December 31, 2021, respectively.

### *Employee Compensation*

Employee compensation and benefits totaled approximately \$43.9 million for the year ended December 31, 2022, as compared to approximately \$37.0 million for the year ended December 31, 2021. The increase between comparative periods was primarily due to increased variable compensation.

Employee stock-based compensation totaled approximately \$13.4 million for the year ended December 31, 2022, as compared to approximately \$11.9 million for the year ended December 31, 2021. The increase between comparative periods was primarily attributable to the issuance of additional stock-based compensation awards and higher weighted average grant date fair value.

### *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 years ended December 31, 2022 and 2021, are net of expenses allocated to the Adviser Subsidiary of \$8.3 million and \$5.0 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 December 31, 2022 and 2021, \$0.1 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 years ended December 31, 2022 and 2021 is as follows:

(in thousands)	Year Ended December 31,	
	2022	2021
Realized gains	\$ 12,264	\$ 91,617
Realized losses	(11,798)	(66,322)
Realized foreign exchange gains (losses)	2,296	—
Realized loss on debt extinguishment	(3,686)	(4,419)
<b>Net realized gains (losses)</b>	<b>\$ (924)</b>	<b>\$ 20,876</b>

During the year ended December 31, 2022, we recognized net realized losses of \$0.9 million. The net realized losses included gross realized gains of approximately \$12.3 million primarily from the sale of our equity position in Black Crow AI, Inc and Peerless Network Holdings, Inc. Our gains were offset by gross realized losses of \$11.8 million, primarily from the write-off of our investments in Regent Education, Medrobotics Corporation, Genocea Biosciences, Inc, Kaleido Biosciences, Inc., and Pineapple Energy LLC during the year. Additionally, during the year ended December 31, 2022, we repaid £19.4 million of principal borrowings under our SMBC Facility and realized a \$2.3 million foreign exchange gain. Moreover, as part of the retirement of the 2022 Notes in Q1 2022, we incurred a \$3.7 million loss on debt extinguishment. The realized loss on debt extinguishment was related to fees, accrued interest, and the acceleration of debt issuance costs amortization, and is included as a realized loss within the “Loss on debt extinguishment” on the Consolidated Statement of Operations.

During the year ended December 31, 2021, we recognized net realized gains of \$20.9 million. Net realized gains included gross realized gains of approximately \$91.6 million, primarily from the sale of DoorDash, Inc. Palantir Technologies, Ology Bioservices, and TransMedics Group, Inc. Our gains were offset by gross realized losses of \$66.3 million, primarily from the write-off of our investments in Intent (p.k.a. Intent Media, Inc.) and Solar Spectrum Holdings, LLC. Additionally, during the year ended December 31, 2021, we fully redeemed and repaid the April 2025 Notes, 2027 Asset-Backed Notes, and 2028 Asset-Backed Notes. As a result, we accelerated recognition of \$4.4 million of debt issuance costs associated with the extinguishment of the debt, which is included as a realized loss within the “Loss on debt extinguishment” on the Consolidated Statement of Operations for the year ended December 31, 2021.

The net change in unrealized appreciation and depreciation of our investments is derived from the changes in fair value of each investment as 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 years ended December 31, 2022, and 2021:

(in thousands)	Year Ended December 31,	
	2022	2021
Gross unrealized appreciation on portfolio investments	\$ 106,130	\$ 178,947
Gross unrealized depreciation on portfolio investments	(190,450)	(154,635)
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	2,408	(19,461)
Net unrealized appreciation (depreciation) on portfolio investments	(81,912)	4,851
Other net unrealized appreciation (depreciation)	(3,151)	(1,540)
<b>Total net unrealized appreciation (depreciation) on investments</b>	<b>\$ (85,063)</b>	<b>\$ 3,311</b>

During the years ended December 31, 2022 and 2021, we recorded approximately \$85.1 million of net unrealized depreciation and \$3.3 million of net unrealized appreciation 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 years ended December 31, 2022, and 2021:

(in thousands)	Year Ended December 31,					
	2022			2021		
	Debt	Equity, Warrants and Investment Funds	Total	Debt	Equity, Warrants and Investment Funds	Total
Valuation appreciation (depreciation)	\$ (10,539)	(73,781)	\$ (84,320)	\$ (3,847)	\$ 28,159	\$ 24,312
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	999	1,409	2,408	(1,150)	(18,311)	(19,461)
Other net unrealized appreciation (depreciation)	(2,586)	(565)	(3,151)	—	(1,540)	(1,540)
<b>Net realized appreciation (depreciation)</b>	<b>\$ (12,126)</b>	<b>\$ (72,937)</b>	<b>\$ (85,063)</b>	<b>\$ (4,997)</b>	<b>\$ 8,308</b>	<b>\$ 3,311</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 years ended December 31, 2022 and 2021, no dividends were declared by the Adviser Subsidiary.

#### ***For the years ended December 31, 2021 and December 31, 2020***

A comparison of the fiscal years ended December 31, 2021 and December 31, 2020 can be found in our Form 10-K for the fiscal year ended December 31, 2021 within “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”, which is incorporated herein by reference.

#### ***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 and Capital Resources” section should be read in conjunction with the “Macroeconomic Market Developments” section above.

During the year ended December 31, 2022, 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 year ended December 31, 2022, our operating activities used \$424.8 million of cash and cash equivalents, compared to \$128.6 million provided during the year ended December 31, 2021. The \$553.4 million increase in cash used in operating activities was primarily due to a \$652.6 million decrease in principal, fee repayments, and proceeds received from the sale of debt investments, \$96.7 million fewer proceeds received from the sale of equity investments, which was offset by a decrease of \$207.0 million in net purchases of investments due to increased assignments to the Adviser Funds.

During the year ended December 31, 2022, our investing activities used approximately \$114 thousand of cash, compared to \$106 thousand used during the year ended December 31, 2021. The \$8 thousand increase in cash used by investing activities was due to an increase in purchases of capital equipment.

During the year ended December 31, 2022, our financing activities provided \$314.5 million of cash, compared to \$229.9 million used during the year ended December 31, 2021. The \$544.4 million increase in cash flows from financing activities was due to \$574.5 million of new debt issuances related to the issuance of our January 2027 Notes, June 2025 3-Year Notes, 2031 Asset-Backed Notes, and SBA Debenture borrowings during the year ended December 31, 2022. The debt issuances were used in our operating activities and to repay the \$230.0 million of 2022 Convertible Notes and \$150.0 million to retire the 2022 Notes. Additionally, we issued \$229.7 million of ATM equity (net of offering costs) during the year ended December 31, 2022, which is compared to \$10.6 million of common stock during the year ended December 31, 2021. These amounts offset the \$69.6 million increase in dividend distributions, which totaled \$245.1 million during the year ended December 31, 2022, compared to \$175.5 million during the year ended December 31, 2021.

As of December 31, 2022, net assets totaled \$1.4 billion, with a NAV per share of \$10.53. 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 December 31, 2022

As of December 31, 2022, we had \$606.8 million in available liquidity, including \$15.8 million in cash, cash equivalents. Our restricted cash is available to fund eligible new investments and commitments. We had available borrowing capacity of \$153.0 million under the SMBC Facility and \$438.0 million under the MUFG Bank Facility. In addition, the MUFG Bank Facility had an accordion provision through which the available borrowing capacity can be increased by \$55.0 million, subject to certain conditions. Subsequently, on January 13, 2023, we entered into a letter of credit agreement with SMBC, which provides for a letter of credit facility of up to \$100.0 million. Coterminously, we amended the existing MUFG Bank Facility decreasing the current maximum revolver to \$400.0 million while increasing the accordion provision to \$200.0 million. Refer to “Note 5 – Debt” and “Note 14 – Subsequent Events” included in the notes to our consolidated financial statements appearing elsewhere in this report for additional discussion.

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 December 31, 2022, our asset coverage ratio under our regulatory requirements as a BDC was 198.5% 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 187.7% as of December 31, 2022.

As of December 31, 2022, we had \$179.0 million outstanding under our Credit Facilities, which are floating interest rate obligations. As of December 31, 2022, the remaining \$1,415.0 million of debt outstanding were all fixed interest rate debt obligations.

During the year ended December 31, 2022, we issued \$350.0 million in aggregate principal amount of January 2027 Notes, which generated net proceeds of approximately \$343.4 million. The net proceeds from the January 2027 Notes generated was primarily used to repay the 2022 Convertible Notes and to retire the 2022 Notes. In addition, we issued \$150.0 million and \$50.0 million in aggregate principal which generated net proceeds of approximately \$147.7 million and \$49.5 million related to the 2031 Asset-Backed Notes and June 2025 3-Year Notes, respectively. We also borrowed the remaining \$24.5 million of capital available through our SBIC, and raised \$229.7 million through ATM equity offerings of common shares.

Lastly, as of December 31, 2022, \$10.1 million of cash was classified as restricted cash. Our restricted cash relates to amounts that are held as collateral securing certain of the Company’s 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.

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 the 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 year ended December 31, 2022, we issued and sold 14.6 million shares of our common stock receiving total accumulated net proceeds of approximately \$229.7 million. This is an increase from the year ended December 31, 2021, where we issued and sold 0.6 million shares of our common stock receiving total accumulated net proceeds of approximately \$10.6 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 December 31, 2022, approximately 8.5 million shares remain available for issuance and sale under the current equity distribution agreement.

### Stock Repurchase

We may from time to time seek to retire or repurchase our common stock through cash purchases, as well as retire, cancel or purchase our outstanding debt through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors. The amounts involved may be material. We had no common stock repurchases during the years ended 2020, 2021, or 2022.

### Commitments and Obligations

Our significant cash requirements generally relate to our debt obligations. As of December 31, 2022, we had \$1,594.0 million of debt outstanding, none of which was due within the next year, \$382.0 million being due within 1 to 3 years, and \$1,212.0 million being due 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 December 31, 2022, we had approximately \$628.9 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) \$173.5 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 \$136.1 million of non-binding term sheets outstanding to four new companies and two existing companies, 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>Change in unrealized</b>
<b>Basis Point Change</b>		<b>appreciation (depreciation)</b>
(100)	\$	38,253
(50)	\$	19,378
50	\$	(19,776)
100	\$	(39,630)

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 7A. Quantitative and Qualitative Disclosure 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 December 31, 2022, approximately 95.3% of the loans in our portfolio had variable rates based on floating Prime, LIBOR, SOFR, Eurodollar, or BSBY rates with a floor. As of December 31, 2022, approximately 10.2% of our debt investments have variable rates based on LIBOR and 13.3% 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 December 31, 2022, 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)	(18,661)	(1,215)	(17,446)	(0.13)
(50)	(12,441)	(810)	(11,631)	(0.09)
(25)	(6,176)	(405)	(5,771)	(0.04)
25	6,176	405	5,771	0.04
50	12,352	810	11,542	0.09
75	18,528	1,215	17,313	0.13
100	24,644	1,619	23,025	0.18
200	48,748	3,239	45,509	0.35

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 year ended December 31, 2022, 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 "Note 5 – Debt" included in the notes to our consolidated financial statements in this report on Form 10-K.

**Item 8. Financial Statements and Supplementary Data**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Hercules Capital, Inc.

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated statements of assets and liabilities, including the consolidated schedules of investments, of Hercules Capital, Inc. and its subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in net assets and cash flows for each of the three years in the period ended December 31, 2022, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations, changes in its net assets and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

We have also previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of assets and liabilities, including the consolidated schedules of investments, of Hercules Capital, Inc. and its subsidiaries as of December 31, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, and the related consolidated statements of operations, changes in net assets and cash flows for each of the years ended December 31, 2013 through 2019 (none of which are presented herein), and we expressed unqualified opinions on those consolidated financial statements. In our opinion, the information set forth in the Senior Securities table of Hercules Capital, Inc. and its subsidiaries for each of the ten years in the period ended December 31, 2022, is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our procedures included confirmation of securities owned as of December 31, 2022 and 2021 by correspondence with the custodians, agent banks and portfolio company investees; when replies were not received, we performed other auditing procedures. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### ***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### ***Valuation of Investments - Level 3 Investments in Senior Secured Debt, Unsecured Debt, Preferred Stock, Common Stock***

As described in Notes 2 and 3 to the consolidated financial statements, approximately 96.6% of the Company's \$2,964 million total investments in securities as of December 31, 2022 represents investments in level 3 senior secured debt, unsecured debt, preferred stock, and common stock whose fair value, as disclosed by management, is determined in good faith by the Board of Directors. Management applied significant judgment in determining the fair value of these level 3 investments, which involved the use of significant unobservable inputs related to i) hypothetical market yields, premiums/(discounts) and the probability weighting of alternative outcomes for debt securities; and ii) the revenue and/or EBITDA multiples, market equity adjustments, discounts for lack of marketability, tangible book value multiple, and cash flow discount rate for equity securities.

The principal considerations for our determination that performing procedures relating to the valuation of level 3 investments in senior secured debt, unsecured debt, preferred stock and common stock, is a critical audit matter are the significant judgment by management to determine the fair value of these level 3 investments, including the use of the hypothetical market yields, premiums/(discounts), the probability weighting of alternative outcomes, discounts for lack of marketability, tangible book value multiple and cash flow discount rate, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing audit procedures and evaluating the audit evidence obtained relating to the significant unobservable inputs. The audit effort involved the use of professionals with specialized skill and knowledge to assist in performing procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of level 3 investments in senior secured debt, unsecured debt, preferred stock, and common stock, including controls over the Company's methods and significant unobservable inputs. These procedures also included, among others, (i) testing the completeness and accuracy of data provided by management, evaluating the appropriateness of management's methods, and evaluating the reasonableness of significant unobservable inputs used in those methods related to the hypothetical market yields, premiums/(discounts), and the probability weighting of alternative outcomes for debt securities; and discounts for lack of marketability, tangible book value multiple, and cash flow discount rate for equity securities, and (ii) the involvement of professionals with specialized skill and knowledge to assist in developing an independent fair value range for a sample of securities and comparison of management's estimate to the independently developed fair value range. Developing the independent fair value range involved testing the completeness and accuracy of data provided by management and developing independent significant unobservable inputs in order to evaluate the reasonableness of management's fair value estimate of these certain level 3 investments.

/s/ PricewaterhouseCoopers LLP  
San Francisco, California  
February 16, 2023

We have served as the Company's auditor since 2010.

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

(in thousands, except per share data)

	December 31, 2022	December 31, 2021
<b>Assets</b>		
Investments, at fair value:		
Non-control/Non-affiliate investments (cost of \$2,918,425 and \$2,293,398, respectively)	\$ 2,887,497	\$ 2,351,560
Control investments (cost of \$87,271 and \$84,039, respectively)	76,458	73,504
Affiliate investments (cost of \$0 and \$13,547, respectively)	—	9,458
Total investments, at fair value (cost of \$3,005,696 and \$2,390,984, respectively; fair value amounts related to a VIE \$236,585 and \$0, respectively)	2,963,955	2,434,522
Cash and cash equivalents	15,797	133,115
Restricted cash (amounts related to a VIE \$10,079 and \$0, respectively)	10,079	3,150
Interest receivable	31,682	17,365
Right of use asset	4,986	6,761
Other assets	2,356	5,100
<b>Total assets</b>	<b>\$ 3,028,855</b>	<b>\$ 2,600,013</b>
<b>Liabilities</b>		
Debt (net of debt issuance costs - Note 5; amounts related to a VIE \$147,957 and \$0, respectively)	\$ 1,574,351	\$ 1,236,303
Accounts payable and accrued liabilities	47,539	47,781
Operating lease liability	5,506	7,382
<b>Total liabilities</b>	<b>\$ 1,627,396</b>	<b>\$ 1,291,466</b>
Commitments and contingencies (Note 11)		
<b>Net assets consist of:</b>		
Common stock, par value	\$ 134	\$ 117
Capital in excess of par value	1,341,416	1,091,907
Total distributable earnings	59,909	216,523
<b>Total net assets</b>	<b>\$ 1,401,459</b>	<b>\$ 1,308,547</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,028,855</b>	<b>\$ 2,600,013</b>
<b>Shares of common stock outstanding (\$0.001 par value and 200,000 authorized)</b>	<b>133,045</b>	<b>116,619</b>
<b>Net asset value per share</b>	<b>\$ 10.53</b>	<b>\$ 11.22</b>

See notes to consolidated financial statements.

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)

	For the Year Ended December 31,		
	2022	2021	2020
<b>Investment income:</b>			
Interest and dividend income:			
Non-control/Non-affiliate investments	\$ 301,433	\$ 249,341	\$ 259,989
Control investments	4,621	4,009	2,857
Affiliate investments	1,204	10	533
Total interest and dividend income	307,258	253,360	263,379
Fee income:			
Non-control/Non-affiliate investments	14,362	27,557	23,858
Control investments	68	59	21
Total fee income	14,430	27,616	23,879
<b>Total investment income</b>	<b>321,688</b>	<b>280,976</b>	<b>287,258</b>
<b>Operating expenses:</b>			
Interest	54,749	54,447	59,605
Loan fees	7,598	8,657	7,269
General and administrative	16,948	16,111	18,910
Tax expenses	5,416	7,928	4,285
Employee compensation:			
Compensation and benefits	43,852	36,970	28,996
Stock-based compensation	13,378	11,930	11,053
Total employee compensation	57,230	48,900	40,049
Total gross operating expenses	141,941	136,043	130,118
Expenses allocated to the Adviser Subsidiary	(8,321)	(5,035)	—
<b>Total net operating expenses</b>	<b>133,620</b>	<b>131,008</b>	<b>130,118</b>
<b>Net investment income</b>	<b>188,068</b>	<b>149,968</b>	<b>157,140</b>
<b>Net realized gain (loss) and net change in unrealized appreciation (depreciation):</b>			
Net realized gain (loss):			
Non-control/Non-affiliate investments	1,004	87,438	(41,956)
Affiliate investments	1,758	(62,143)	(14,149)
Loss on extinguishment of debt	(3,686)	(4,419)	—
Total net realized gain (loss)	(924)	20,876	(56,105)
Net change in unrealized appreciation (depreciation):			
Non-control/Non-affiliate investments	(88,874)	(57,818)	128,238
Control investments	(278)	(2,677)	(2,271)
Affiliate investments	4,089	63,806	259
Total net change in unrealized appreciation (depreciation)	(85,063)	3,311	126,226
<b>Total net realized gain (loss) and net change in unrealized appreciation (depreciation)</b>	<b>(85,987)</b>	<b>24,187</b>	<b>70,121</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 102,081</b>	<b>\$ 174,155</b>	<b>\$ 227,261</b>
Net investment income before gains and losses per common share:			
Basic	\$ 1.48	\$ 1.29	\$ 1.39
Change in net assets resulting from operations per common share:			
Basic	\$ 0.80	\$ 1.50	\$ 2.02
Diluted	\$ 0.79	\$ 1.49	\$ 2.01
Weighted average shares outstanding:			
Basic	125,189	114,742	111,985
Diluted	126,659	115,955	112,267
Distributions paid per common share:			
Basic	\$ 1.97	\$ 1.55	\$ 1.38

See notes to consolidated financial statements.

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

(amounts in thousands)

	Common Stock		Capital in excess of par value	Distributable Earnings (loss)	Net Assets
	Shares	Par Value			
<b>Balance as of December 31, 2019</b>	107,364	\$ 108	\$ 1,145,106	\$ (12,165)	\$ 1,133,049
Net increase in net assets resulting from operations	—	—	—	227,261	227,261
Public offering, net of offering expenses	6,272	6	77,174	—	77,180
Issuance of common stock due to stock option exercises	54	—	662	—	662
Retired shares from net issuance of stock options exercises	(47)	—	(682)	—	(682)
Issuance of common stock under restricted stock plan	862	1	(1)	—	—
Retired shares for restricted stock vesting	(59)	—	(1,817)	—	(1,817)
Distributions reinvested in common stock	280	—	3,339	—	3,339
Distributions	—	—	—	(155,761)	(155,761)
Stock-based compensation <sup>(1)</sup>	—	—	8,473	—	8,473
Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles	—	—	(74,056)	74,056	—
<b>Balance as of December 31, 2020</b>	114,726	\$ 115	\$ 1,158,198	\$ 133,391	\$ 1,291,704
Net increase in net assets resulting from operations	—	—	—	174,155	174,155
Public offering, net of offering expenses	639	1	10,619	—	10,620
Issuance of common stock due to stock option exercises	284	—	3,903	—	3,903
Retired shares from net issuance of stock options exercises	(69)	—	(1,205)	—	(1,205)
Issuance of common stock under restricted stock plan	1,027	1	(1)	—	—
Retired shares for restricted stock vesting	(236)	—	(5,514)	—	(5,514)
Distributions reinvested in common stock	248	—	4,074	—	4,074
Distributions	—	—	—	(179,575)	(179,575)
Stock-based compensation <sup>(1)</sup>	—	—	10,385	—	10,385
Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles	—	—	(88,552)	88,552	—
<b>Balance as of December 31, 2021</b>	116,619	\$ 117	\$ 1,091,907	\$ 216,523	\$ 1,308,547
Net increase in net assets resulting from operations	—	—	—	102,081	102,081
Public offering, net of offering expenses	14,559	15	229,644	—	229,659
Issuance of common stock due to stock option exercises	59	—	720	—	720
Retired shares from net issuance of stock options exercises	(14)	—	(208)	—	(208)
Issuance of common stock under restricted stock plan	863	1	763	—	764
Retired shares for restricted stock vesting	(281)	—	(5,808)	—	(5,808)
Distributions reinvested in common stock	259	—	3,953	—	3,953
Issuance of Convertible Notes	981	1	(1)	—	—
Distributions	—	—	—	(249,077)	(249,077)
Stock-based compensation <sup>(1)</sup>	—	—	10,828	—	10,828
Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles	—	—	9,618	(9,618)	—
<b>Balance as of December 31, 2022</b>	133,045	\$ 134	\$ 1,341,416	\$ 59,909	\$ 1,401,459

(1) Stock-based compensation includes \$149 thousand, \$125 thousand, and \$106 thousand of restricted stock and option expense related to director compensation for the years ended December 31, 2022, 2021 and 2020, respectively.

See notes to consolidated financial statements.

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)	For the Year Ended December 31,		
	2022	2021	2020
<b>Cash flows from (used in) operating activities:</b>			
Net increase in net assets resulting from operations	\$ 102,081	\$ 174,155	\$ 227,261
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:			
Purchases of investments	(1,465,035)	(1,467,129)	(761,258)
Fundings assigned to Adviser Funds	330,164	125,295	—
Principal and fee repayments received and proceeds from the sale of debt investments	530,441	1,183,014	781,240
Proceeds from the sale of equity investments	15,201	111,890	32,777
Net change in unrealized (appreciation) depreciation	85,063	(3,311)	(126,226)
Net realized (gain) loss	(2,762)	(25,295)	56,105
Accretion of paid-in-kind principal	(20,455)	(11,210)	(9,039)
Accretion of loan discounts	(4,697)	(3,842)	(4,356)
Accretion of loan discount on convertible notes	112	671	671
Accretion of loan exit fees	(24,532)	(23,512)	(25,648)
Change in loan income, net of collections	26,687	35,045	16,780
Unearned fees related to unfunded commitments	2,201	(2,034)	(291)
Realized loss on debt extinguishment	364	4,419	—
Amortization of debt fees and issuance costs	5,562	6,368	5,154
Depreciation and amortization	204	317	415
Stock-based compensation and amortization of restricted stock grants <sup>(1)</sup>	10,828	10,385	8,473
Change in operating assets and liabilities:			
Interest receivable	(14,212)	1,712	1,130
Other assets	406	2,175	802
Accounts payable	—	—	(16)
Accrued liabilities	(2,420)	9,508	3,828
Net cash provided by (used in) operating activities	(424,799)	128,621	207,802
<b>Cash flows used in investing activities:</b>			
Purchases of capital equipment	(114)	(106)	(137)
Net cash (used in) investing activities	(114)	(106)	(137)
<b>Cash flows provided by (used in) financing activities:</b>			
Issuance of common stock	232,090	10,829	77,478
Offering expenses	(2,431)	(209)	(298)
Retirement of employee shares, net	(4,532)	(2,816)	(1,837)
Distributions paid	(245,124)	(175,501)	(152,422)
Issuance of debt	1,274,237	1,736,975	824,474
Repayment of debt	(931,198)	(1,787,043)	(827,405)
Debt issuance costs	(6,742)	(5,632)	(1,419)
Fees paid for credit facilities and debentures	(1,776)	(6,475)	(3,610)
Net cash provided by (used in) financing activities	314,524	(229,872)	(85,039)
Net increase (decrease) in cash, cash equivalents and restricted cash	(110,389)	(101,357)	122,626
Cash, cash equivalents and restricted cash at beginning of period	136,265	237,622	114,996
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 25,876</b>	<b>\$ 136,265</b>	<b>\$ 237,622</b>
<b>Supplemental disclosures of cash flow information and non-cash investing and financing activities:</b>			
Interest paid	\$ 52,075	\$ 51,469	\$ 58,274
Income tax, including excise tax, paid	\$ 7,376	\$ 3,759	\$ 2,458
Distributions reinvested	\$ 3,953	\$ 4,074	\$ 3,339

(1) Stock-based compensation includes \$149 thousand, \$125 thousand, and \$106 thousand of restricted stock and option expense related to director compensation for the years ended December 31, 2022, 2021, and 2020, 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 Year Ended December 31,		
	2022	2021	2020
Cash and cash equivalents	\$ 15,797	\$ 133,115	\$ 198,282
Restricted cash	10,079	3,150	39,340
Total cash, cash equivalents and restricted cash presented in the Consolidated Statements of Cash Flows	\$ 25,876	\$ 136,265	\$ 237,622

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**  
**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)
<b>Total SeatGeek, Inc.</b>				<b>\$ 85,986</b>	<b>85,633</b>	<b>86,544</b>	
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)
<b>Total Tectura Corporation</b>				<b>\$ 31,953</b>	<b>21,513</b>	<b>8,042</b>	
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)
<b>Total Veem, Inc.</b>				<b>\$ 10,076</b>	<b>9,988</b>	<b>10,166</b>	
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)
<b>Total Gibraltar Business Capital, LLC</b>				<b>\$ 25,000</b>	<b>24,567</b>	<b>21,700</b>	
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>	

See notes to consolidated financial statements.

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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
<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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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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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)
Esmé 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)

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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	\$ 22,211	\$ 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>					<b>762,371</b>	<b>760,679</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	\$ 4,037	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>					<b>7,222</b>	<b>7,014</b>	
<b>Total: Debt Investments (199.47%)*</b>					<b>\$ 2,818,060</b>	<b>\$ 2,795,444</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	\$ 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>					<b>663</b>	<b>498</b>	
<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>					<b>13,488</b>	<b>7,995</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>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.**  
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**December 31, 2022**  
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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>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	—	
Lighbend, 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>	

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>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	
	Warrant	8/23/2019	Preferred Series B	444,444	83	—	
Total Skyword, Inc.				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)
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	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>	

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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>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	
DNAnexus, 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	
SignPost, Inc.	Warrant	1/13/2016	Series Junior 1 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.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2021**  
(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>Communications &amp; Networking</b>							
Cytracon Holdings LLC	Senior Secured	February 2025	3-month LIBOR + 9.31% or Floor rate of 10.31%	\$ 9,000	\$ 8,802	\$ 8,725	(11)(16)(17)
Rocket Lab Global Services, LLC	Senior Secured	June 2024	PRIME + 4.90% or Floor rate of 8.15%, PIK Interest 1.25%, 3.25% Exit Fee	\$ 88,542	88,286	90,505	(13)(15)
<b>Subtotal: Communications &amp; Networking (7.58%)*</b>					<b>97,088</b>	<b>99,230</b>	
<b>Consumer &amp; Business Products</b>							
Grove Collaborative, Inc.	Senior Secured	April 2025	PRIME + 5.50% or Floor rate of 8.75%, 6.75% Exit Fee	\$ 23,520	23,162	23,298	(18)
<b>Subtotal: Consumer &amp; Business Products (1.78%)*</b>					<b>23,162</b>	<b>23,298</b>	
<b>Diversified Financial Services</b>							
Gibraltar Business Capital, LLC	Unsecured	September 2026	FIXED 14.50%	\$ 15,000	14,662	13,818	(7)
	Unsecured	September 2026	FIXED 11.50%	\$ 10,000	9,823	9,394	(7)
Total Gibraltar Business Capital, LLC				\$ 25,000	24,485	23,212	
Hercules Adviser LLC	Unsecured	May 2023	FIXED 5.00%	\$ 8,850	8,850	8,850	(7)
Newfront Insurance Holdings, Inc.	Convertible Note	August 2022	PIK Interest 0.19% or Floor rate of 0.19%	\$ 403	403	403	(9)
<b>Subtotal: Diversified Financial Services (2.48%)*</b>					<b>33,738</b>	<b>32,465</b>	
<b>Drug Discovery &amp; Development</b>							
Albireo Pharma, Inc.	Senior Secured	July 2024	PRIME + 5.90% or Floor rate of 9.15%, 6.95% Exit Fee	\$ 10,000	10,229	10,268	(10)(11)
Aldeyra Therapeutics, Inc.	Senior Secured	October 2023	PRIME + 3.10% or Floor rate of 8.60%, 6.95% Exit Fee	\$ 15,000	15,639	15,653	
Applied Genetic Technologies Corporation	Senior Secured	April 2024	PRIME + 6.50% or Floor rate of 9.75%, 6.95% Exit Fee	\$ 20,000	20,416	20,339	
Aveo Pharmaceuticals, Inc.	Senior Secured	September 2024	PRIME + 6.40% or Floor rate of 9.65%, 6.95% Exit Fee	\$ 40,000	40,842	40,776	(11)(14)
Axsome Therapeutics, Inc.	Senior Secured	October 2026	PRIME + 5.70% or Floor rate of 8.95%, 5.82% Exit Fee	\$ 50,000	49,542	48,859	(10)(12)
Bicycle Therapeutics PLC	Senior Secured	October 2024	PRIME + 5.60% or Floor rate of 8.85%, 5.00% Exit Fee	\$ 24,000	24,271	24,454	(5)(10)(11)(12)(16)
BiomX, INC	Senior Secured	September 2025	PRIME + 5.70% or Floor rate of 8.95%, 6.55% Exit Fee	\$ 9,000	8,980	8,980	(5)(10)(11)
BridgeBio Pharma, Inc.	Senior Secured	November 2026	FIXED 9.00%, 2.00% Exit Fee	\$ 38,000	37,462	37,462	
Cellarity, Inc.	Senior Secured	June 2026	PRIME + 5.70% or Floor rate of 8.95%, 3.75% Exit Fee	\$ 30,000	29,422	29,422	(14)
Center for Breakthrough Medicines Holdings, LLC	Senior Secured	May 2023	PRIME + 5.50% or Floor rate of 8.75%, 7.50% Exit Fee	\$ 5,000	5,005	5,005	
Century Therapeutics	Senior Secured	April 2024	PRIME + 6.30% or Floor rate of 9.55%, 3.95% Exit Fee	\$ 10,000	10,075	10,361	(11)
Chemocentryx, Inc.	Senior Secured	December 2022	PRIME + 3.30% or Floor rate of 8.05%, 6.25% Exit Fee	\$ 18,951	20,036	20,036	(10)
	Senior Secured	February 2025	PRIME + 3.25% or Floor rate of 8.50%, 7.15% Exit Fee	\$ 5,000	5,161	5,070	(10)
Total Chemocentryx, Inc.				\$ 23,951	25,197	25,106	
Codiak Biosciences, Inc.	Senior Secured	October 2025	PRIME + 5.00% or Floor rate of 8.25%, 5.50% Exit Fee	\$ 25,000	25,459	25,316	(11)
Corium, Inc.	Senior Secured	September 2026	PRIME + 5.70% or Floor rate of 8.95%, 7.75% Exit Fee	\$ 91,500	90,997	90,997	(15)
Eloxx Pharmaceuticals, Inc.	Senior Secured	April 2025	PRIME + 6.25% or Floor rate of 9.50%, 6.55% Exit Fee	\$ 12,500	12,443	12,443	(14)
enGene, Inc.	Senior Secured	July 2025	PRIME + 5.00% or Floor rate of 8.25%, 6.35% Exit Fee	\$ 7,000	6,858	6,858	(5)(10)
G1 Therapeutics, Inc.	Senior Secured	November 2026	PRIME + 5.90% or Floor rate of 9.15%, 9.86% Exit Fee	\$ 58,125	57,873	57,874	(10)(11)(12)(14)(16)
Geron Corporation	Senior Secured	October 2024	PRIME + 5.75% or Floor rate of 9.00%, 6.55% Exit Fee	\$ 32,500	32,704	32,744	(10)(12)
HiberCell, Inc.	Senior Secured	May 2025	PRIME + 5.40% or Floor rate of 8.65%, 4.95% Exit Fee	\$ 17,000	17,041	17,014	(14)
Humanigen, Inc.	Senior Secured	March 2025	PRIME + 5.50% or Floor rate of 8.75%, 6.75% Exit Fee	\$ 20,000	20,235	19,985	(9)(10)
Kaleido Biosciences, Inc.	Senior Secured	January 2024	PRIME + 6.10% or Floor rate of 9.35%, 7.55% Exit Fee	\$ 22,500	23,505	23,384	(12)

See notes to consolidated financial statements.

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2021**  
(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
Locus Biosciences	Senior Secured	July 2025	PRIME + 6.10% or Floor rate of 9.35%, 4.95% Exit Fee	\$ 8,000	\$ 7,977	\$ 7,900	(14)
Nabriva Therapeutics	Senior Secured	June 2023	PRIME + 4.30% or Floor rate of 9.80%, 6.95% Exit Fee	\$ 5,000	5,500	5,459	(5)(10)
Phathom Pharmaceuticals, Inc.	Senior Secured	October 2026	PRIME + 2.25% or Floor rate of 5.50%, PIK Interest 3.35%, 7.50% Exit Fee	\$ 87,116	86,075	86,075	(10)(12)(13)(14)(15)(16)
Scynexis, Inc.	Senior Secured	March 2025	PRIME + 5.80% or Floor rate of 9.05%, 3.95% Exit Fee	\$ 16,000	15,826	15,778	
Seres Therapeutics, Inc.	Senior Secured	November 2023	PRIME + 4.40% or Floor rate of 9.65%, 4.85% Exit Fee	\$ 24,051	24,777	25,183	
Syndax Pharmaceuticals Inc.	Senior Secured	April 2024	PRIME + 6.00% or Floor rate of 9.25%, 4.99% Exit Fee	\$ 20,000	20,646	20,653	(12)(16)
TG Therapeutics, Inc.	Senior Secured	January 2026	PRIME + 2.15% or Floor rate of 5.40%, PIK Interest 3.45%, 5.95% Exit Fee	\$ 51,450	50,470	50,470	(10)
uniQure B.V.	Senior Secured	December 2025	PRIME + 4.70% or Floor rate of 7.95%, 7.28% Exit Fee	\$ 77,500	78,755	78,755	(5)(10)(11)(12)(15)
Unity Biotechnology, Inc.	Senior Secured	August 2024	PRIME + 6.10% or Floor rate of 9.35%, 6.25% Exit Fee	\$ 22,701	23,293	23,627	(9)
Valo Health, LLC (p.k.a. Integral Health Holdings, LLC)	Senior Secured	May 2024	PRIME + 6.45% or Floor rate of 9.70%, 3.85% Exit Fee	\$ 11,500	11,547	11,492	(11)
X4 Pharmaceuticals, Inc.	Senior Secured	July 2024	PRIME + 3.75% or Floor rate of 8.75%, 8.80% Exit Fee	\$ 32,500	34,140	34,085	(11)(12)
Yumani Therapeutics, Inc.	Senior Secured	January 2024	PRIME + 4.00% or Floor rate of 8.75%, 5.92% Exit Fee	\$ 12,732	13,256	13,187	
<b>Subtotal: Drug Discovery &amp; Development (71.53%)*</b>					<b>936,457</b>	<b>935,964</b>	
<b>Healthcare Services, Other</b>							
Better Therapeutics, Inc.	Senior Secured	August 2025	PRIME + 5.70% or Floor rate of 8.95%, 5.95% Exit Fee	\$ 8,000	7,966	7,966	(14)(16)
Blue Sprig Pediatrics, Inc.	Senior Secured	November 2026	3-month LIBOR + 5.00% or Floor rate of 6.00%, PIK Interest 4.45%	\$ 25,022	24,653	24,653	(13)(16)
Carbon Health Technologies, Inc.	Senior Secured	March 2025	PRIME + 5.60% or Floor rate of 8.85%, 4.61% Exit Fee	\$ 46,125	45,964	45,964	(16)(18)
Equality Health, LLC	Senior Secured	February 2026	PRIME + 6.25% or Floor rate of 9.50%, PIK Interest 1.55%	\$ 35,444	35,141	35,056	(12)(13)(16)
<b>Subtotal: Healthcare Services, Other (8.68%)*</b>					<b>113,724</b>	<b>113,639</b>	
<b>Information Services</b>							
Capella Space	Senior Secured	November 2024	PRIME + 5.00% or Floor rate of 8.25%, PIK Interest 1.10%, 4.00% Exit Fee	\$ 20,025	19,751	19,424	(13)(14)(18)
Yipit, LLC	Senior Secured	September 2026	1-month LIBOR + 9.08% or Floor rate of 10.08%	\$ 45,900	45,022	45,022	(16)(17)
<b>Subtotal: Information Services (4.93%)*</b>					<b>64,773</b>	<b>64,446</b>	
<b>Consumer &amp; Business Services</b>							
AppDirect, Inc.	Senior Secured	August 2024	PRIME + 5.90% or Floor rate of 9.15%, 7.95% Exit Fee	\$ 30,790	31,416	32,248	
Carwow LTD	Senior Secured	December 2024	PRIME + 4.70% or Floor rate of 7.95%, PIK Interest 1.45%, 4.95% Exit Fee	£ 21,250	28,632	28,632	(5)(10)(13)
ePayPolicy Holdings, LLC	Senior Secured	December 2024	3-month LIBOR + 8.50% or Floor rate of 9.50%	\$ 8,169	8,011	7,967	(11)(16)
Houzz, Inc.	Convertible Debt	May 2028	PIK Interest 5.50%	\$ 20,676	20,676	20,425	(9)(13)
Nextroll, Inc.	Senior Secured	June 2022	PRIME + 3.75% or Floor rate of 7.00%, PIK Interest 2.95%, 3.50% Exit Fee	\$ 21,555	22,164	22,164	(12)(13)(18)
Rhino Labs, Inc.	Senior Secured	March 2024	PRIME + 5.50% or Floor rate of 8.75%, PIK Interest 2.25%	\$ 16,136	15,765	15,876	(13)(14)
RVShare, LLC	Senior Secured	December 2026	1-month LIBOR + 5.50% or Floor rate of 6.50%, PIK Interest 4.00%	\$ 15,000	14,701	14,701	(14)(16)
SeatGeek, Inc.	Senior Secured	June 2023	PRIME + 5.00% or Floor rate of 10.50%, PIK Interest 0.50%	\$ 60,607	59,983	60,316	(13)
Skyword, Inc.	Senior Secured	September 2024	PRIME + 3.88% or Floor rate of 9.38%, PIK Interest 1.90%, 4.00% Exit Fee	\$ 12,426	12,665	12,521	(13)
Tectura Corporation	Senior Secured	July 2024	PIK Interest 5.00%	\$ 10,680	240	—	(7)(8)(13)
	Senior Secured	July 2024	FIXED 8.25%	\$ 8,250	8,250	8,250	(7)(8)
	Senior Secured	July 2024	PIK Interest 5.00%	\$ 13,023	13,023	19	(7)(8)(13)
<b>Total Tectura Corporation</b>				<b>\$ 31,953</b>	<b>21,513</b>	<b>8,269</b>	

See notes to consolidated financial statements.

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2021**  
(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
Thumbtack, Inc.	Senior Secured	September 2023	PRIME + 3.45% or Floor rate of 8.95%, PIK Interest 1.50%, 3.95% Exit Fee	\$ 25,618	\$ 25,965	\$ 26,372	(12)(13)
Zepz (p.k.a. Worldremit Group Limited)	Senior Secured	February 2025	3-month LIBOR + 9.25% or Floor rate of 10.25%, 3.00% Exit Fee	\$ 103,000	101,674	100,472	(5)(10)(12)(15)(18)
<b>Subtotal: Consumer &amp; Business Services (26.74%)*</b>						<b>363,165</b>	<b>349,963</b>
<b>Manufacturing Technology</b>							
Bright Machines, Inc.	Senior Secured	November 2022	PRIME + 5.70% or Floor rate of 8.95%, 6.95% Exit Fee	\$ 15,000	14,995	14,995	(18)
<b>Subtotal: Manufacturing Technology (1.15%)*</b>						<b>14,995</b>	<b>14,995</b>
<b>Semiconductors</b>							
Fungible Inc.	Senior Secured	December 2024	PRIME + 5.00% or Floor rate of 8.25%, 4.95% Exit Fee	\$ 20,000	19,072	19,072	(14)(18)
<b>Subtotal: Semiconductors (1.46%)*</b>						<b>19,072</b>	<b>19,072</b>
<b>Software</b>							
3GTMS, LLC.	Senior Secured	February 2025	6-Month LIBOR + 9.28% or Floor rate of 10.28%	\$ 10,000	9,812	9,656	(16)(17)
Agilence, Inc.	Senior Secured	October 2026	1-month LIBOR + 9.00% or Floor rate of 10.00%	\$ 9,400	9,138	9,138	(16)
Brain Corporation	Senior Secured	April 2025	PRIME + 3.70% or Floor rate of 6.95%, PIK Interest 1.00%, 3.95% Exit Fee	\$ 10,016	9,943	9,943	(13)(14)(16)
Campaign Monitor Limited	Senior Secured	November 2025	6-month LIBOR + 7.90% or Floor rate of 11.15%	\$ 33,000	32,459	33,000	(18)
Ceros, LLC	Senior Secured	September 2026	3-month LIBOR + 8.89% or Floor rate of 9.89%	\$ 17,978	17,474	17,474	(16)(17)
Cloud 9 Software	Senior Secured	April 2024	3-month LIBOR + 8.20% or Floor rate of 9.20%	\$ 9,953	9,856	9,953	(12)
CloudBolt Software, Inc.	Senior Secured	October 2024	PRIME + 6.70% or Floor rate of 9.95%, 2.95% Exit Fee	\$ 10,000	9,923	10,035	(11)(12)(18)
Cybermaxx Intermediate Holdings, Inc.	Senior Secured	August 2026	6-month LIBOR + 9.28% or Floor rate of 10.28%	\$ 8,000	7,801	7,801	(16)
Dashlane, Inc.	Senior Secured	July 2025	PRIME + 3.05% or Floor rate of 7.55%, PIK Interest 1.10%, 7.10% Exit Fee	\$ 20,719	21,807	21,734	(11)(13)(16)(18)
Delphix Corp.	Senior Secured	February 2023	PRIME + 5.50% or Floor rate of 10.25%, 5.00% Exit Fee	\$ 60,000	61,736	62,345	(12)(15)(18)
Demandbase, Inc.	Senior Secured	August 2025	PRIME + 5.25% or Floor rate of 8.50%, 2.00% Exit Fee	\$ 16,875	16,463	16,463	(16)(18)
Enmark Systems	Senior Secured	September 2026	6-Month LIBOR + 6.83% or Floor rate of 7.83%, PIK Interest 2.19%	\$ 8,000	7,798	7,798	(11)(16)(17)
Esentire, Inc.	Senior Secured	May 2024	3-month LIBOR + 9.96% or Floor rate of 10.96%	\$ 21,000	20,699	20,750	(5)(10)(11)(17)
Gryphon Networks Corp.	Senior Secured	January 2026	3-month LIBOR + 9.69% or Floor rate of 10.69%	\$ 5,232	5,106	5,088	(11)(16)
Ikon Science Limited	Senior Secured	October 2024	3-month LIBOR + 9.00% or Floor rate of 10.00%	\$ 6,913	6,719	6,767	(5)(10)(16)(17)
Imperva, Inc.	Senior Secured	January 2027	3-month LIBOR + 7.75% or Floor rate of 8.75%	\$ 20,000	19,851	20,000	(18)
Kazoo, Inc. (p.k.a. YouEarnedIt, Inc.)	Senior Secured	July 2023	3-month LIBOR + 10.14% or Floor rate of 11.14%	\$ 8,571	8,403	8,375	(17)
Khoros (p.k.a. Lithium Technologies)	Senior Secured	October 2022	6-month LIBOR + 8.00% or Floor rate of 9.00%	\$ 56,208	55,834	55,834	(16)
Logicworks	Senior Secured	January 2024	PRIME + 7.50% or Floor rate of 10.75%	\$ 10,000	9,862	9,965	(12)(16)
Mixpanel, Inc.	Senior Secured	August 2024	PRIME + 4.70% or Floor rate of 7.95%, PIK Interest 1.80%, 3.00% Exit Fee	\$ 20,431	20,292	21,030	(12)(13)(18)
Mobile Solutions Services	Senior Secured	December 2025	6-month LIBOR + 9.87% or Floor rate of 10.87%	\$ 19,074	18,575	18,834	(16)(17)
Nuvolo Technologies Corporation	Senior Secured	July 2025	PRIME + 7.70% or Floor rate of 10.95%, 1.75% Exit Fee	\$ 15,000	14,967	15,017	(12)(18)
Pollen, Inc.	Senior Secured	November 2023	PRIME + 4.75% or Floor rate of 8.00%, PIK Interest 0.50%, 4.50% Exit Fee	\$ 7,457	7,528	7,314	(13)
	Senior Secured	November 2023	PRIME + 5.25% or Floor rate of 8.50%, PIK Interest 1.35%, 4.50% Exit Fee	\$ 13,041	13,005	13,092	(13)(14)
Total Pollen, Inc.				\$ 20,498	20,533	20,406	

See notes to consolidated financial statements.

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2021**  
(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
Pymetrics, Inc.	Senior Secured	October 2022	PRIME + 5.50% or Floor rate of 8.75%, PIK Interest 1.75%, 4.00% Exit Fee	\$ 9,667	\$ 9,845	\$ 9,845	(13)
Regent Education	Senior Secured	January 2022	FIXED 10.00%, PIK Interest 2.00%, 7.94% Exit Fee	\$ 2,951	3,064	2,608	(8)(13)
Reltio, Inc.	Senior Secured	July 2023	PRIME + 5.70% or Floor rate of 8.95%, PIK Interest 1.70%, 4.95% Exit Fee	\$ 10,248	10,336	10,542	(13)(18)
ShadowDragon, LLC	Senior Secured	December 2026	3-month LIBOR + 9.00% or Floor rate of 10.00%	\$ 6,000	5,828	5,828	(16)(17)
Tact.ai Technologies, Inc.	Senior Secured	February 2024	PRIME + 4.00% or Floor rate of 8.75%, PIK Interest 2.00%, 5.50% Exit Fee	\$ 5,185	5,305	5,245	(13)
ThreatConnect, Inc.	Senior Secured	May 2026	3-month LIBOR + 9.00% or Floor rate of 10.00%	\$ 11,144	10,831	10,859	(12)(16)(17)
Udacity, Inc.	Senior Secured	September 2024	PRIME + 4.50% or Floor rate of 7.75%, PIK Interest 2.00%, 3.00% Exit Fee	\$ 50,895	50,646	51,722	(12)(13)
Zimperium, Inc.	Senior Secured	July 2024	1-month LIBOR + 8.95% or Floor rate of 9.95%	\$ 15,633	15,347	15,347	(12)(17)
<b>Subtotal: Software (40.46%)*</b>					<b>526,253</b>	<b>529,402</b>	
<b>Sustainable and Renewable Technology</b>							
Impossible Foods, Inc.	Senior Secured	July 2022	PRIME + 3.95% or Floor rate of 8.95%, 9.00% Exit Fee	\$ 15,022	19,379	19,378	(12)
Pineapple Energy LLC	Senior Secured	January 2022	FIXED 10.00%	\$ 280	280	247	(6)(9)(16)
Pineapple Energy LLC	Senior Secured	December 2023	PIK Interest 10.00%	\$ 7,500	7,500	7,200	(6)(8)(13)(16)
<b>Subtotal: Sustainable and Renewable Technology (2.07%)*</b>					<b>27,159</b>	<b>27,125</b>	
<b>Total: Debt Investments (168.86%)*</b>					<b>\$ 2,219,586</b>	<b>\$ 2,209,599</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>Communications &amp; Networking</b>							
Peerless Network Holdings, Inc.	Equity	10/21/2020	Common Stock	3,328	\$ —	\$ 18	
	Equity	4/11/2008	Preferred Series A	1,135,000	1,230	6,242	
Total Peerless Network Holdings, Inc.				1,138,328	1,230	6,260	
<b>Subtotal: Communications &amp; Networking (0.48%)*</b>					<b>1,230</b>	<b>6,260</b>	
<b>Consumer &amp; Business Products</b>							
TechStyle, Inc. (p.k.a. Just Fabulous, Inc.)	Equity	4/30/2010	Common Stock	42,989	128	447	
<b>Subtotal: Consumer &amp; Business Products (0.03%)*</b>					<b>128</b>	<b>447</b>	
<b>Diversified Financial Services</b>							
Gibraltar Business Capital, LLC	Equity	3/1/2018	Common Stock	830,000	1,884	1,225	(7)
	Equity	3/1/2018	Preferred Series A	10,602,752	26,122	19,393	(7)
Total Gibraltar Business Capital, LLC				11,432,752	28,006	20,618	
Hercules Adviser LLC	Equity	3/26/2021	Member Units	1	35	11,990	(7)
<b>Subtotal: Diversified Financial Services (2.49%)*</b>					<b>28,041</b>	<b>32,608</b>	
<b>Drug Delivery</b>							
AcelRx Pharmaceuticals, Inc.	Equity	12/10/2018	Common Stock	176,730	1,329	99	(4)
Aytu BioScience, Inc. (p.k.a. Neos Therapeutics, Inc.)	Equity	3/28/2014	Common Stock	13,600	1,500	18	(4)
BioQ Pharma Incorporated	Equity	12/8/2015	Preferred Series D	165,000	500	168	
PDS Biotechnology Corporation (p.k.a. Edge Therapeutics, Inc.)	Equity	4/6/2015	Common Stock	2,498	309	20	(4)
<b>Subtotal: Drug Delivery (0.02%)*</b>					<b>3,638</b>	<b>305</b>	
<b>Drug Discovery &amp; Development</b>							
Albireo Pharma, Inc.	Equity	9/14/2020	Common Stock	25,000	1,000	582	(4)(10)
Applied Molecular Transport	Equity	4/6/2021	Common Stock	1,000	42	14	(4)(10)
Avalo Therapeutics, Inc. (p.k.a. Cerecor, Inc.)	Equity	8/19/2014	Common Stock	119,087	1,000	202	(4)
Aveo Pharmaceuticals, Inc.	Equity	7/31/2011	Common Stock	190,179	1,715	892	(4)
Bicycle Therapeutics PLC	Equity	10/5/2020	Common Stock	98,100	1,871	5,971	(4)(5)(10)
BridgeBio Pharma, Inc.	Equity	6/21/2018	Common Stock	231,329	2,255	3,859	(4)
Chemocentryx, Inc.	Equity	6/15/2020	Common Stock	17,241	1,000	628	(4)(10)

See notes to consolidated financial statements.

**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
Concert Pharmaceuticals, Inc.	Equity	2/13/2019	Common Stock	70,796	\$ 1,367	\$ 223	(4)(10)
Dare Biosciences, Inc.	Equity	1/8/2015	Common Stock	13,550	1,000	27	(4)
Dynavax Technologies	Equity	7/22/2015	Common Stock	20,000	550	281	(4)(10)
Genocoe Biosciences, Inc.	Equity	11/20/2014	Common Stock	27,933	2,000	32	(4)
Hibercell, Inc.	Equity	5/7/2021	Preferred Series B	3,466,840	4,250	3,264	(14)
Humanigen, Inc.	Equity	3/31/2021	Common Stock	43,243	800	161	(4)(10)
Kaleido Biosciences, Inc.	Equity	2/10/2021	Common Stock	86,585	1,000	207	(4)
NorthSea Therapeutics	Equity	12/15/2021	Preferred Series C	983	2,000	2,000	(5)(10)
Paratek Pharmaceuticals, Inc.	Equity	2/26/2007	Common Stock	76,362	2,744	343	(4)
Rocket Pharmaceuticals, Ltd.	Equity	8/22/2007	Common Stock	944	1,500	21	(4)
Savara, Inc.	Equity	8/11/2015	Common Stock	11,119	202	14	(4)
Sio Gene Therapies, Inc. (p.k.a. Axovant Gene Therapies Ltd.)	Equity	2/2/2017	Common Stock	16,228	1,269	21	(4)(10)
Tricida, Inc.	Equity	2/28/2018	Common Stock	68,816	863	658	(4)
uniQure B.V.	Equity	1/31/2019	Common Stock	17,175	332	356	(4)(5)(10)(15)
Valo Health, LLC (p.k.a. Integral Health Holdings, LLC)	Equity	12/11/2020	Preferred Series B	510,308	3,000	4,650	
X4 Pharmaceuticals, Inc.	Equity	11/26/2019	Common Stock	198,277	1,641	454	(4)
<b>Subtotal: Drug Discovery &amp; Development (1.90%)*</b>					<b>33,401</b>	<b>24,860</b>	
<b>Healthcare Services, Other</b>							
23andMe, Inc.	Equity	3/11/2019	Common Stock	825,732	5,094	5,500	(4)
Carbon Health Technologies, Inc.	Equity	3/30/2021	Preferred Series C	217,880	1,687	1,864	
<b>Subtotal: Healthcare Services, Other (0.56%)*</b>					<b>6,781</b>	<b>7,364</b>	
<b>Information Services</b>							
Planet Labs, Inc.	Equity	6/21/2019	Common Stock	547,880	615	3,369	(4)
Yipit, LLC	Equity	12/30/2021	Preferred Series E	41,021	3,825	3,825	
Zeta Global Corp.	Equity	11/20/2007	Common Stock	295,861	—	2,220	(4)(19)
<b>Subtotal: Information Services (0.72%)*</b>					<b>4,440</b>	<b>9,414</b>	
<b>Consumer &amp; Business Services</b>							
Black Crow AI, Inc.	Equity	3/24/2021	Preferred Series Seed	872,797	1,000	1,120	(6)
Black Crow AI, Inc. affiliates	Equity	3/24/2021	Preferred Note	3	3,000	3,000	(20)
Brigade Group, Inc.	Equity	3/1/2013	Common Stock	9,023	93	—	
Carwow LTD	Equity	12/15/2021	Preferred Series D-4	199,742	1,151	608	(5)(10)
Contentful Global, Inc. (p.k.a. Contentful, Inc.)	Equity	12/22/2020	Preferred Series C	41,000	138	506	(5)(10)
	Equity	11/20/2018	Preferred Series D	108,500	500	1,388	(5)(10)
Total Contentful Global, Inc. (p.k.a. Contentful, Inc.)				149,500	638	1,894	
DoorDash, Inc.	Equity	12/20/2018	Common Stock	81,996	945	12,209	(4)
Lyft, Inc.	Equity	12/26/2018	Common Stock	100,738	5,263	4,305	(4)
Nerdy Inc.	Equity	9/17/2021	Common Stock	100,000	1,000	450	(4)
Nextdoor.com, Inc.	Equity	8/1/2018	Common Stock	1,019,255	4,854	6,624	(4)(19)
OfferUp, Inc.	Equity	10/25/2016	Preferred Series A	286,080	1,663	1,791	
	Equity	10/25/2016	Preferred Series A-1	108,710	632	680	
Total OfferUp, Inc.				394,790	2,295	2,471	
Oportun	Equity	6/28/2013	Common Stock	48,365	577	980	(4)
Reischling Press, Inc. (p.k.a. Blurb, Inc.)	Equity	7/31/2020	Common Stock	1,163	15	—	
Savage X Holding, LLC	Equity	4/30/2010	Class A Units	42,137	13	71	
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	—	
TFG Holding, Inc.	Equity	4/30/2010	Common Stock	42,989	89	216	
Uber Technologies, Inc. (p.k.a. Postmates, Inc.)	Equity	12/1/2020	Common Stock	32,991	318	1,383	(4)
<b>Subtotal: Consumer &amp; Business Services (2.70%)*</b>					<b>22,151</b>	<b>35,331</b>	
<b>Medical Devices &amp; Equipment</b>							
Coronado Aesthetics, LLC	Equity	10/15/2021	Common Units	180,000	—	65	(7)
	Equity	10/15/2021	Preferred Series A-2	5,000,000	250	500	(7)
Total Coronado Aesthetics, LLC				5,180,000	250	565	

See notes to consolidated financial statements.



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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
Flownox Medical Incorporated	Equity	11/3/2014	Preferred Series AA	221,893	\$ 1,500	\$ —	
Gelesis, Inc.	Equity	11/30/2009	Common Stock	227,013	—	3,351	
	Equity	12/30/2011	Preferred Series A-1	243,432	503	3,593	
	Equity	12/31/2011	Preferred Series A-2	191,626	500	2,828	
Total Gelesis, Inc.				662,071	1,003	9,772	
Medrobotics Corporation	Equity	9/12/2013	Preferred Series E	136,798	250	—	
	Equity	10/22/2014	Preferred Series F	73,971	155	—	
	Equity	10/16/2015	Preferred Series G	163,934	500	—	
Total Medrobotics Corporation				374,703	905	—	
ViewRay, Inc.	Equity	12/16/2013	Common Stock	36,457	333	201	(4)
<b>Subtotal: Medical Devices &amp; Equipment (0.81%)*</b>					<b>3,991</b>	<b>10,538</b>	
<b>Semiconductors</b>							
Achronix Semiconductor Corporation	Equity	7/1/2011	Preferred Series C	277,995	160	725	
<b>Subtotal: Semiconductors (0.06%)*</b>					<b>160</b>	<b>725</b>	
<b>Software</b>							
3GTMS, LLC.	Equity	8/9/2021	Common Stock	1,000,000	1,000	985	
CapLinked, Inc.	Equity	10/26/2012	Preferred Series A-3	53,614	51	65	
Docker, Inc.	Equity	11/29/2018	Common Stock	20,000	4,284	3	
Druva Holdings, Inc. (p.k.a. Druva, Inc.)	Equity	10/22/2015	Preferred Series 2	458,841	1,000	2,387	
	Equity	8/24/2017	Preferred Series 3	93,620	300	529	
Total Druva Holdings, Inc. (p.k.a. Druva, Inc.)				552,461	1,300	2,916	
HighRoads, Inc.	Equity	1/18/2013	Common Stock	190	307	—	
Lightbend, Inc.	Equity	12/4/2020	Common Stock	38,461	265	5	
Palantir Technologies	Equity	9/23/2020	Common Stock	1,418,337	8,670	25,828	(4)
SingleStore, Inc. (p.k.a. memsql, Inc.)	Equity	11/25/2020	Preferred Series E	580,983	2,000	2,239	
	Equity	8/12/2021	Preferred Series F	52,956	279	240	
Total SingleStore, Inc. (p.k.a. memsql, Inc.)				633,939	2,279	2,479	
Sprinklr, Inc.	Equity	3/22/2017	Common Stock	700,000	3,749	11,109	(4)
Verana Health, Inc.	Equity	7/8/2021	Preferred Series E	952,562	2,000	1,697	
<b>Subtotal: Software (3.45%)*</b>					<b>23,905</b>	<b>45,087</b>	
<b>Surgical Devices</b>							
Gynesonics, Inc.	Equity	1/18/2007	Preferred Series B	219,298	250	9	
	Equity	6/16/2010	Preferred Series C	656,538	282	26	
	Equity	2/8/2013	Preferred Series D	1,991,157	712	81	
	Equity	7/14/2015	Preferred Series E	2,786,367	429	131	
	Equity	12/18/2018	Preferred Series F	1,523,693	118	123	
	Equity	12/18/2018	Preferred Series F-1	2,418,125	150	173	
Total Gynesonics, Inc.				9,595,178	1,941	543	
<b>Subtotal: Surgical Devices (0.04%)*</b>					<b>1,941</b>	<b>543</b>	
<b>Sustainable and Renewable Technology</b>							
Impossible Foods, Inc.	Equity	5/10/2019	Preferred Series E-1	188,611	2,000	3,430	
Modumetal, Inc.	Equity	6/1/2015	Common Stock	1,035	500	—	
NantEnergy, LLC (p.k.a. Fluidic, Inc.)	Equity	8/31/2013	Common Units	59,665	102	—	
Pineapple Energy LLC	Equity	12/10/2020	Class A Units	3,000,000	4,767	591	(6)
Pivot Bio, Inc.	Equity	6/28/2021	Preferred Series D	593,080	4,500	3,164	
Proterra, Inc.	Equity	5/28/2015	Common Stock	457,841	543	4,043	(4)
<b>Subtotal: Sustainable and Renewable Technology (0.86%)*</b>					<b>12,412</b>	<b>11,228</b>	
<b>Total: Equity Investments (14.12%)*</b>					<b>\$ 142,219</b>	<b>\$ 184,710</b>	
<b>Warrant Investments</b>							
<b>Communications &amp; Networking</b>							
Spring Mobile Solutions, Inc.	Warrant	4/19/2013	Common Stock	2,834,375	418	—	
<b>Subtotal: Communications &amp; Networking (0.00%)*</b>					<b>418</b>	<b>—</b>	

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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>Consumer &amp; Business Products</b>							
Grove Collaborative, Inc.	Warrant	4/30/2021	Common Stock	83,625	\$ 433	\$ 326	
Penumbra Brands, LLC (p.k.a. Gadget Guard)	Warrant	6/3/2014	Common Stock	1,662,441	228	—	
TechStyle, Inc. (p.k.a. Just Fabulous, Inc.)	Warrant	7/16/2013	Preferred Series B	206,185	1,101	2,181	
The Neat Company	Warrant	8/13/2014	Common Stock	54,054	365	—	
Whoop, Inc.	Warrant	6/27/2018	Preferred Series C	686,270	18	1,847	
<b>Subtotal: Consumer &amp; Business Products (0.33%)*</b>					<b>2,145</b>	<b>4,354</b>	
<b>Drug Delivery</b>							
Aerami Therapeutics (p.k.a. Dance Biopharm, Inc.)	Warrant	9/30/2015	Common Stock	110,882	74	—	
BioQ Pharma Incorporated	Warrant	10/27/2014	Common Stock	459,183	1	62	
PDS Biotechnology Corporation (p.k.a. Edge Therapeutics, Inc.)	Warrant	8/28/2014	Common Stock	3,929	390	1	(4)
<b>Subtotal: Drug Delivery (0.00%)*</b>					<b>465</b>	<b>63</b>	
<b>Drug Discovery &amp; Development</b>							
Acacia Pharma Inc.	Warrant	6/29/2018	Common Stock	201,330	305	6	(4)(5)(10)
ADMA Biologics, Inc.	Warrant	12/21/2012	Common Stock	89,750	295	1	(4)
Albireo Pharma, Inc.	Warrant	6/8/2020	Common Stock	5,311	61	42	(4)(10)
Axsome Therapeutics, Inc.	Warrant	9/25/2020	Common Stock	15,541	681	142	(4)(10)
Brickell Biotech, Inc.	Warrant	2/18/2016	Common Stock	9,005	119	—	(4)
Cellarity, Inc.	Warrant	12/8/2021	Preferred Series B	100,000	287	287	(14)
Century Therapeutics	Warrant	9/14/2020	Common Stock	16,112	37	64	(4)
Concert Pharmaceuticals, Inc.	Warrant	6/8/2017	Common Stock	61,273	178	3	(4)(10)
Dermavant Sciences Ltd.	Warrant	5/31/2019	Common Stock	223,642	101	354	(10)(12)
enGene, Inc.	Warrant	12/30/2021	Preferred Series 3 Class C	84,714	64	64	(5)(10)
Evoform Biosciences, Inc.	Warrant	6/11/2014	Common Stock	7,806	266	—	(4)
Genocea Biosciences, Inc.	Warrant	4/24/2018	Common Stock	41,176	165	1	(4)
Motif Bio PLC	Warrant	1/27/2020	Common Stock	121,337,041	282	—	(10)
Myovant Sciences, Ltd.	Warrant	10/16/2017	Common Stock	73,710	460	267	(4)(10)
Paratek Pharmaceuticals, Inc.	Warrant	6/27/2017	Common Stock	432,240	546	427	(4)
Phathom Pharmaceuticals, Inc.	Warrant	9/17/2021	Common Stock	64,687	848	307	(4)(10)(14)(15)
Scynexis, Inc.	Warrant	5/14/2021	Common Stock	90,887	188	142	(4)
Stealth Bio Therapeutics Corp.	Warrant	6/30/2017	Common Stock	500,000	158	—	(4)(10)
TG Therapeutics, Inc.	Warrant	2/28/2019	Common Stock	231,613	1,033	2,172	(4)(10)(12)
Tricida, Inc.	Warrant	3/27/2019	Common Stock	31,352	280	20	(4)
Valo Health, LLC (p.k.a. Integral Health Holdings, LLC)	Warrant	6/15/2020	Common Units	102,216	256	441	
X4 Pharmaceuticals, Inc.	Warrant	3/18/2019	Common Stock	108,334	673	2	(4)
Yumanity Therapeutics, Inc.	Warrant	12/20/2019	Common Stock	15,414	110	3	(4)
<b>Subtotal: Drug Discovery &amp; Development (0.36%)*</b>					<b>7,393</b>	<b>4,745</b>	
<b>Electronics &amp; Computer Hardware</b>							
908 Devices, Inc.	Warrant	3/15/2017	Common Stock	49,078	101	618	(4)
Skydio, Inc.	Warrant	11/8/2021	Common Stock	124,451	557	422	
<b>Subtotal: Electronics &amp; Computer Hardware (0.08%)*</b>					<b>658</b>	<b>1,040</b>	
<b>Information Services</b>							
Capella Space	Warrant	10/21/2021	Common Stock	176,200	207	139	(14)
InMobi Inc.	Warrant	11/19/2014	Common Stock	65,587	82	—	(10)
Netbase Solutions, Inc.	Warrant	8/22/2017	Preferred Series 1	60,000	356	418	
<b>Subtotal: Information Services (0.04%)*</b>					<b>645</b>	<b>557</b>	
<b>Consumer &amp; Business Services</b>							
Aria Systems, Inc.	Warrant	5/22/2015	Preferred Series G	231,535	74	—	
Carwow LTD	Warrant	12/14/2021	Common Stock	174,163	164	160	(5)(10)
Cloudpay, Inc.	Warrant	4/10/2018	Preferred Series B	6,763	54	348	(5)(10)

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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
First Insight, Inc.	Warrant	5/10/2018	Preferred Series B	75,917	\$ 96	\$ 105	
Houzz, Inc.	Warrant	10/29/2019	Common Stock	529,661	20	116	
Interactions Corporation	Warrant	6/16/2015	Preferred Series G-3	68,187	204	505	
Landing Holdings Inc.	Warrant	3/12/2021	Common Stock	11,806	116	141	(14)
Lendio, Inc.	Warrant	3/29/2019	Preferred Series D	127,032	39	84	
LogicSource	Warrant	3/21/2016	Preferred Series C	79,625	30	210	
Rhino Labs, Inc.	Warrant	3/12/2021	Common Stock	13,106	470	77	(14)
RumbleON, Inc.	Warrant	4/30/2018	Common Stock	5,139	88	33	(4)
SeatGeek, Inc.	Warrant	6/12/2019	Common Stock	1,379,761	842	1,140	
ShareThis, Inc.	Warrant	12/14/2012	Preferred Series C	493,502	547	—	
Skyword, Inc.	Warrant	8/23/2019	Preferred Series B	444,444	83	7	
Snagajob.com, Inc.	Warrant	4/20/2020	Common Stock	600,000	16	121	(12)
	Warrant	6/30/2016	Preferred Series A	1,800,000	782	171	(12)
	Warrant	8/1/2018	Preferred Series B	1,211,537	62	90	(12)
Total Snagajob.com, Inc.				3,611,537	860	382	
Tapjoy, Inc.	Warrant	7/1/2014	Preferred Series D	748,670	317	443	
The Faction Group LLC	Warrant	11/3/2014	Preferred Series AA	8,076	234	650	
Thumbtack, Inc.	Warrant	5/1/2018	Common Stock	190,953	552	786	
Xometry, Inc.	Warrant	5/9/2018	Common Stock	87,784	47	3,038	(4)
Zepz (p.k.a. Worldremit Group Limited)	Warrant	2/11/2021	Preferred Series D	77,215	129	1,962	(5)(10)(15)
	Warrant	8/27/2021	Preferred Series E	1,868	26	25	(5)(10)(15)
Total Zepz (p.k.a. Worldremit Group Limited)				79,083	155	1,987	
<b>Subtotal: Consumer &amp; Business Services (0.78%)*</b>					<b>4,992</b>	<b>10,212</b>	
<b>Media/Content/Info</b>							
Zoom Media Group, Inc.	Warrant	12/21/2012	Preferred Series A	1,204	348	—	
<b>Subtotal: Media/Content/Info (0.00%)*</b>					<b>348</b>	<b>—</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	155,325	363	—	(12)
	Warrant	9/21/2018	Preferred Series BB	725,806	351	—	
Total Flowonix Medical Incorporated				881,131	714	—	
Intuity Medical, Inc.	Warrant	12/29/2017	Preferred Series B-1	3,076,323	294	264	
Medrobotics Corporation	Warrant	3/13/2013	Preferred Series E	455,539	370	—	
Outset Medical, Inc.	Warrant	9/27/2013	Common Stock	62,794	401	1,797	(4)
SonaCare Medical, LLC	Warrant	9/28/2012	Preferred Series A	6,464	188	—	
Tela Bio, Inc.	Warrant	3/31/2017	Common Stock	15,712	61	13	(4)
<b>Subtotal: Medical Devices &amp; Equipment (0.16%)*</b>					<b>2,483</b>	<b>2,074</b>	
<b>Semiconductors</b>							
Achronix Semiconductor Corporation	Warrant	6/26/2015	Preferred Series D-2	750,000	99	1,950	
Fungible Inc.	Warrant	12/16/2021	Common Stock	800,000	751	751	(14)
<b>Subtotal: Semiconductors (0.21%)*</b>					<b>850</b>	<b>2,701</b>	
<b>Software</b>							
Bitsight Technologies, Inc.	Warrant	11/18/2020	Common Stock	29,691	284	1,272	

See notes to consolidated financial statements.

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2021**  
(dollars in thousands)

Portfolio Company	Type of Investment	Acquisition Date <sup>(4)</sup>	Series <sup>(3)</sup>	Shares	Cost <sup>(2)</sup>	Value	Footnotes
Brain Corporation	Warrant	10/4/2021	Common Stock	194,629	\$ 165	\$ 132	(14)
CloudBolt Software, Inc.	Warrant	9/30/2020	Common Stock	211,342	117	85	
Cloudian, Inc.	Warrant	11/6/2018	Common Stock	477,454	71	33	
Couchbase, Inc.	Warrant	4/25/2019	Common Stock	105,350	462	1,343	(4)(19)
Dashlane, Inc.	Warrant	3/11/2019	Common Stock	560,536	404	415	
Delphix Corp.	Warrant	10/8/2019	Common Stock	718,898	1,594	3,275	(15)
Demandbase, Inc.	Warrant	8/2/2021	Common Stock	483,248	404	443	
DNAexus, Inc.	Warrant	3/21/2014	Preferred Series C	909,091	97	102	
Evernote Corporation	Warrant	9/30/2016	Common Stock	62,500	106	65	
Fuze, Inc.	Warrant	6/30/2017	Preferred Series F	256,158	89	—	
Lightbend, Inc.	Warrant	2/14/2018	Preferred Series D	89,685	131	—	
Mixpanel, Inc.	Warrant	9/30/2020	Common Stock	82,362	252	906	
Nuvolo Technologies Corporation	Warrant	3/29/2019	Common Stock	50,000	88	283	
Poplicus, Inc.	Warrant	5/28/2014	Common Stock	132,168	—	—	
Pymetrics, Inc.	Warrant	9/15/2020	Common Stock	150,943	77	218	
RapidMiner, Inc.	Warrant	11/28/2017	Preferred Series C-1	4,982	24	54	
Reltio, Inc.	Warrant	6/30/2020	Common Stock	69,120	215	637	
Signpost, Inc.	Warrant	1/13/2016	Series Junior 1 Preferred	474,019	314	—	
SingleStore, Inc. (p.k.a. memsql, Inc.)	Warrant	4/28/2020	Preferred Series D	312,596	103	704	
Tact.ai Technologies, Inc.	Warrant	2/13/2020	Common Stock	1,041,667	206	162	
Udacity, Inc.	Warrant	9/25/2020	Common Stock	486,359	218	345	
ZeroFox, Inc.	Warrant	5/7/2020	Preferred Series C-1	648,350	101	603	
Zimperium, Inc.	Warrant	7/2/2021	Common Stock	20,563	72	56	
<b>Subtotal: Software (0.85%)*</b>					<b>5,594</b>	<b>11,133</b>	
<b>Surgical Devices</b>							
Gynesonics, Inc.	Warrant	2/8/2012	Preferred Series C	151,123	67	6	
TransMedics Group, Inc. (p.k.a Transmedics, Inc.)	Warrant	11/7/2012	Common Stock	64,440	139	480	(4)
<b>Subtotal: Surgical Devices (0.04%)*</b>					<b>206</b>	<b>486</b>	
<b>Sustainable and Renewable Technology</b>							
Agrivida, Inc.	Warrant	6/20/2013	Preferred Series D	471,327	120	—	
Fulcrum Bioenergy, Inc.	Warrant	9/13/2012	Preferred Series C-1	280,897	274	699	
Halio, Inc. (p.k.a. Kinestral Technologies, Inc.)	Warrant	4/22/2014	Preferred Series A	325,000	155	249	
	Warrant	4/7/2015	Preferred Series B	131,883	63	86	
Total Halio, Inc. (p.k.a. Kinestral Technologies, Inc.)				456,883	218	335	
Polyera Corporation	Warrant	12/11/2012	Preferred Series C	311,609	338	—	
<b>Subtotal: Sustainable and Renewable Technology (0.08%)*</b>					<b>950</b>	<b>1,034</b>	
<b>Total: Warrant Investments (2.93%)*</b>					<b>\$ 27,147</b>	<b>\$ 38,399</b>	
<b>Total: Investments in Securities (185.91%)*</b>					<b>\$ 2,388,952</b>	<b>\$ 2,432,708</b>	
<b>Investment Funds &amp; Vehicles</b>							
Forbion Growth Opportunities Fund I C.V.	Investment Funds & Vehicles	11/16/2020			2,032	1,814	(5)(10)(16)
<b>Total: Investments in Investment Funds &amp; Vehicles (0.14%)*</b>					<b>\$ 2,032</b>	<b>\$ 1,814</b>	
<b>Total: Investments (186.05%)*</b>					<b>\$ 2,390,984</b>	<b>\$ 2,434,522</b>	

See notes to consolidated financial statements.

**HERCULES CAPITAL, INC.**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2021**  
**(dollars in thousands)**

- \* Value as a percent of net assets. The Company uses the Standard Industrial Code for classifying the industry grouping of its portfolio companies.
- (1) Interest rate PRIME represents 3.25% as of December 31, 2021. 1-month LIBOR, 3-month LIBOR, and 6-month LIBOR represent, 0.14%, 0.24%, and 0.26%, respectively, as of December 31, 2021.
  - (2) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled \$121.0 million, \$75.7 million, and \$45.3 million, respectively. The tax cost of investments is \$2.4 billion.
  - (3) Preferred and common stock, warrants, and equity interests are generally non-income producing.
  - (4) Except for warrants in 26 publicly traded companies and common stock in 36 publicly traded companies, all investments are restricted as of December 31, 2021 and were valued at fair value using Level 3 significant unobservable inputs as determined in good faith by the Company's Board.
  - (5) Non-U.S. company or the company's principal place of business is outside the United States.
  - (6) Affiliate investment as defined under the 1940 Act in which Hercules owns at least 5% but generally less than 25% of the company's voting securities.
  - (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, 2021, and is therefore considered non-income producing. Note that only the PIK portion is on non-accrual for the Company's debt investment in Tectura Corporation and Pineapple Energy LLC.
  - (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 Union Bank Facility (as defined in "Note 5 — Debt").
  - (13) Denotes that all or a portion of the debt investment principal includes accumulated PIK interest and is net of repayments.
  - (14) Denotes that all or a portion of the investment in this portfolio company is held by HC IV, the Company's wholly owned SBIC subsidiary.
  - (15) 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, 2021.
  - (16) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company as of December 31, 2021. Refer to "Note 11 — Commitments and Contingencies".
  - (17) 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.
  - (18) Denotes second lien senior secured debt.
  - (19) 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.
  - (20) 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 in portfolio company Black Crow AI, Inc., subject to release upon repayment of the outstanding balance of the notes. As of December 31, 2021, the Black Crow AI, Inc. affiliates promissory notes had an outstanding balance of \$3.0 million.

See notes to consolidated financial statements.

**HERCULES CAPITAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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 1940 Act. From incorporation through December 31, 2005, the Company was subject to tax as a corporation under Subchapter A Part II of the Code. Effective January 1, 2006, the Company elected to be treated for tax purposes as a 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 financial statements have been prepared in accordance with U.S. GAAP and pursuant to Regulation S-X. 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 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, the continued development and impact of the global outbreak of the COVID-19, 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.

As of December 31, 2022, 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 Company held no interests in a VIE as of December 31, 2021. 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 December 31, 2022, approximately 97.9% 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 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 December 31, 2022, the Company held \$1,178 thousand (cost basis \$1,168 thousand) of foreign cash. As of December 31, 2021, the Company held \$95 thousand (cost basis \$93 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 Statement of Operations within net realized gains (losses) as a "Loss on debt extinguishment".

#### ***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 in 2022, 2021, or 2020. 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 March 2022, the FASB issued ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326)", which is intended to address issues identified during the post-implementation review of ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". The amendment, among other things, eliminates the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, "Receivables - Troubled Debt Restructurings by Creditors", while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The new guidance is effective for interim and annual periods beginning after December 15, 2022. The Company does not anticipate the new standard will have a material impact to the consolidated financial statements and related disclosures.

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 December 31, 2022 and December 31, 2021.

(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
	\$ 2,960,062	\$ 66,027	\$ 12,625	\$ 2,881,410
Investment Funds & Vehicles measured at Net Asset Value <sup>(1)</sup>	3,893			
<b>Total Investments, at fair value</b>	<b>\$ 2,963,955</b>			

(in thousands)				
Description	Balance as of December 31, 2021	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	\$ 561	\$ —	\$ —	\$ 561
<b>Investments</b>				
Senior Secured Debt	\$ 2,156,709	\$ —	\$ —	\$ 2,156,709
Unsecured Debt	52,890	—	—	52,890
Preferred Stock	69,439	—	—	69,439
Common Stock	115,271	84,460	8,843	21,968
Warrants	38,399	—	10,922	27,477
	\$ 2,432,708	\$ 84,460	\$ 19,765	\$ 2,328,483
Investment Funds & Vehicles measured at Net Asset Value <sup>(1)</sup>	1,814			
<b>Total Investments, at fair value</b>	<b>\$ 2,434,522</b>			

(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 years ended December 31, 2022 and December 31, 2021.

(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 Transfer s into Level 3	Gross Transfer s out of Level 3 <sup>(3)</sup>	Balance as of December 31, 2022
<b>Investments</b>									
Senior Secured Debt	\$ 2,156,709	\$ (1,884)	\$ (9,788)	\$ 1,145,048	\$ (84,000)	\$ (461,193)	\$ —	\$ (3,504)	\$ 2,741,388
Unsecured Debt	52,890	—	(2,840)	4,006	—	—	—	—	54,056
Preferred Stock	69,439	7,966	(23,658)	5,264	(11,101)	—	—	(6,422)	41,488
Common Stock	21,968	(74)	6,894	25	(19)	—	207	(3,942)	25,059
Warrants	27,477	(624)	(12,412)	7,494	(2,516)	—	—	—	19,419
<b>Other Assets</b>									
Escrow Receivable	561	401	(287)	1,148	(948)	—	—	—	875
<b>Total</b>	<u>\$ 2,329,044</u>	<u>\$ 5,785</u>	<u>\$ (42,091)</u>	<u>\$ 1,162,985</u>	<u>\$ (98,584)</u>	<u>\$ (461,193)</u>	<u>\$ 207</u>	<u>\$ (13,868)</u>	<u>\$ 2,882,285</u>

(in thousands)

	Balance as of January 1, 2021	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 Transfer s into Level 3	Gross Transfer s out of Level 3 <sup>(4)</sup>	Balance as of December 31, 2021
<b>Investments</b>									
Senior Secured Debt	\$ 2,079,465	\$ (3,744)	\$ (2,834)	\$ 1,294,669	\$ —	\$ (1,208,548)	\$ —	\$ (2,299)	\$ 2,156,709
Unsecured Debt	14,970	—	(1,655)	39,575	—	—	—	—	52,890
Preferred Stock	58,981	158	53,284	21,180	(62,897)	—	—	(1,267)	69,439
Common Stock	27,398	(60,904)	15,663	4,371	60,900	—	—	(25,460)	21,968
Warrants	21,483	7,091	6,961	4,050	(10,339)	—	—	(1,769)	27,477
<b>Other Assets</b>									
Escrow Receivable	65	585	(1,540)	2,494	(1,043)	—	—	—	561
<b>Total</b>	<u>\$ 2,202,362</u>	<u>\$ (56,814)</u>	<u>\$ 69,879</u>	<u>\$ 1,366,339</u>	<u>\$ (13,379)</u>	<u>\$ (1,208,548)</u>	<u>\$ —</u>	<u>\$ (30,795)</u>	<u>\$ 2,329,044</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) Transfers out of Level 3 during the year ended December 31, 2022 related to the initial public offerings of Gelesis, Inc., Pineapple Energy, LLC, and the decline of liquidity of Kaleido Biosciences, Inc. shares.

(4) Transfers out of Level 3 during the year ended December 31, 2021 relate to the initial public offerings of Proterra, Inc., 23andMe, Inc., Sprinklr, Inc., Century Therapeutics, Couchbase, Inc., Xometry, Inc., and Nextdoor.com, Inc. and the conversion of Level 3 debt investments into common stock investments. There were no transfers into Level 3 during the year ended December 31, 2021 related to the conversion of Level 3 debt investments into equity investments and other assets.

(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 year ended December 31, 2022, approximately \$19.4 million net unrealized depreciation and \$6.8 million net unrealized appreciation relating to assets still held at the reporting date was recorded for preferred stock and common stock Level 3 investments, respectively. For the same period, approximately \$18.9 million and \$12.7 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 year ended December 31, 2021, approximately \$8.7 million in net unrealized depreciation and \$15.7 million in net unrealized appreciation was recorded for preferred stock and common stock Level 3 investments, respectively, relating to assets still held at the reporting date. For the same period, approximately \$5.0 million and \$6.1 million in net unrealized appreciation 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 December 31, 2022 and December 31, 2021. 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 December 31, 2022 (in thousands)	Valuation Techniques/Methodologies	Unobservable Input <sup>(1)</sup>	Range	Weighted Average <sup>(2)</sup>
Pharmaceuticals	\$ 903,427	Market Comparable Companies	Hypothetical Market Yield	11.74% - 19.04%	15.17%
			Premium/(Discount)	(0.75)% - 1.75%	0.01%
Technology	967,108	Market Comparable Companies	Hypothetical Market Yield	12.05% - 18.53%	15.21%
			Premium/(Discount)	(1.00)% - 1.50%	0.20%
			Convertible Note Analysis	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	14.71% - 14.71%	14.71%
			Premium/(Discount)	0.75% - 0.75%	0.75%
Lower Middle Market	328,393	Market Comparable Companies	Hypothetical Market Yield	13.68% - 18.49%	14.82%
			Premium/(Discount)	(2.00)% - 0.75%	(0.43)%
			Liquidation <sup>(3)</sup>	Probability weighting of alternative outcomes	20.00% - 80.00%
<b>Debt Investments for which Cost Approximates Fair Value</b>					
	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 Debt Investments	Fair Value as of December 31, 2021 (in thousands)	Valuation Techniques/Methodologies	Unobservable Input <sup>(1)</sup>	Range	Weighted Average <sup>(2)</sup>
Pharmaceuticals	\$ 451,587	Market Comparable Companies	Hypothetical Market Yield Premium/(Discount)	9.69% - 13.89% (0.50)% - 0.75%	11.34% 0.06%
Technology	654,320	Market Comparable Companies	Hypothetical Market Yield Premium/(Discount)	8.98% - 14.54% (0.50)% - 0.75%	11.64% 0.12%
	2,608	Liquidation <sup>(3)</sup>	Probability weighting of alternative outcomes	20.00% - 50.00%	40.48%
	20,425	Convertible Note Analysis	Probability weighting of alternative outcomes	1.00% - 35.00%	32.95%
Sustainable and Renewable Technology	247	Convertible Note Analysis	Probability weighting of alternative outcomes	40.00% - 60.00%	51.84%
	7,500	Expected Realizable Value <sup>(4)</sup>	Probability weighting of alternative outcomes	100.00% - 100.00%	100.00%
Lower Middle Market	3,100	Originated Within 4-6 Months	Origination Yield	5.17% - 5.17%	5.17%
	81,566	Market Comparable Companies	Hypothetical Market Yield Premium/(Discount)	12.23% - 16.01% 0.00% - 1.50%	13.22% 0.43%
	90,504	Expected Realizable Value <sup>(4)</sup>	Probability weighting of alternative outcomes	30.00% - 70.00%	57.74%
			Hypothetical Market Yield Premium/(Discount)	10.64% - 10.64% (1.00)% - (1.00)%	10.64% (1.00)%
	8,269	Liquidation <sup>(3)</sup>	Probability weighting of alternative outcomes	20.00% - 80.00%	80.00%
<b>Debt Investments for which Cost Approximates Fair Value</b>					
	757,889	Debt Investments originated within 6 months			
	131,584	Debt Investments Maturing in Less than One Year			
	<u>\$ 2,209,599</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 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
			Discount for Lack of Marketability <sup>(3)</sup>	8.11% - 28.90%	19.79%
	13,795	Market Adjusted OPM Backsolve	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
			Discount for Lack of Marketability <sup>(3)</sup>	85.00% - 85.00%	85.00%
	3,513	Other <sup>(6)</sup>			
Warrant Investments	12,479	Market Comparable Companies	EBITDA Multiple <sup>(2)</sup>	12.4x - 12.4x	12.4x
			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%
	6,934	Market Adjusted OPM Backsolve	Market Equity Adjustment <sup>(4)</sup>	(97.82)% - 66.43%	(8.86)%
	—	Liquidation	Revenue Multiple <sup>(2)</sup>	6.2x - 6.2x	6.2x
			Discount for Lack of Marketability <sup>(3)</sup>	90.00% - 90.00%	90.00%
	6	Other <sup>(6)</sup>			
<b>Total Level 3 Warrant and Equity 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.

Investment Type - Level 3 Equity and Warrant Investments	Fair Value as of December 31, 2021 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input <sup>(1)</sup>	Range	Weighted Average <sup>(5)</sup>
Equity Investments	\$ 26,587	Market Comparable Companies	EBITDA Multiple <sup>(2)</sup>	20.6x - 20.6x	20.6x
			Revenue Multiple <sup>(2)</sup>	1.0x - 18.4x	11.8x
			Tangible Book Value Multiple <sup>(2)</sup>	2.5x - 2.5x	2.5x
			Discount for Lack of Marketability <sup>(3)</sup>	18.81% - 34.69%	25.53%
			Market Equity Adjustment <sup>(4)</sup>	(88.67)% - 47.22%	0.81%
			Discount Rate <sup>(7)</sup>	15.93% - 25.30%	20.46%
			Liquidation	Revenue Multiple <sup>(2)</sup>	2.1x - 2.1x
	24,910	Market Adjusted OPM Backsolve	Discount for Lack of Marketability <sup>(3)</sup>	84.00% - 84.00%	84.00%
	11,990	Discounted Cash Flow			
	—	Liquidation			
	27,920	Other <sup>(6)</sup>			
Warrant Investments	14,517	Market Comparable Companies	EBITDA Multiple <sup>(2)</sup>	20.6x - 26.0x	20.7x
			Revenue Multiple <sup>(2)</sup>	0.6x - 9.5x	4.5x
			Discount for Lack of Marketability <sup>(3)</sup>	18.81% - 37.35%	26.93%
			Market Equity Adjustment <sup>(4)</sup>	(88.67)% - 47.22%	(7.76)%
			Other <sup>(6)</sup>		
	11,914	Market Adjusted OPM Backsolve			
	1,046	Other <sup>(6)</sup>			
<b>Total Level 3 Warrant and Equity Investments</b>	<b>\$ 118,884</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 December 31, 2022 and December 31, 2021, the 2033 Notes were trading on the NYSE at \$24.59 and \$26.67 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 December 31, 2022 the 2031 Asset-Backed Notes were quoted for 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 December 31, 2022 and December 31, 2021.

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 December 31, 2022 and December 31, 2021:

(in thousands)

Description	December 31, 2022				
	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) The June 2022 amendment of the MUFG Bank Facility replaced the Union Bank Facility via an amendment which changed the lead lender.

(in thousands)

Description	December 31, 2021				
	Carrying Value	Approximate Fair Value	Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
SBA Debentures	\$ 145,498	\$ 151,471	\$ —	\$ —	\$ 151,471
2022 Notes	149,563	152,906	—	152,906	—
July 2024 Notes	104,238	110,496	—	—	110,496
February 2025 Notes	49,637	51,983	—	—	51,983
June 2025 Notes	69,433	72,031	—	—	72,031
March 2026 A Notes	49,605	52,646	—	—	52,646
March 2026 B Notes	49,570	52,751	—	—	52,751
September 2026 Notes	320,376	315,495	—	—	315,495
2033 Notes	38,718	42,672	—	42,672	—
2022 Convertible Notes	229,740	236,049	—	236,049	—
Union Bank Facility	—	—	—	—	—
SMBC Facility	29,925	29,925	—	—	29,925
<b>Total</b>	<b>\$ 1,236,303</b>	<b>\$ 1,268,425</b>	<b>\$ —</b>	<b>\$ 431,627</b>	<b>\$ 836,798</b>

#### 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 years ended December 31, 2022, 2021, and 2020.

(in thousands)		For the Year Ended December 31, 2022					
Portfolio Company <sup>(1)</sup>	Type	Fair Value as of December 31, 2022	Interest Income	Fee Income	Net Change in Unrealized Appreciation (Depreciation)	Realized Gain (Loss)	
<b>Control Investments</b>							
Coronado Aesthetics, LLC	Control	\$ 319	\$ —	\$ —	\$ (246)	\$ —	
Gibraltar Business Capital, LLC	Control	36,944	3,385	68	(6,968)	—	
Hercules Adviser LLC	Control	31,153	546	—	7,163	—	
Tectura Corporation	Control	8,042	690	—	(227)	—	
<b>Total Control Investments</b>		<b>\$ 76,458</b>	<b>\$ 4,621</b>	<b>\$ 68</b>	<b>\$ (278)</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	—	1,204	—	4,209	(2,014)	
<b>Total Affiliate Investments</b>		<b>\$ —</b>	<b>\$ 1,204</b>	<b>\$ —</b>	<b>\$ 4,089</b>	<b>\$ 1,758</b>	
<b>Total Control &amp; Affiliate Investments</b>		<b>\$ 76,458</b>	<b>\$ 5,825</b>	<b>\$ 68</b>	<b>\$ 3,811</b>	<b>\$ 1,758</b>	

(in thousands)		For the Year Ended December 31, 2021					
Portfolio Company <sup>(1)</sup>	Type	Fair Value as of December 31, 2021	Interest Income	Fee Income	Net Change in Unrealized Appreciation (Depreciation)	Realized Gain (Loss)	
<b>Control Investments</b>							
Coronado Aesthetics, LLC	Control	\$ 565	\$ —	\$ —	\$ 315	\$ —	
Gibraltar Business Capital, LLC	Control	43,830	3,178	54	(14,616)	—	
Hercules Adviser LLC	Control	20,840	141	—	11,955	—	
Tectura Corporation	Control	8,269	690	5	(331)	—	
<b>Total Control Investments</b>		<b>\$ 73,504</b>	<b>\$ 4,009</b>	<b>\$ 59</b>	<b>\$ (2,677)</b>	<b>\$ —</b>	
<b>Affiliate Investments</b>							
Black Crow AI, Inc.	Affiliate	\$ 1,120	\$ —	\$ —	\$ 1,905	\$ —	
Pineapple Energy LLC	Affiliate	8,338	10	—	(282)	—	
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	—	—	—	62,183	(62,143)	
<b>Total Affiliate Investments</b>		<b>\$ 9,458</b>	<b>\$ 10</b>	<b>\$ —</b>	<b>\$ 63,806</b>	<b>\$ (62,143)</b>	
<b>Total Control &amp; Affiliate Investments</b>		<b>\$ 82,962</b>	<b>\$ 4,019</b>	<b>\$ 59</b>	<b>\$ 61,129</b>	<b>\$ (62,143)</b>	

(in thousands)		For the Year Ended December 31, 2020					
Portfolio Company <sup>(1)</sup>	Type	Fair Value as of December 31, 2020	Interest Income	Fee Income	Net Change in Unrealized Appreciation (Depreciation)	Realized Gain (Loss)	
<b>Control Investments</b>							
Gibraltar Business Capital, LLC	Control	\$ 48,800	\$ 2,249	\$ 21	\$ (1,419)	\$ —	
Tectura Corporation	Control	8,600	608	—	(852)	—	
<b>Total Control Investments</b>		<b>\$ 57,400</b>	<b>\$ 2,857</b>	<b>\$ 21</b>	<b>\$ (2,271)</b>	<b>\$ —</b>	
<b>Affiliate Investments</b>							
Optiscan BioMedical, Corp.	Affiliate	\$ —	\$ 13	\$ —	\$ 4,532	\$ (14,146)	
Pineapple Energy LLC	Affiliate	8,340	—	—	(3,927)	—	
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	—	520	—	(346)	(3)	
<b>Total Affiliate Investments</b>		<b>\$ 8,340</b>	<b>\$ 533</b>	<b>\$ —</b>	<b>\$ 259</b>	<b>\$ (14,149)</b>	
<b>Total Control &amp; Affiliate Investments</b>		<b>\$ 65,740</b>	<b>\$ 3,390</b>	<b>\$ 21</b>	<b>\$ (2,012)</b>	<b>\$ (14,149)</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 December 31, 2022, December 31, 2021, and December 31, 2020 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 December 31, 2022 and December 31, 2021:

(in thousands)	December 31, 2022		December 31, 2021	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Senior Secured Debt	\$ 2,741,388	92.5 %	\$ 2,156,709	88.6 %
Unsecured Debt	54,056	1.8 %	52,890	2.2 %
Preferred Stock	41,488	1.4 %	69,439	2.8 %
Common Stock	92,484	3.1 %	115,271	4.7 %
Warrants	30,646	1.1 %	38,399	1.6 %
Investment Funds & Vehicles	3,893	0.1 %	1,814	0.1 %
<b>Total</b>	<b>\$ 2,963,955</b>	<b>100.0 %</b>	<b>\$ 2,434,522</b>	<b>100.0 %</b>

A summary of the Company's investment portfolio, at value, by geographic location as of December 31, 2022 and December 31, 2021 is shown as follows:

(in thousands)	December 31, 2022		December 31, 2021	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
United States	\$ 2,670,520	90.1 %	\$ 2,138,184	87.8 %
United Kingdom	171,629	5.8 %	169,407	7.0 %
Netherlands	88,915	3.0 %	82,925	3.4 %
Canada	19,472	0.7 %	27,673	1.1 %
Israel	9,052	0.3 %	8,980	0.4 %
Ireland	2,804	0.1 %	5,459	0.2 %
Germany	990	0.0 %	1,894	0.1 %
Other	573	0.0 %	—	0.0 %
<b>Total</b>	<b>\$ 2,963,955</b>	<b>100.0 %</b>	<b>\$ 2,434,522</b>	<b>100.0 %</b>

The following table shows the fair value of the Company's portfolio by industry sector as of December 31, 2022 and December 31, 2021:

(in thousands)	December 31, 2022		December 31, 2021	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Drug Discovery & Development	\$ 1,150,707	38.8 %	\$ 967,383	39.7 %
Software	798,264	26.9 %	585,622	24.1 %
Consumer & Business Services	439,384	14.8 %	395,506	16.3 %
Healthcare Services, Other	198,763	6.7 %	121,003	5.0 %
Communications & Networking	101,833	3.5 %	105,490	4.3 %
Diversified Financial Services	68,569	2.3 %	65,073	2.7 %
Information Services	60,759	2.1 %	74,417	3.1 %
Manufacturing Technology	46,109	1.6 %	14,995	0.6 %
Biotechnology Tools	32,825	1.1 %	—	0.0 %
Semiconductors	21,921	0.7 %	22,498	0.9 %
Electronics & Computer Hardware	21,517	0.7 %	1,040	0.0 %
Sustainable and Renewable Technology	15,486	0.5 %	39,387	1.6 %
Surgical Devices	3,038	0.1 %	1,029	0.0 %
Consumer & Business Products	2,821	0.1 %	28,099	1.2 %
Medical Devices & Equipment	1,834	0.1 %	12,612	0.5 %
Drug Delivery	90	0.0 %	368	0.0 %
Media/Content/Info	35	0.0 %	—	0.0 %
<b>Total</b>	<b>\$ 2,963,955</b>	<b>100.0 %</b>	<b>\$ 2,434,522</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 December 31, 2022 or December 31, 2021.

#### 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 December 31, 2022 and December 31, 2021, the Company's ten largest portfolio companies represented approximately 29.0% and 30.5% of the total fair value of the Company's investments in portfolio companies, respectively. As of December 31, 2022 and December 31, 2021, the Company had eight and six portfolio companies, respectively, that represented 5% or more of the Company's net assets. As of December 31, 2022, the Company had four equity investments representing 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 the Company's equity investments. As of December 31, 2021, the Company had six equity investments which represented approximately 49.6% 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 December 31, 2022 and December 31, 2021:

	Percentage of debt investments (at fair value), as of	
	December 31, 2022	December 31, 2021
<b>Senior Secured First Lien</b>		
All assets including intellectual property	42.0 %	37.5 %
All assets with negative pledge on intellectual property	26.1 %	31.6 %
"Last-out" with security interest in all of the assets	11.6 %	7.9 %
<b>Total senior secured first lien position</b>	<b>79.7 %</b>	<b>77.0 %</b>
Second lien	18.4 %	20.6 %
Unsecured	1.9 %	2.4 %
<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)	Year Ended December 31,		
	2022	2021	2020
Contractual interest income	\$ 249,375	\$ 200,682	\$ 208,017
Exit fee interest income	32,063	37,494	41,191
PIK interest income	20,455	11,210	9,009
Other interest income <sup>(1)</sup>	5,365	3,974	5,162
<b>Total interest income</b>	<b>307,258</b>	<b>253,360</b>	<b>263,379</b>
Recurring fee income	7,834	7,458	7,768
Accelerated fee income - expired commitments	1,502	3,031	3,130
Accelerated fee income - early repayments	5,094	17,127	12,981
<b>Total fee income</b>	<b>14,430</b>	<b>27,616</b>	<b>23,879</b>

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

As of December 31, 2022 and 2021, unamortized capitalized fee income was recorded as follows:

(in millions)	As of December 31,	
	2022	2021
Offset against debt investment cost	\$ 43.1	\$ 36.5
Deferred obligation contingent on funding or other milestone	10.9	6.4
<b>Total Unamortized Fee Income</b>	<b>\$ 54.0</b>	<b>\$ 42.9</b>

As of December 31, 2022 and 2021, loan exit fees receivable were recorded as follows:

(in millions)	As of December 31,	
	2022	2021
Included within debt investment cost	\$ 32.5	\$ 29.6
Deferred receivable related to expired commitments	5.0	5.4
<b>Total Exit Fees Receivable</b>	<b>\$ 37.5</b>	<b>\$ 35.0</b>

## 5. Debt

As of December 31, 2022 and December 31, 2021, the Company had the following available and outstanding debt:

(in thousands)	December 31, 2022			December 31, 2021		
	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	\$ 169,738	\$ 175,000	\$ 150,500	\$ 145,498
2022 Notes	—	—	—	150,000	150,000	149,563
July 2024 Notes	105,000	105,000	104,533	105,000	105,000	104,238
February 2025 Notes	50,000	50,000	49,751	50,000	50,000	49,637
June 2025 Notes	70,000	70,000	69,595	70,000	70,000	69,433
June 2025 3-Year Notes	50,000	50,000	49,616	—	—	—
March 2026 A Notes	50,000	50,000	49,700	50,000	50,000	49,605
March 2026 B Notes	50,000	50,000	49,673	50,000	50,000	49,570
September 2026 Notes	325,000	325,000	321,358	325,000	325,000	320,376
January 2027 Notes	350,000	350,000	344,604	—	—	—
2031 Asset-Backed Notes	150,000	150,000	147,957	—	—	—
2033 Notes	40,000	40,000	38,826	40,000	40,000	38,718
2022 Convertible Notes	—	—	—	230,000	230,000	229,740
MUFG Bank Facility <sup>(2)(3)</sup>	545,000	107,000	107,000	400,000	—	—
SMBC Facility <sup>(2)</sup>	225,000	72,000	72,000	100,000	29,925	29,925
<b>Total</b>	<b>\$ 2,185,000</b>	<b>\$ 1,594,000</b>	<b>\$ 1,574,351</b>	<b>\$ 1,745,000</b>	<b>\$ 1,250,425</b>	<b>\$ 1,236,303</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) The June 2022 amendment of the MUFG Bank Facility replaced the Union Bank Facility via an amendment which changed the lead lender.

Debt issuance costs, net of accumulated amortization, were as follows as of December 31, 2022 and December 31, 2021:

(in thousands)	December 31, 2022	December 31, 2021
SBA Debentures	\$ 5,262	\$ 5,002
2022 Notes	—	300
July 2024 Notes	467	762
February 2025 Notes	249	363
June 2025 Notes	405	567
June 2025 3-Year Notes	384	—
March 2026 A Notes	300	395
March 2026 B Notes	327	430
September 2026 Notes	3,642	4,624
January 2027 Notes	5,396	—
2031 Asset-Backed Notes	2,043	—
2033 Notes	1,174	1,282
2022 Convertible Notes	—	149
MUFG Bank Facility <sup>(1)</sup>	1,292	1,239
SMBC Facility <sup>(1)</sup>	1,701	922
<b>Total</b>	<b>\$ 22,642</b>	<b>\$ 16,035</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 year ended December 31, 2022, the components of interest expense, related fees, losses on debt extinguishment and cash paid for interest expense for debt were as follows:

(in thousands)	Year ended December 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	\$ 3,997	\$ 581	\$ —	\$ 4,578	\$ 2,835
2022 Notes <sup>(3)</sup>	1,011	50	—	1,061	2,293
July 2024 Notes	5,009	295	—	5,304	5,009
February 2025 Notes	2,140	115	—	2,255	2,140
June 2025 Notes	3,017	162	—	3,179	3,017
June 2025 3-Year Notes	1,567	81	—	1,648	1,500
March 2026 A Notes	2,250	95	—	2,345	2,250
March 2026 B Notes	2,275	103	—	2,378	2,275
September 2026 Notes	8,698	815	—	9,513	8,531
January 2027 Notes	11,630	782	—	12,412	5,906
2031 Asset-Backed Notes	3,975	209	—	4,184	3,671
2033 Notes	2,500	108	—	2,608	2,500
2022 Convertible Notes <sup>(3)</sup>	923	148	—	1,071	5,004
MUFG Bank Facility <sup>(2)</sup>	4,548	941	2,285	7,774	4,097
SMBC Facility	1,209	315	513	2,037	1,047
<b>Total</b>	<b>\$ 54,749</b>	<b>\$ 4,800</b>	<b>\$ 2,798</b>	<b>\$ 62,347</b>	<b>\$ 52,075</b>



- (1) Interest expense includes amortization of original issue discounts for the year ended December 31, 2022, of \$23 thousand, \$112 thousand, \$166 thousand, \$475 thousand, and \$98 thousand related to the 2022 Notes, 2022 Convertible Notes, 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.
- (3) The Company fully redeemed the 2022 Notes on February 22, 2022 and fully repaid the 2022 Convertible Notes on February 1, 2022.

For the year ended December 31, 2021, the components of interest expense, related fees, and cash paid for interest expense for debt were as follows:

(in thousands) Description	Year ended December 31, 2021				
	Interest expense <sup>(1)</sup>	Amortization of debt issuance cost (loan fees) <sup>(2)</sup>	Unused facility and other fees (loan fees)	Total interest expense and fees	Cash paid for interest expense
SBA Debentures	\$ 1,580	\$ 452	\$ —	\$ 2,032	\$ 2,272
2022 Notes	7,102	360	—	7,462	6,938
July 2024 Notes	5,009	295	—	5,304	5,008
February 2025 Notes	2,140	115	—	2,255	2,140
April 2025 Notes <sup>(3)</sup>	1,969	1,667	—	3,636	2,635
June 2025 Notes	3,017	162	—	3,179	3,017
March 2026 A Notes	2,250	93	—	2,343	1,875
March 2026 B Notes	1,877	85	—	1,962	1,138
September 2026 Notes	2,513	236	—	2,749	—
2033 Notes	2,500	108	—	2,608	2,500
2027 Asset-Backed Notes <sup>(3)</sup>	4,888	2,176	—	7,064	4,972
2028 Asset-Backed Notes <sup>(3)</sup>	8,139	2,351	—	10,490	8,240
2022 Convertible Notes	10,734	892	—	11,626	10,062
Wells Facility <sup>(3)</sup>	—	198	675	873	—
MUFG Bank Facility <sup>(4)</sup>	672	1,228	1,906	3,806	672
SMBC Facility	57	33	44	134	—
<b>Total</b>	<b>\$ 54,447</b>	<b>\$ 10,451</b>	<b>\$ 2,625</b>	<b>\$ 67,523</b>	<b>\$ 51,469</b>

- (1) Interest expense includes amortization of original issue discounts for the year ended December 31, 2021, of \$165 thousand, \$671 thousand, and \$48 thousand for the 2022 Notes, 2022 Convertible Notes, and September 2026 Notes, respectively.
- (2) "Amortization of debt issuance cost (loan fees)" includes \$1,477 thousand, \$1,272 thousand, and \$1,670 thousand related to debt extinguishment costs for the April 2025 Notes, 2027 Asset-Backed Notes, and 2028 Asset-Backed Notes, respectively for the year ended December 31, 2021 disclosed as a "Loss on debt extinguishment" in the Consolidated Statement of Operations.
- (3) The April 2025 Notes, 2027 Asset-Backed Notes and 2028 Asset-Backed Notes were retired on July 1, 2021 and October 20, 2021, respectively. The Wells Facility was terminated on November 29, 2021.
- (4) The June 2022 amendment of the MUFG Bank Facility replaced Union Bank Facility via an amendment as the lead lender.

For the year ended December 31, 2020, the components of interest expense, related fees, and cash paid for interest expense for debt were as follows:

(in thousands) Description	Year ended December 31, 2020				
	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	\$ 3,464	\$ 551	\$ —	\$ 4,015	\$ 4,285
2022 Notes	7,307	360	—	7,667	6,938
July 2024 Notes	5,009	294	—	5,303	5,009
February 2025 Notes	1,938	103	—	2,041	1,070
April 2025 Notes	3,938	381	—	4,319	3,938
June 2025 Notes	1,743	92	—	1,835	1,509
March 2026 A Notes	356	14	—	370	—
2033 Notes	2,500	108	—	2,608	2,500
2027 Asset-Backed Notes	9,116	512	—	9,628	9,139
2028 Asset-Backed Notes	11,758	257	—	12,015	11,756
2022 Convertible Notes	10,733	892	—	11,625	10,062
Wells Facility	25	175	519	719	26
Union Bank Facility <sup>(2)</sup>	1,718	1,266	1,745	4,729	2,042
<b>Total</b>	<b>\$ 59,605</b>	<b>\$ 5,005</b>	<b>\$ 2,264</b>	<b>\$ 66,874</b>	<b>\$ 58,274</b>

- (1) Interest expense includes amortization of original issue discounts for the year ended December 31, 2020, of \$165 thousand, \$671 thousand, for the 2022 Notes, and 2022 Convertible Notes, respectively.
- (2) The June 2022 amendment of the MUFG Bank Facility replaced Union Bank Facility via an amendment as the lead lender.

As of December 31, 2022, December 31, 2021, and December 31, 2020, 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 December 31, 2022 and December 31, 2021:

(in thousands) Issuance/Pooling Date	Maturity Date	Interest Rate <sup>(1)</sup>	December 31, 2022	December 31, 2021
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	—
January 21, 2022	March 1, 2032	3.21%	20,000	—
<b>Total SBA Debentures</b>			<u>\$ 175,000</u>	<u>\$ 150,500</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 December 31, 2022 and December 31, 2021.

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, in addition to the Company's regulatory capital commitment of \$87.5 million to HC IV. As of December 31, 2022, HC IV has issued the entire \$175.0 million in SBA guaranteed debentures.

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.

As of December 31, 2021, the Company held investments in HC IV in 15 companies with a fair value of approximately \$244.5 million, accounting for approximately 10.0% of the Company's total investment portfolio. HC IV held approximately \$245.7 million in tangible assets which accounted for approximately 9.5% of the Company's total assets as of December 31, 2021.

### 2022 Notes

On October 23, 2017, the Company issued \$150.0 million in aggregate principal amount of 4.625% interest-bearing unsecured notes that mature on October 23, 2022 (the "2022 Notes"), unless repurchased in accordance with their terms. Interest on the 2022 Notes is due semiannually in arrears on April 23 and October 23 of each year, commencing on April 23, 2018. On February 22, 2022, pursuant to the redemption terms of the 2022 Notes indenture, the Company fully repaid the aggregate outstanding \$150.0 million of principal and \$2.3 million of accrued interest. In addition, the Company paid \$3.3 million of prepayment premium fees, which together with the accelerated recognition of \$0.3 million of debt issuance costs was recognized as a realized loss on extinguishment of the debt.

### 2022 Convertible Notes

On January 25, 2017, the Company issued \$230.0 million in aggregate principal amount of 4.375% interest-bearing unsecured notes due on February 1, 2022 (the "2022 Convertible Notes"), unless previously converted or caused to repurchase the notes in accordance with their terms by the holders of the 2022 Convertible Notes. The \$230.0 million issued aggregate principal of the 2022 Convertible Notes includes an additional \$30.0 million aggregate principal amount issued pursuant to the initial purchaser's exercise in full of its over-allotment option. Interest on the 2022 Convertible Notes is due semiannually in arrears on February 1 and August 1 of each year. On February 1, 2022, the Company fully repaid the aggregate outstanding \$230.0 million principal, \$5.0 million of accrued interest and fees, and issued 981,169 shares related to noteholders who elected to convert pursuant to the redemption terms of the 2022 Convertible Notes indenture.

### 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 pursuant to the June 2025 Notes indenture. 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 December 31, 2022 and 2021, there was approximately \$10.1 million and none, 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 December 31, 2022 and December 31, 2021, the Company had two available credit facilities, the MUFG Bank Facility and the SMBC Facility (together, the "Credit Facilities"). For the year ended December 31, 2022 and 2021, the weighted average interest rate was 4.51% and 2.54%, respectively, and the average debt outstanding under the Credit Facilities was \$127.7 million and \$28.8 million, respectively.

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

On June 10, 2022, the Company entered into a second amended credit facility agreement, which amends the agreement dated as of February 20, 2020. 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 \$545.0 million, which is an increase from \$400.0 million as of December 31, 2021. The MUFG Bank Facility contains an accordion feature, in which the Company can increase the credit line up to an aggregate of \$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 2.60% for SOFR loans with a one-month interest period and 2.65% for SOFR loans with a three-month interest period. The MUFG Bank Facility matures on February 22, 2024, 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.

On January 13, 2023, the Company entered into the Third Amendment to Loan and Security Agreement (the "MUFG Third Amendment"), which amends certain provisions of the second amended credit facility agreement dated as of February 20, 2020 to, among other things, (i) reduce the maximum revolver amount from \$545.0 million to \$400.0 million, which may be further increased to \$600.0 million pursuant to an uncommitted accordion feature, (ii) modify the borrowing spread to a margin to SOFR plus 2.75%, (iii) modify the non-use fee during the revolving credit availability period to a range of 0.75% to 0.375%, (iv) extend the maturity of the revolving credit facility to January 13, 2026, plus a 12-month amortization period, unless sooner terminated in accordance with its terms, (v) modify the cash management provisions and (vi) modify the minimum tangible net worth covenant to an amount that is in excess of \$869.0 million.

#### *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. 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. As of December 31, 2021, the Company had access to \$100.0 million subject to certain conditions. Additionally, the SMBC Facility provides for the issuance of letters of credit on the account of the Company or its designee in U.S. dollars and certain agreed upon foreign currencies in an aggregate face amount not to exceed \$15.0 million. 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. 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.

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.

On January 13, 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 an initial commitment amount of \$100.0 million. 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.

## **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.

During the year ended December 31, 2021, the Company reclassified \$63.3 million from accumulated realized gains (losses) to additional paid-in capital for book purposes primarily related to realized losses from portfolio companies which are held in taxable subsidiaries and are not consolidated with the Company for income tax purposes.

During the year ended December 31, 2020, the Company reclassified \$67.7 million from accumulated realized gains (losses) to additional paid-in capital for book purposes primarily related to realized losses from exited portfolio companies which were held in taxable subsidiaries and were not consolidated with the Company for income tax purposes. In addition, the Company reclassified \$6.6 million from undistributed ordinary income to additional paid-in capital for book purposes during the year ended December 31, 2020 relating to accelerated revenue recognition for the tax years prior to December 31, 2017, which are closed tax years.

During the years ended December 31, 2022, 2021 and 2020, the Company reclassified amounts from undistributed ordinary income or accumulated realized gains (losses) to additional paid-in capital for book purposes, as follows:

(in thousands)	Year Ended December 31,		
	2022	2021	2020
Undistributed net investment income (distributions in excess of investment income)	\$ (8,784)	\$ 19,486	\$ (26,297)
Accumulated realized gains (losses)	(834)	69,066	100,353
Additional paid-in capital	9,618	(88,552)	(74,056)

For income tax purposes, distributions paid to stockholders are reported as ordinary income, long-term capital gains, return of capital, or a combination thereof. The tax character of distributions paid are as follows for each of the years ended:

(in millions)	Year Ended December 31,		
	2022	2021	2020
Ordinary income	\$ 203.7	\$ 122.6	\$ 118.0
Long-term capital gains	43.1	55.2	36.7

As of December 31, 2022, 2021 and 2020, the components of distributable earnings on a tax basis detailed below differ from the amounts reflected in the Company's Consolidated Statements of Assets and Liabilities by temporary book or tax differences primarily arising from the treatment of loan related yield enhancements.

(in thousands)	Year Ended December 31,		
	2022	2021	2020
Accumulated capital gains	\$ (3,102)	\$ 43,005	\$ 9,923
Other temporary differences	(20,100)	(16,206)	(11,711)
Undistributed ordinary income	127,703	149,069	97,401
Unrealized appreciation (depreciation)	(44,592)	40,655	37,778
<b>Components of distributable earnings</b>	<b>\$ 59,909</b>	<b>\$ 216,523</b>	<b>\$ 133,391</b>

The aggregate gross unrealized appreciation of the Company's investments over cost for U.S. federal income tax purposes was \$72.2 million, \$121.0 million, and \$166.2 million, as of December 31, 2022, 2021, and 2020, respectively. The aggregate gross unrealized depreciation of the Company's investments under cost for U.S. federal income tax purposes was \$112.0 million, \$75.7 million, and \$126.1 million, as of December 31, 2022, 2021, 2020, respectively. The net unrealized depreciation over cost for U.S. federal income tax purposes was \$39.8 million as of December 31, 2022. The net unrealized appreciation over cost for U.S. federal income tax purposes was \$45.3 million and \$40.1 million as of December 31, 2021 and 2020, respectively. The aggregate cost of securities for U.S. federal income tax purposes was \$3.0 billion and \$2.4 billion as of December 31, 2022 and 2021, 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.

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.

For the year ended December 31, 2022, the Company paid approximately \$7.4 million of income tax, including excise tax, and had \$5.2 million accrued, but unpaid tax expense as of December 31, 2022. For the year ended December 31, 2021, the Company paid approximately \$3.8 million of income tax, including excise tax, and had \$7.2 million accrued, including \$7.0 million of excise tax, relating to unpaid excise tax expense as of the balance sheet date. For the year ended December 31, 2020, the Company paid approximately \$2.5 million of income tax, including excise tax, and had \$3.0 million accrued relating to unpaid excise tax expense as of the balance sheet date.

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 133,044,602 and 116,618,891 shares of common stock as of December 31, 2022 and December 31, 2021, 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 years ended December 31, 2022, 2021, and 2020:

(in millions, except per share data)

Year Ending December 31,	Number of Shares Issued	Gross Proceeds	Underwriting Fees/Offering Expenses	Net Proceeds	Average Price/Share
2020	6.3	\$ 78.2	\$ 1.0	\$ 77.2	\$ 12.31
2021	0.6	\$ 10.8	\$ 0.2	\$ 10.6	\$ 16.62
2022	14.6	\$ 232.1	\$ 2.4	\$ 229.7	\$ 15.77

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 December 31, 2022, approximately 8.5 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 years ended December 31, 2022, 2021, and 2020:

(in thousands, except per share data)

Distribution Type	Declared Date	Record Date	Payment Date	Per Share Amount	Total Amount
Base	February 12, 2020	March 2, 2020	March 9, 2020	\$ 0.32	\$ 35,378
Supplemental	February 12, 2020	March 2, 2020	March 9, 2020	\$ 0.08	\$ 8,845
Base	April 27, 2020	May 14, 2020	May 21, 2020	\$ 0.32	\$ 36,002
Base	July 22, 2020	August 10, 2020	August 17, 2020	\$ 0.32	\$ 36,557
Base	October 21, 2020	November 9, 2020	November 16, 2020	\$ 0.32	\$ 36,686
Supplemental	October 21, 2020	November 9, 2020	November 16, 2020	\$ 0.02	\$ 2,293
Total distributions declared during the year ended December 31, 2020				\$ 1.38	\$ 155,761
Base	February 17, 2021	March 8, 2021	March 15, 2021	\$ 0.32	\$ 37,012
Supplemental	February 17, 2021	March 8, 2021	March 15, 2021	\$ 0.05	\$ 5,783
Base	April 21, 2021	May 12, 2021	May 19, 2021	\$ 0.32	\$ 37,053
Supplemental	April 21, 2021	May 12, 2021	May 19, 2021	\$ 0.07	\$ 8,105
Base	July 21, 2021	August 11, 2021	August 18, 2021	\$ 0.32	\$ 37,079
Supplemental	July 21, 2021	August 11, 2021	August 18, 2021	\$ 0.07	\$ 8,111
Base	October 21, 2021	November 10, 2021	November 17, 2021	\$ 0.33	\$ 38,306
Supplemental	October 21, 2021	November 10, 2021	November 17, 2021	\$ 0.07	\$ 8,126
Total distributions declared during the year ended December 31, 2021				\$ 1.55	\$ 179,575
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

In 2022, for income tax purposes, the distributions paid of \$1.97 per share were comprised of ordinary income of \$1.63 per share and \$0.34 per share of long-term capital gains. As of December 31, 2022, the Company estimates that it has generated undistributed taxable earnings "spillover" of \$0.94 per share. The undistributed taxable earnings spillover will be carried forward toward distributions to be paid in 2023.

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 2022, 2021, and 2020, the Company issued 259,466, 248,041, and 280,690 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 authorize us to issue up to 18.7 million shares of common stock and 300,000 shares of restricted stock under the 2018 Plan and Director Plan, respectively. Unless earlier terminated by the Board, the 2018 Plan and Director Plan will terminate on May 12, 2028. 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 years ended



December 31, 2022, 2021, and 2020, the Company recognized \$13.4 million, \$11.9 million, and \$11.1 million of stock-based compensation expense in the Consolidated Statement of Operations, respectively. As of December 31, 2022 and 2021, approximately \$13.1 million and \$15.8 million of total unrecognized compensation costs expected to be recognized over the next 1.7 and 1.8 years, respectively.

#### Service-Vesting Awards

The Company grants equity-based awards which have service conditions, and 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 (the “Service Vesting Awards”). The grant date fair value of Service Vesting Awards granted during the years ended December 31, 2022, 2021, and 2020, were approximately \$11.1 million, \$12.1 million and \$11.2 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 years ended December 31, 2022, 2021, and 2020 are summarized below:

	Year ended, December 31,					
	2022		2021		2020	
	Shares	Weighted Average Grant Date Fair Value per Share	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>	1,037,848	\$ 14.51	989,100	\$ 13.69	782,346	\$ 13.07
<b>Granted</b>	632,831	\$ 17.24	751,074	\$ 14.80	779,211	\$ 12.46
<b>Vested <sup>(1)</sup></b>	(686,030)	\$ 14.40	(620,116)	\$ 13.69	(543,486)	\$ 13.15
<b>Forfeited</b>	(25,664)	\$ 16.00	(82,210)	\$ 14.17	(28,971)	\$ 13.82
<b>Unvested Shares End of Period</b>	958,985	\$ 16.35	1,037,848	\$ 14.51	989,100	\$ 13.69

(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 years ended December 31, 2022, 2021, and 2020, was approximately \$166,000, \$144,000 and \$10,000, respectively. During the years ended December 31, 2022, 2021, and 2020, approximately \$76,000, \$37,000, and \$28,000 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 year ended December 31, 2022, all of the previously granted 487,409 Performance Awards shares vested, and an additional 487,409 Performance Awards were granted and vested immediately with a grant date fair value of \$8.1 million upon meeting certain performance conditions. Further, 639,413 Performance DEUs were issued and vested immediately with an aggregate grant date fair value of \$6.2 million. During the periods ended December 31, 2021 or 2020, no Performance DEUs were issued, nor were any Performance Awards or Performance DEUs granted or vested. As of December 31, 2022, 2021, or 2020, there were zero, 487,409, and 487,409 shares of 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 December 31, 2022, 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 December 31, 2022, all Liability Awards were unvested and there was approximately \$1.9 million of total unrecognized compensation costs expected to be recognized over a weighted average period of 1.3 years. For the year ended December 31, 2022, there was approximately \$2.7 million of accumulated compensation expense related to the Liability Awards recognized in the Consolidated Statement of Operations and \$1.2 million accrued within Accounts Payable and Accrued Liabilities in the Consolidated Statements of Assets and Liabilities. During the year ended December 31, 2022, \$7.2 million of the Liability Awards vested.

As of December 31, 2021, all Liability Awards were unvested and there was approximately \$4.5 million of total unrecognized compensation costs expected to be recognized over a weighted average period of 2.2 years. For the year ended December 31, 2021, there was approximately \$1.7 million of accumulated compensation expense related to the Liability Awards recognized in the Consolidated Statement of Operations and \$5.7 accrued within Accounts Payable and Accrued Liabilities in the Consolidated Statements of Assets and Liabilities. No Liability Awards vested during the year ended December 31, 2021.

### 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)	Year Ended December 31,		
	2022	2021	2020
<b>Numerator</b>			
Net increase (decrease) in net assets resulting from operations	\$ 102,081	\$ 174,155	\$ 227,261
Less: Total distributions declared	(249,077)	(179,575)	(155,761)
Total Earnings, net of total distributions	(146,996)	(5,420)	71,500
Earnings, net of distributions attributable to common shares	(146,995)	(5,420)	70,995
Add: Distributions declared attributable to common shares	246,873	177,864	154,658
<b>Numerator for basic and diluted change in net assets per common share</b>	<b>\$ 99,878</b>	<b>\$ 172,444</b>	<b>\$ 225,653</b>
<b>Denominator</b>			
Basic weighted average common shares outstanding	125,189	114,742	111,985
Incremental shares from assumed conversion of 2022 Convertible Notes	—	512	—
Common shares issuable	1,470	701	282
<b>Weighted average common shares outstanding assuming dilution</b>	<b>126,659</b>	<b>115,955</b>	<b>112,267</b>
<b>Change in net assets per common share:</b>			
Basic	\$ 0.80	\$ 1.50	\$ 2.02
Diluted	\$ 0.79	\$ 1.49	\$ 2.01

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.

As disclosed in “Note 5 – Debt”, on February 1, 2022, the Company fully repaid the 2022 Convertible Notes. As these notes were fully repaid, there is no dilutive impact for the year ended December 31, 2022. In July 2021, the Company irrevocably elected combination settlement for the 2022 Convertible Notes. Therefore the dilutive impact of the 2022 Convertible Notes, was calculated for only the portion expected to be settled in stock as it relates to the diluted shares outstanding for the year ended December 31, 2021.

The calculation of change in net assets resulting from operations per common share—assuming dilution, excludes all anti-dilutive shares. For the years ended December 31, 2022, 2021 and 2020, 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	Year Ended December 31,		
	2022	2021	2020
2022 Convertible Notes	—	—	5,543,097
Unvested common stock options	2,085	690	66,578
Restricted stock units*	—	20	—
Unvested restricted stock awards	2,116	861	10,049
Performance awards*	—	—	—

\*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 December 31, 2022 and 2021, 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 five years ended December 31, 2022, 2021, 2020, 2019, and 2018:

(in thousands, except per share data)	Year Ended December 31,				
	2022	2021	2020	2019	2018
Per share data <sup>(1)</sup> :					
<b>Net asset value at beginning of period</b>	\$ 11.22	\$ 11.26	\$ 10.55	\$ 9.90	\$ 9.96
Net investment income	1.50	1.29	1.39	1.41	1.20
Net realized gain (loss)	(0.01)	0.18	(0.50)	0.16	(0.12)
Net unrealized appreciation (depreciation)	(0.68)	0.03	1.13	0.14	(0.23)
<b>Total from investment operations</b>	0.81	1.50	2.02	1.71	0.85
Net increase (decrease) in net assets from capital share transactions <sup>(1)</sup>	0.34	(0.08)	0.01	0.20	0.23
Distributions of net investment income <sup>(6)</sup>	(1.63)	(1.06)	(1.03)	(1.15)	(1.26)
Distributions of capital gains <sup>(6)</sup>	(0.36)	(0.49)	(0.36)	(0.18)	—
Stock-based compensation expense included in net investment income and other movements <sup>(2)</sup>	0.15	0.09	0.07	0.07	0.12
<b>Net asset value at end of period</b>	<b>\$ 10.53</b>	<b>\$ 11.22</b>	<b>\$ 11.26</b>	<b>\$ 10.55</b>	<b>\$ 9.90</b>
Ratios and supplemental data:					
Per share market value at end of period	\$ 13.22	\$ 16.59	\$ 14.42	\$ 14.02	\$ 11.05
Total return <sup>(3)</sup>	(10.14)%	25.62%	14.31%	39.36%	(7.56)%
Shares outstanding at end of period	133,045	116,619	114,726	107,364	96,501
Weighted average number of common shares outstanding	125,189	114,742	111,985	101,132	90,929
Net assets at end of period	\$ 1,401,459	\$ 1,308,547	\$ 1,291,704	\$ 1,133,049	\$ 955,444
Ratio of total expense to average net assets <sup>(4)</sup>	9.92%	9.86%	11.30%	11.95%	10.73%
Ratio of net investment income before investment gains and losses to average net assets <sup>(4)</sup>	13.96%	11.28%	13.64%	13.74%	11.78%
Portfolio turnover rate <sup>(5)</sup>	19.29%	51.58%	32.38%	31.30%	38.76%
Weighted average debt outstanding	\$ 1,468,335	\$ 1,248,177	\$ 1,309,903	\$ 1,177,379	\$ 826,931
Weighted average debt per common share	\$ 11.73	\$ 10.88	\$ 11.70	\$ 11.64	\$ 9.09

- (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 years ended December 31, 2022, 2021, 2020, 2019, and 2018 equals to 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 years ended December 31, 2022, 2021, 2020, 2019, and 2018 equals to 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. A portion of these unfunded contractual commitments as of December 31, 2022 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 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 December 31, 2022 and December 31, 2021, the Company had approximately \$628.9 million and \$286.8 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 -13 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 December 31, 2022 and December 31, 2021, 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	
	December 31, 2022	December 31, 2021
<b>Debt Investments:</b>		
Phathom Pharmaceuticals, Inc.	\$ 66,500	\$ 43,250
Provention Bio, Inc.	40,000	—
Thumbtack, Inc.	40,000	—
Vida Health, Inc.	40,000	—
Madrigal Pharmaceutical, Inc.	34,000	—
Oak Street Health, Inc.	33,750	—
Automation Anywhere, Inc.	29,400	—
HilleVax, Inc.	28,000	—
Skydio, Inc.	22,500	37,500
Axsome Therapeutics, Inc.	21,000	—
Brain Corporation	20,700	20,000
Replimune Group, Inc.	20,700	—
Aryka Networks, Inc.	20,000	—
G1 Therapeutics, Inc.	19,375	19,375
Alladapt Immunotherapeutics Inc.	15,000	—
AppDirect, Inc.	15,000	—
Dronedeploy, Inc.	12,500	—
PathAI, Inc.	12,000	—
Viridian Therapeutics, Inc.	12,000	—
Tarsus Pharmaceuticals, Inc.	10,313	—
Alamar Biosciences, Inc.	10,000	—
Dashlane, Inc.	10,000	19,300
Fever Labs, Inc.	8,333	—
Kura Oncology, Inc.	8,250	—
Elation Health, Inc.	7,500	—
Gritstone Bio, Inc.	7,500	—
Nuvolo Technologies Corporation	5,970	—
Signal Media Limited	5,250	—
Akero Therapeutics, Inc.	5,000	—
Fulfil Solutions, Inc.	5,000	—
Demandbase, Inc.	3,750	9,375
Riviera Partners LLC	3,500	—
Babel Street	3,375	—
MacroFab, Inc.	3,000	—
Zappi, Inc.	2,571	—
Yipit, LLC	2,250	2,250
Khoros (p.k.a Lithium Technologies)	1,812	1,812
Ceros, Inc.	1,707	3,845
ThreatConnect, Inc.	1,600	1,600
RVShare, LLC	1,500	13,500
Dispatch Technologies, Inc.	1,250	—
LogicSource	1,209	—

(in thousands) Portfolio Company	Unfunded Commitments <sup>(1)</sup> as of	
	December 31, 2022	December 31, 2021
Zimperium, Inc.	\$ 1,088	\$ —
Ikon Science Limited	1,050	1,050
Cutover, Inc.	1,000	—
Omeda Holdings, LLC	938	—
Alchemer LLC	890	—
Fortified Health Security	840	—
Agilence, Inc.	800	800
Flight Schedule Pro, LLC	639	—
Constructor.io Corporation	625	—
Mobile Solutions Services	495	424
Enmark Systems, Inc.	457	457
Cybermaxx Intermediate Holdings, Inc.	390	471
Annex Cloud	386	—
ShadowDragon, LLC	333	333
Cytracom Holdings LLC	225	225
Blue Sprig Pediatrics, Inc.	—	30,000
Syndax Pharmaceuticals, Inc.	—	30,000
Equality Health, LLC	—	17,500
Carbon Health Technologies, Inc.	—	11,625
Bicycle Therapeutics PLC	—	10,000
Better Therapeutics, Inc.	—	4,000
Logiworks	—	2,000
3GTMS, LLC	—	1,583
Gryphon Networks Corp.	—	268
ePayPolicy Holdings, LLC	—	250
Pineapple Energy LLC	—	120
<b>Total Unfunded Debt Commitments:</b>	<b>623,221</b>	<b>282,913</b>
<b>Investment Funds &amp; Vehicles:</b> <sup>(2)</sup>		
Forbion Growth Opportunities Fund I C.V.	2,842	3,839
Forbion Growth Opportunities Fund II C.V.	2,811	—
<b>Total Unfunded Commitments in Investment Funds &amp; Vehicles:</b>	<b>5,653</b>	<b>3,839</b>
<b>Total Unfunded Commitments</b>	<b>\$ 628,874</b>	<b>\$ 286,752</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 \$173.5 million and \$34.9 million of unfunded commitments as of December 31, 2022, and December 31, 2021, respectively, to portfolio companies related to loans assigned to or directly committed by the Adviser Funds as described in "Note -13 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)	December 31, 2022	December 31, 2021
<b>Unfunded Debt Commitments:</b>		
Expiring during:		
2023	\$ 461,296	\$ 199,681
2024	134,856	43,675
2025	720	25,800
2026	9,038	2,232
2027	15,171	11,525
2028	2,140	—
<b>Total Unfunded Debt Commitments</b>	<b>623,221</b>	<b>282,913</b>
<b>Unfunded Commitments in Investment Funds &amp; Vehicles:</b>		
Expiring during:		
2030	2,842	3,839
2032	2,811	—
<b>Total Unfunded Commitments in Investment Funds &amp; Vehicles</b>	<b>5,653</b>	<b>3,839</b>
<b>Total Unfunded Commitments</b>	<b>\$ 628,874</b>	<b>\$ 286,752</b>

The following tables provide the Company's contractual obligations as of December 31, 2022 and December 31, 2021:

As of December 31, 2022: Contractual Obligations <sup>(1)</sup>	Payments due by period (in thousands)				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years
Debt <sup>(2)(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>

As of December 31, 2021: Contractual Obligations <sup>(1)</sup>	Payments due by period (in thousands)				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years
Debt <sup>(5)(3)</sup>	\$ 1,250,425	\$ 380,000	\$ 105,000	\$ 574,925	\$ 190,500
Lease and License Obligations <sup>(4)</sup>	8,283	3,120	2,958	1,427	778
<b>Total</b>	<b>\$ 1,258,708</b>	<b>\$ 383,120</b>	<b>\$ 107,958</b>	<b>\$ 576,352</b>	<b>\$ 191,278</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 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.
- (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 \$150.5 million in principal outstanding under the SBA Debentures, \$150.0 million of the 2022 Notes, \$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 March 2026 A Notes, \$50.0 million of the March 2026 B Notes, \$40.0 million of the 2033 Notes, \$325.0 million of the September 2026 Notes, and \$230.0 million of the 2022 Convertible Notes as of December 31, 2021. There was also \$29.9 million outstanding under the SMBC Facility and no amounts outstanding under the Union Facility as of December 31, 2021.

Certain premises are leased or licensed under agreements which expire at various dates through December 2028. Total rent expense, including short-term leases, amounted to approximately \$3.2 million, \$3.1 million, and \$3.1 million, during the years ended December 31, 2022, 2021, and 2020, 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 December 31, 2022 and 2021:

(in thousands)	Year Ended December 31, 2022		Year Ended December 31, 2021	
Total operating lease cost	\$	2,928	\$	2,900
Cash paid for amounts included in the measurement of lease liabilities	\$	3,064	\$	2,322
ROU assets obtained in exchange for lease liabilities	\$	—	\$	—
		<b>As of December 31, 2022</b>		<b>As of December 31, 2021</b>
Weighted-average remaining lease term (in years)		5.48		4.30
Weighted-average discount rate		5.37%		4.81%

The following table shows future minimum lease payments under the Company's operating leases and a reconciliation to the operating lease liability as of December 31, 2022:

(in thousands)	As of December 31, 2022	
2023	\$	2,598
2024		1,110
2025		1,149
2026		1,191
Thereafter		2,468
Total lease payments		8,516
Less: imputed interest & other items		(3,010)
<b>Total operating lease liability</b>	<b>\$</b>	<b>5,506</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. Indemnification

The Company has entered into indemnification agreements with its directors and executive officers. The indemnification agreements are intended to provide its directors and executive officers the maximum indemnification permitted under Maryland law and the 1940 Act. Each indemnification agreement provides that the Company shall indemnify the director or executive officer who is a party to the agreement, or an "Indemnitee," including the advancement of legal expenses, if, by reason of his or her corporate status, the Indemnitee is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed proceeding, to the maximum extent permitted by Maryland law and the 1940 Act.

The Company and its executives and directors are covered by Directors and Officers Insurance, with the directors and officers being indemnified by the Company to the maximum extent permitted by Maryland law subject to the restrictions in the 1940 Act.

## 13. 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 years ended December 31, 2022 and 2021, are net of expenses allocated to the Adviser Subsidiary of \$8.3 million and \$5.0 million, respectively. As of December 31, 2022 and 2021, there was \$0.1 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 year ended December 31, 2022, \$747.1 million of all investment commitments of the Company and the Adviser Subsidiary were assigned to or directly committed by the Adviser Funds. During the year ended December 31, 2022, fundings of \$330.2 million were assigned to, directly originated, or funded by the Adviser Funds. The Company received \$137.0 million from the Adviser Funds relating to the assigned investments during the year ended December 31, 2022. Additionally, on May 31, 2022, the Company sold \$73.5 million of assets to the Adviser Funds and realized a \$0.1 million gain.

During the year ended December 31, 2021, \$374.5 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 year ended December 31, 2021, fundings of \$226.4 million were assigned to, directly originated, or funded by the Adviser Funds. The Company received \$125.2 million from the Adviser Funds relating to the assigned investments during the year ended December 31, 2021.

## 14. Subsequent Events

### *Dividend Distribution Declaration*

On February 9, 2023, the Board declared (i) a fourth quarter cash distribution of \$0.39 per share and (ii) a supplemental cash distribution of \$0.32 per share, to be paid in four quarterly distributions of \$0.08 per share beginning with the first quarter of 2023 (the "\$0.32 Supplemental Cash Distribution"). The fourth quarter cash distribution and the first quarterly distribution of the \$0.32 Supplemental Cash Distribution (a total of \$0.47 per share) will be paid on March 9, 2023 to stockholders of record as of March 2, 2023.

### *Equity Offering*

During January 2023, through its ATM program, the Company sold approximately 2.6 million shares of common stock for \$34.9 million of net proceeds.

### *Credit Facility Agreements*

On January 13, 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 an initial commitment amount of \$100.0 million. 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.

Additionally on January 13, 2023, the Company entered into the Third Amendment to Loan and Security Agreement (the “MUFG Third Amendment”), with the lenders party thereto, and MUFG Bank, Ltd., as agent, a joint lead arranger, swingline lender and sole bookrunner. The MUFG Third Amendment amends certain provisions of the second amended credit facility agreement dated as of February 20, 2020 to, among other things, (i) reduce the maximum revolver amount from \$545.0 million to \$400.0 million, which may be further increased to \$600.0 million pursuant to an uncommitted accordion feature, (ii) modify the borrowing spread to a margin to SOFR plus 2.75%, (iii) modify the non-use fee during the revolving credit availability period to a range of 0.75% to 0.375%, (iv) extend the maturity of the revolving credit facility to January 13, 2026, plus a 12-month amortization period, unless sooner terminated in accordance with its terms, (v) modify the cash management provisions and (vi) modify the minimum tangible net worth covenant to an amount that is in excess of \$869.0 million.



**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Not Applicable.

**Item 9A. Controls and Procedures**

**1. 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 Annual Report, 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.

**2. Internal Control Over Financial Reporting**

*a. Management's Annual Report on Internal Control over Financial Reporting*

The Company is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the SEC, internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial and accounting officer, approved and monitored by the Company's Board, and implemented by management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

The Company's internal control over financial reporting is supported by written policies and procedures, that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of the Company conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2022 based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework"). Based on this assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2022.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2022 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm who also audited the Company's consolidated financial statements, as stated in their report, which is included in this Annual Report on Form 10K.

**Changes in Internal Control over Financial Reporting in 2022**

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

**Item 9B. Other Information**

The following tables are being provided to update, as of December 31, 2022, certain information in the Company's registration statement on Form N-2 (File No. 333-261732) filed with the SEC on December 17, 2021.

**Fees and Expenses**

The following table is intended to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. However, we caution you that some of the percentages indicated in the table below are estimates and may vary. The footnotes to the fee table state which items are estimates. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by "you" or "us" or that "we" will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in Hercules Capital, Inc.

<b>Stockholder Transaction Expenses (as a percentage of the public offering price):</b>		
Sales load (as a percentage of offering price) <sup>(1)</sup>	—	%
Offering expenses	—	% <sup>(2)</sup>
Dividend reinvestment plan fees	—	% <sup>(3)</sup>
<b>Total stockholder transaction expenses (as a percentage of the public offering price)</b>	<b>—</b>	<b>%<sup>(4)</sup></b>
<b>Annual Expenses (as a percentage of net assets attributable to common stock):<sup>(5)</sup></b>		
Operating expenses	<b>5.29</b>	% <sup>(6)(7)</sup>
Interest and fees paid in connection with borrowed funds	<b>4.63</b>	% <sup>(8)</sup>
Acquired fund fees and expenses	<b>0.01</b>	% <sup>(10)</sup>
<b>Total annual expenses</b>	<b>9.93</b>	<b>%<sup>(9)</sup></b>

(1) In the event that our securities are sold to or through underwriters, a corresponding prospectus supplement to the Prospectus will disclose the applicable sales load.

(2) In the event that we conduct an offering of our securities, a corresponding prospectus supplement to this prospectus will disclose the estimated offering expenses.

(3) The expenses associated with the administration of our dividend reinvestment plan are included in "Operating expenses." We pay all brokerage commissions incurred with respect to open market purchases, if any, made by the administrator under the plan. For more details about the plan, see "Dividend Reinvestment Plan."

(4) Total stockholder transaction expenses may include sales load and will be disclosed in a future prospectus supplement, if any.

(5) "Net assets attributable to common stock" equals the weighted average net assets for the year ended December 31, 2022, which is approximately \$1,347.3 million.

(6) "Operating expenses" represent our actual operating expenses incurred for the twelve months ended December 31, 2022.

(7) We do not have an investment adviser and are internally managed by our executive officers under the supervision of our Board. As a result, we do not pay investment advisory fees, but instead we pay the operating costs associated with employing investment management professionals.

(8) "Interest and fees paid in connection with borrowed funds" represent our interest, fees, and credit facility expenses incurred for the year ended December 31, 2022.

(9) "Total annual expenses" is the sum of "Operating expenses", "Interest and fees paid in connection with borrowed funds", and "Acquired fund fees and expenses". "Total annual expenses" is presented as a percentage of weighted average net assets attributable to common stockholders, because the holders of shares of our common stock (and not the holders of our debt securities or preferred stock, if any) bear all of our fees and expenses, including the fees and expenses of our wholly-owned consolidated subsidiaries, all of which are included in this fee table presentation.

(10) "Acquired fund fees and expenses" represent the estimated indirect expense incurred due to investments in other investment companies and private funds.

## Senior Securities

Information about our senior securities is shown in the following table for the periods as of December 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013 which is derived from our audited financial statements for these periods, which have been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm. The “N/A” indicates information that the SEC expressly does not require to be disclosed for certain types of senior securities.

<u>Class and Year</u>	<u>Total Amount Outstanding Exclusive of Treasury Securities<sup>(1)</sup></u>	<u>Asset Coverage per Unit<sup>(2)</sup></u>	<u>Average Market Value per Unit<sup>(3)</sup></u>
<b>Securitized Credit Facility with Wells Fargo Capital Finance</b>			
December 31, 2013 <sup>(7)</sup>	—	—	N/A
December 31, 2014 <sup>(7)</sup>	—	—	N/A
December 31, 2015	\$ 50,000,000	\$ 26,352	N/A
December 31, 2016	\$ 5,015,620	\$ 290,234	N/A
December 31, 2017 <sup>(7)</sup>	—	—	N/A
December 31, 2018	\$ 13,106,582	\$ 147,497	N/A
December 31, 2019 <sup>(7)</sup>	—	—	N/A
December 31, 2020 <sup>(7)</sup>	—	—	N/A
December 31, 2021 <sup>(7)</sup>	—	—	N/A
<b>Secured Credit Facility with MUFG Bank Ltd. (MUFG)<sup>(9)</sup></b>			
December 31, 2013 <sup>(7)</sup>	—	—	N/A
December 31, 2014 <sup>(7)</sup>	—	—	N/A
December 31, 2015 <sup>(7)</sup>	—	—	N/A
December 31, 2016 <sup>(7)</sup>	—	—	N/A
December 31, 2017 <sup>(7)</sup>	—	—	N/A
December 31, 2018	\$ 39,849,010	\$ 48,513	N/A
December 31, 2019	\$ 103,918,736	\$ 23,423	N/A
December 31, 2020 <sup>(7)</sup>	—	—	N/A
December 31, 2021 <sup>(7)</sup>	—	—	N/A
December 31, 2022	\$ 107,000,000	\$ 27,964	N/A
<b>Secured Credit Facility with Sumitomo Mitsui Banking Corporation (SMBC)</b>			
December 31, 2021	\$ 29,924,726	\$ 85,479	N/A
December 31, 2022	\$ 72,000,000	\$ 41,558	N/A
<b>Small Business Administration Debentures (HT II)<sup>(4)</sup></b>			
December 31, 2013	\$ 76,000,000	\$ 16,075	N/A
December 31, 2014	\$ 41,200,000	\$ 31,535	N/A
December 31, 2015	\$ 41,200,000	\$ 31,981	N/A
December 31, 2016	\$ 41,200,000	\$ 35,333	N/A
December 31, 2017	\$ 41,200,000	\$ 39,814	N/A
December 31, 2018	—	—	N/A
<b>Small Business Administration Debentures (HT III)<sup>(5)</sup></b>			
December 31, 2013	\$ 149,000,000	\$ 8,199	N/A
December 31, 2014	\$ 149,000,000	\$ 8,720	N/A
December 31, 2015	\$ 149,000,000	\$ 8,843	N/A
December 31, 2016	\$ 149,000,000	\$ 9,770	N/A
December 31, 2017	\$ 149,000,000	\$ 11,009	N/A
December 31, 2018	\$ 149,000,000	\$ 12,974	N/A
December 31, 2019	\$ 149,000,000	\$ 16,336	N/A
December 31, 2020	\$ 99,000,000	\$ 26,168	N/A
December 31, 2021	—	—	N/A
<b>Small Business Administration Debentures (HC IV)<sup>(6)</sup></b>			
December 31, 2021	\$ 150,500,000	\$ 16,996	N/A
December 31, 2022	\$ 175,000,000	\$ 17,098	N/A
<b>2016 Convertible Notes</b>			
December 31, 2013	\$ 75,000,000	\$ 16,847	\$ 1,403
December 31, 2014	\$ 17,674,000	\$ 74,905	\$ 1,290
December 31, 2015	\$ 17,604,000	\$ 74,847	\$ 1,110
December 31, 2016	—	—	N/A
<b>April 2019 Notes</b>			
December 31, 2013	\$ 84,489,500	\$ 14,460	\$ 1,021
December 31, 2014	\$ 84,489,500	\$ 15,377	\$ 1,023
December 31, 2015	\$ 64,489,500	\$ 20,431	\$ 1,017
December 31, 2016	\$ 64,489,500	\$ 22,573	\$ 1,022
December 31, 2017	—	—	N/A

<b>Class and Year</b>	<b>Total Amount Outstanding Exclusive of Treasury Securities<sup>(1)</sup></b>	<b>Asset Coverage per Unit<sup>(2)</sup></b>	<b>Average Market Value per Unit<sup>(3)</sup></b>
<b>September 2019 Notes</b>			
December 31, 2013	\$ 85,875,000	\$ 14,227	\$ 1,016
December 31, 2014	\$ 85,875,000	\$ 15,129	\$ 1,026
December 31, 2015	\$ 45,875,000	\$ 28,722	\$ 1,009
December 31, 2016	\$ 45,875,000	\$ 31,732	\$ 1,023
December 31, 2017	—	—	N/A
<b>2022 Notes</b>			
December 31, 2017	\$ 150,000,000	\$ 10,935	\$ 1,014
December 31, 2018	\$ 150,000,000	\$ 12,888	\$ 976
December 31, 2019	\$ 150,000,000	\$ 16,227	\$ 1,008
December 31, 2020	\$ 150,000,000	\$ 17,271	\$ 1,017
December 31, 2021	\$ 150,000,000	\$ 17,053	\$ 1,019
December 31, 2022	—	—	N/A
<b>2024 Notes</b>			
December 31, 2014	\$ 103,000,000	\$ 12,614	\$ 1,010
December 31, 2015	\$ 103,000,000	\$ 12,792	\$ 1,014
December 31, 2016	\$ 252,873,175	\$ 5,757	\$ 1,016
December 31, 2017	\$ 183,509,600	\$ 8,939	\$ 1,025
December 31, 2018	\$ 83,509,600	\$ 23,149	\$ 1,011
December 31, 2019	—	—	N/A
<b>2025 Notes</b>			
December 31, 2018	\$ 75,000,000	\$ 25,776	\$ 962
December 31, 2019	\$ 75,000,000	\$ 32,454	\$ 1,032
December 31, 2020	\$ 75,000,000	\$ 34,541	\$ 1,020
December 31, 2021	—	—	N/A
<b>2033 Notes</b>			
December 31, 2018	\$ 40,000,000	\$ 48,330	\$ 934
December 31, 2019	\$ 40,000,000	\$ 60,851	\$ 1,054
December 31, 2020	\$ 40,000,000	\$ 64,765	\$ 1,072
December 31, 2021	\$ 40,000,000	\$ 63,948	\$ 1,067
December 31, 2022	\$ 40,000,000	\$ 74,804	\$ 984
<b>July 2024 Notes</b>			
December 31, 2019	\$ 105,000,000	\$ 23,181	N/A
December 31, 2020	\$ 105,000,000	\$ 24,672	N/A
December 31, 2021	\$ 105,000,000	\$ 24,361	N/A
December 31, 2022	\$ 105,000,000	\$ 28,497	N/A
<b>February 2025 Notes</b>			
December 31, 2020	\$ 50,000,000	\$ 51,812	N/A
December 31, 2021	\$ 50,000,000	\$ 51,159	N/A
December 31, 2022	\$ 50,000,000	\$ 59,843	N/A
<b>June 2025 Notes</b>			
December 31, 2020	\$ 70,000,000	\$ 37,009	N/A
December 31, 2021	\$ 70,000,000	\$ 36,542	N/A
December 31, 2022	\$ 70,000,000	\$ 42,745	N/A
<b>June 2025 3-Year Notes</b>			
December 31, 2022	\$ 50,000,000	\$ 59,843	N/A
<b>March 2026 A Notes</b>			
December 31, 2020	\$ 50,000,000	\$ 51,812	N/A
December 31, 2021	\$ 50,000,000	\$ 51,159	N/A
December 31, 2022	\$ 50,000,000	\$ 59,843	N/A
<b>March 2026 B Notes</b>			
December 31, 2021	\$ 50,000,000	\$ 51,159	N/A
December 31, 2022	\$ 50,000,000	\$ 59,843	N/A
<b>September 2026 Notes</b>			
December 31, 2021	\$ 325,000,000	\$ 7,871	N/A
December 31, 2022	\$ 325,000,000	\$ 9,207	N/A
<b>January 2027 Notes</b>			
December 31, 2022	\$ 350,000,000	\$ 8,549	N/A
<b>2017 Asset-Backed Notes</b>			
December 31, 2013	\$ 89,556,972	\$ 13,642	\$ 1,004
December 31, 2014	\$ 16,049,144	\$ 80,953	\$ 1,375
December 31, 2015	—	—	N/A

<u>Class and Year</u>	<u>Total Amount Outstanding Exclusive of Treasury Securities<sup>(1)</sup></u>	<u>Asset Coverage per Unit<sup>(2)</sup></u>	<u>Average Market Value per Unit<sup>(3)</sup></u>
<b>2021 Asset-Backed Notes</b>			
December 31, 2014	\$ 129,300,000	\$ 10,048	\$ 1,000
December 31, 2015	\$ 129,300,000	\$ 10,190	\$ 996
December 31, 2016	\$ 109,205,263	\$ 13,330	\$ 1,002
December 31, 2017	\$ 49,152,504	\$ 33,372	\$ 1,001
December 31, 2018	—	—	N/A
<b>2027 Asset-Backed Notes</b>			
December 31, 2018	\$ 200,000,000	\$ 9,666	\$ 1,006
December 31, 2019	\$ 200,000,000	\$ 12,170	\$ 1,004
December 31, 2020	\$ 180,988,022	\$ 14,314	\$ 1,001
December 31, 2021	—	—	N/A
<b>2028 Asset-Backed Notes</b>			
December 31, 2019	\$ 250,000,000	\$ 9,736	\$ 1,004
December 31, 2020	\$ 250,000,000	\$ 10,362	\$ 1,002
December 31, 2021	—	—	N/A
<b>2031 Asset-Backed Notes</b>			
December 31, 2022	\$ 150,000,000	\$ 19,948	\$ 951
<b>2022 Convertible Notes</b>			
December 31, 2017	\$ 230,000,000	\$ 7,132	\$ 1,028
December 31, 2018	\$ 230,000,000	\$ 8,405	\$ 946
December 31, 2019	\$ 230,000,000	\$ 10,583	\$ 1,021
December 31, 2020	\$ 230,000,000	\$ 11,264	\$ 1,027
December 31, 2021	\$ 230,000,000	\$ 11,121	\$ 1,026
December 31, 2022	\$ —	\$ —	N/A
<b>Total Senior Securities<sup>(8)</sup></b>			
December 31, 2013	\$ 559,921,472	\$ 2,182	N/A
December 31, 2014	\$ 626,587,644	\$ 2,073	N/A
December 31, 2015	\$ 600,468,500	\$ 2,194	N/A
December 31, 2016	\$ 667,658,558	\$ 2,180	N/A
December 31, 2017	\$ 802,862,104	\$ 2,043	N/A
December 31, 2018	\$ 980,465,192	\$ 1,972	N/A
December 31, 2019	\$ 1,302,918,736	\$ 1,868	N/A
December 31, 2020	\$ 1,299,988,022	\$ 1,993	N/A
December 31, 2021	\$ 1,250,424,726	\$ 2,046	N/A
December 31, 2022	\$ 1,594,000,000	\$ 1,877	N/A

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

(2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, including senior securities not subject to asset coverage requirements under the 1940 Act due to exemptive relief from the SEC, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by \$1,000 to determine the Asset Coverage per Unit.

(3) Not applicable because senior securities are not registered for public trading.

(4) Issued by Hercules Technology II, L.P. ("HT II"), one of our prior SBIC subsidiaries, to the Small Business Association ("SBA"). On July 13, 2018, we completed repayment of the remaining outstanding HT II debentures and subsequently surrendered the SBA license with respect to HT II. These categories of senior securities were not subject to the asset coverage requirements of the 1940 Act as a result of exemptive relief granted to us by the SEC.

(5) Issued by HT III, one of our prior SBIC subsidiaries, to the SBA. On May 5, 2021, we completed repayment of the remaining outstanding HT III debentures and subsequently surrendered the SBA license with respect to HT III. These categories of senior securities were not subject to the asset coverage requirements of the 1940 Act as a result of exemptive relief granted to us by the SEC.

(6) Issued by HC IV, one of our SBIC subsidiaries, to the SBA. These categories of senior securities are not subject to the asset coverage requirements of the 1940 Act as a result of exemptive relief granted to us by the SEC.

(7) The Company's Wells Facility and MUFG Bank Facility had no borrowings outstanding as of the periods noted above.

(8) The total senior securities and Asset Coverage per Unit shown for those securities do not represent the asset coverage ratio requirement under the 1940 Act, because the presentation includes senior securities not subject to the asset coverage requirements of the 1940 Act as a result of exemptive relief granted to us by the SEC. As of December 31, 2022, our asset coverage ratio under our regulatory requirements as a business development company was 198.5% excluding our SBA debentures as a result of our exemptive order from the SEC which allows us to exclude all SBA leverage from our asset coverage ratio.

(9) The June 2022 amendment of the MUFG Bank Facility replaced the Union Bank Facility via an amendment as the lead lender.

#### Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

## PART III

### **Item 10.        *Directors, Executive Officers and Corporate Governance***

Information in response to this Item is incorporated herein by reference to the information provided in the Company's definitive Proxy Statement for the Company's 2023 Annual Meeting of Stockholders, or the 2023 Proxy Statement, to be filed with the SEC pursuant to Regulation 14A under the Exchange Act under the headings "Proposal I: Election Of Directors," "Information About Executive Officers Who Are Not Directors" and "Certain Relationships And Transactions."

The Company has adopted a code of business conduct and ethics that applies to directors, officers and employees. The code of business conduct and ethics is available on the Company's website at <http://www.htgc.com>. The Company will report any amendments to or waivers of a required provision of the code of business conduct and ethics on the Company's website or in a Form 8-K.

### **Item 11.        *Executive Compensation***

The information with respect to compensation of executives and directors is contained under the caption "Executive Compensation" in the Company's 2023 Proxy Statement and is incorporated in this Annual Report by reference in response to this item.

### **Item 12.        *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information with respect to security ownership of certain beneficial owners and management is contained under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Executive Compensation" in the Company's 2023 Proxy Statement and is incorporated in this Annual Report by reference in response to this item.

### **Item 13.        *Certain Relationships and Related Transactions and Director Independence***

The information with respect to certain relationships and related transactions is contained under the caption "Certain Relationships and Transactions" and the caption "Proposal I: Election of Directors" in the Company's 2023 Proxy Statement and is incorporated in this Annual Report by reference in response to this item.

### **Item 14.        *Principal Accountant Fees and Services***

The information with respect to principal accountant fees and services is contained under the captions "Principal Accountant Fees and Services" and "Proposal III: Ratification of Selection of Independent Registered Public Accountants" in the Company's 2023 Proxy Statement and is incorporated in this Annual Report by reference to this item.

PART IV

**Item 15. Exhibits and Financial Statement Schedules**

1. Financial Statements

The following financial statements of the “Company” are filed herewith:

AUDITED FINANCIAL STATEMENTS

<a href="#"><u>Consolidated Statements of Assets and Liabilities as of December 31, 2022 and December 31, 2021</u></a>	70
<a href="#"><u>Consolidated Statements of Operations for the three years ended December 31, 2022</u></a>	71
<a href="#"><u>Consolidated Statements of Changes in Net Assets for the three years ended December 31, 2022</u></a>	72
<a href="#"><u>Consolidated Statements of Cash Flows for the three years ended December 31, 2022</u></a>	73
<a href="#"><u>Consolidated Schedule of Investments as of December 31, 2022</u></a>	74
<a href="#"><u>Consolidated Schedule of Investments as of December 31, 2021</u></a>	85
<a href="#"><u>Notes to Consolidated Financial Statements</u></a>	95

2. The following financial statement schedules are filed herewith:

<a href="#"><u>Consolidated Schedule of Investments In and Advances to Affiliates as of December 31, 2022</u></a>	137
<a href="#"><u>Consolidated Schedule of Investments In and Advances to Affiliates as of December 31, 2021</u></a>	138

3. Exhibits required to be filed by Item 601 of Regulation S-K.

Item 15. 2. Consolidated Schedule of Investments In and Advances to Affiliates as of December 31, 2022 and 2021

Schedules 12-14

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

(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 December 31, 2022
<b>Control Investments</b>								
Majority Owned Control Investments								
Coronado Aesthetics, LLC <sup>(9)</sup>	Preferred Stock	\$ —	\$ —	\$ 500	\$ —	\$ —	\$ (187)	\$ 313
	Common Stock	—	—	65	—	—	(59)	6
Gibraltar Business Capital, LLC <sup>(5)</sup>	Unsecured Debt	3,453	—	23,212	82	—	(1,594)	21,700
	Preferred Stock	—	—	19,393	—	—	(5,256)	14,137
	Common Stock	—	—	1,225	—	—	(118)	1,107
Hercules Adviser LLC <sup>(6)</sup>	Unsecured Debt	546	—	8,850	3,150	—	—	12,000
	Member Units	—	—	11,990	—	—	7,163	19,153
Total Majority Owned Control Investments		\$ 3,999	\$ —	\$ 65,235	\$ 3,232	\$ —	\$ (51)	\$ 68,416
Other Control Investments								
Tectura Corporation <sup>(7)</sup>	Senior Debt	\$ 690	\$ —	\$ 8,269	\$ —	\$ —	\$ (227)	\$ 8,042
	Preferred Stock	—	—	—	—	—	—	—
	Common Stock	—	—	—	—	—	—	—
Total Other Control Investments		\$ 690	\$ —	\$ 8,269	\$ —	\$ —	\$ (227)	\$ 8,042
<b>Total Control Investments</b>		<b>\$ 4,689</b>	<b>\$ —</b>	<b>\$ 73,504</b>	<b>\$ 3,232</b>	<b>\$ —</b>	<b>\$ (278)</b>	<b>\$ 76,458</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>(8)</sup>	Senior Debt	1,204	(2,014)	7,747	—	(7,780)	33	—
	Common Stock	—	—	591	—	(4,767)	4,176	—
<b>Total Affiliate Investments</b>		<b>\$ 1,204</b>	<b>\$ 1,758</b>	<b>\$ 9,458</b>	<b>\$ —</b>	<b>\$ (13,547)</b>	<b>\$ 4,089</b>	<b>\$ —</b>
<b>Total Control and Affiliate Investments</b>		<b>\$ 5,893</b>	<b>\$ 1,758</b>	<b>\$ 82,962</b>	<b>\$ 3,232</b>	<b>\$ (13,547)</b>	<b>\$ 3,811</b>	<b>\$ 76,458</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 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 September 30, 2022, Black Crow AI, Inc. and Pineapple Energy LLC were no longer affiliates as defined under the 1940 Act.
- (9) 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.



**CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES**  
As of and for the year ended December 31, 2021

(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, 2020	Gross Additions <sup>(3)</sup>	Gross Reductions <sup>(4)</sup>	Net Change in Unrealized Appreciation/ (Depreciation)	Fair Value as of December 31, 2021
<b>Control Investments</b>								
Majority Owned Control Investments								
Coronado Aesthetics, LLC <sup>(11)</sup>	Preferred Stock	\$ —	\$ —	\$ —	\$ 250	—	\$ 250	\$ 500
	Common Stock	—	—	—	—	—	65	65
Gibraltar Business Capital, LLC <sup>(5)</sup>	Unsecured Debt	3,232	—	14,970	9,646	—	(1,404)	23,212
	Preferred Stock	—	—	31,554	—	—	(12,161)	19,393
	Common Stock	—	—	2,276	—	—	(1,051)	1,225
Hercules Adviser LLC <sup>(6)</sup>	Unsecured Debt	141	—	—	8,850	—	—	8,850
	Member Units	—	—	—	35	—	11,955	11,990
<b>Total Majority Owned Control Investments</b>		<b>\$ 3,373</b>	<b>\$ —</b>	<b>\$ 48,800</b>	<b>\$ 18,781</b>	<b>\$ —</b>	<b>\$ (2,346)</b>	<b>\$ 65,235</b>
Other Control Investments								
Tectura Corporation <sup>(7)</sup>	Senior Debt	\$ 695	\$ —	\$ 8,600	\$ —	\$ —	\$ (331)	\$ 8,269
	Preferred Stock	—	—	—	—	—	—	—
	Common Stock	—	—	—	—	—	—	—
<b>Total Other Control Investments</b>		<b>\$ 695</b>	<b>\$ —</b>	<b>\$ 8,600</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (331)</b>	<b>\$ 8,269</b>
<b>Total Control Investments</b>		<b>\$ 4,068</b>	<b>\$ —</b>	<b>\$ 57,400</b>	<b>\$ 18,781</b>	<b>\$ —</b>	<b>\$ (2,677)</b>	<b>\$ 73,504</b>
<b>Affiliate Investments</b>								
Black Crow AI, Inc. <sup>(8)</sup>	Preferred Stock	\$ —	\$ —	\$ —	\$ 1,000	\$ —	\$ 120	\$ 1,120
	Convertible Debt	—	—	—	2,208	(3,993)	1,785	—
Pineapple Energy LLC <sup>(9)</sup>	Senior Debt	10	—	7,500	280	—	(33)	7,747
	Common Stock	—	—	840	—	—	(249)	591
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) <sup>(10)</sup>	Senior Debt	—	(641)	—	—	(681)	681	—
	Common Stock	—	(61,502)	—	—	(61,502)	61,502	—
<b>Total Affiliate Investments</b>		<b>\$ 10</b>	<b>\$ (62,143)</b>	<b>\$ 8,340</b>	<b>\$ 3,488</b>	<b>\$ (66,176)</b>	<b>\$ 63,806</b>	<b>\$ 9,458</b>
<b>Total Control and Affiliate Investments</b>		<b>\$ 4,078</b>	<b>\$ (62,143)</b>	<b>\$ 65,740</b>	<b>\$ 22,269</b>	<b>\$ (66,176)</b>	<b>\$ 61,129</b>	<b>\$ 82,962</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 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 March 23, 2021, the Company's investments in Black Crow AI, Inc. 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.

(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 June 30, 2021, the Company's investments in Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) were written off for a realized loss.

(11) 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.

**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						\$ 250	\$ 319
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						\$ 52,573	\$ 36,944
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						\$ 12,035	\$ 31,153
Total Majority Owned Control Investments (4.88%)*						\$ 64,858	\$ 68,416
<b>Other Control Investments</b>							
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						\$ 22,413	\$ 8,042
Total Other Control Investments (0.58%)*						\$ 22,413	\$ 8,042
Total Control Investments (5.46%)*						\$ 87,271	\$ 76,458
Total Control and Affiliate Investments (5.46%)*						\$ 87,271	\$ 76,458

\* 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.

**CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES**  
**As of and for the year ended December 31, 2021**

(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>							
<b>Majority Owned Control Investments</b>							
Coronado Aesthetics, LLC	Medical Devices & Equipment	Preferred Series A Equity			5,000,000	\$ 250	\$ 500
	Medical Devices & Equipment	Common Stock			180,000	—	65
Total Coronado Aesthetics, LLC						\$ 250	\$ 565
Gibraltar Business Capital, LLC	Diversified Financial Services	Unsecured Debt	September 2026	Interest rate FIXED 14.50%	\$ 15,000	14,662	13,818
	Diversified Financial Services	Unsecured Debt	September 2026	Interest rate FIXED 11.50%	\$ 10,000	9,823	9,394
	Diversified Financial Services	Preferred Series A Equity			10,602,752	26,122	19,393
	Diversified Financial Services	Common Stock			830,000	1,884	1,225
Total Gibraltar Business Capital, LLC						\$ 52,491	\$ 43,830
Hercules Adviser LLC	Diversified Financial Services	Unsecured Debt	May 2023	Interest rate FIXED 5.00%	\$ 8,850	8,850	8,850
	Diversified Financial Services	Member Units			1	35	11,990
Total Hercules Adviser LLC						\$ 8,885	\$ 20,840
Total Majority Owned Control Investments (4.99%)*						\$ 61,626	\$ 65,235
<b>Other Control Investments</b>							
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	8,250
	Consumer & Business Services	Senior Secured Debt	July 2024	PIK Interest 5.00%	\$ 13,023	13,023	19
	Consumer & Business Services	Preferred Series BB Equity			1,000,000	—	—
	Consumer & Business Services	Common Stock			414,994,863	900	—
Total Tectura Corporation						\$ 22,413	\$ 8,269
Total Other Control Investments (0.63%)*						\$ 22,413	\$ 8,269
Total Control Investments (5.62%)*						\$ 84,039	\$ 73,504
<b>Affiliate Investments</b>							
Black Crow AI, Inc.	Consumer & Business Services	Preferred Series Seed			872,797	\$ 1,000	\$ 1,120
Pineapple Energy LLC	Sustainable and Renewable Technology	Senior Secured Debt	December 2023	PIK Interest 10.00%	\$ 7,500	\$ 7,500	\$ 7,500
	Sustainable and Renewable Technology	Senior Secured Debt	January 2022	Interest rate FIXED 10.00%	\$ 280	280	247
	Sustainable and Renewable Technology	Common Stock			3,000,000	4,767	591
Total Pineapple Energy LLC						\$ 12,547	\$ 8,338
Total Affiliate Investments (0.72%)*						\$ 13,547	\$ 9,458
Total Control and Affiliate Investments (6.34%)*						\$ 97,586	\$ 82,962

\* 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.

### Item 15.3. Exhibits

Please note that the agreements included as exhibits to this Form 10-K are included to provide information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement that have been made solely for the benefit of the other parties to the applicable agreement and may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit Number	Description
3(a)	<a href="#">Articles of Amendment and Restatement</a> . <sup>(2)</sup>
3(b)	<a href="#">Articles of Amendment, dated March 6, 2007</a> . <sup>(4)</sup>
3(c)	<a href="#">Articles of Amendment, dated April 5, 2011</a> . <sup>(9)</sup>
3(d)	<a href="#">Articles of Amendment, dated April 3, 2015</a> . <sup>(11)</sup>
3(e)	<a href="#">Articles of Amendment, dated February 23, 2016</a> . <sup>(14)</sup>
3(f)	<a href="#">Amended and Restated Bylaws of Hercules Capital, Inc.</a> <sup>(14)</sup>
4(a)	<a href="#">Specimen certificate of the Company's common stock, par value \$.001 per share</a> . <sup>(1)</sup>
4(b)	<a href="#">Form of Dividend Reinvestment Plan</a> . <sup>(21)</sup>
4(c)	<a href="#">Indenture, dated March 6, 2012 between the Registrant and U.S. Bank National Association</a> . <sup>(10)</sup>
4(d)	<a href="#">Indenture, dated January 25, 2017, between Hercules Capital, Inc. and U.S. Bank National Association, as Trustee</a> . <sup>(18)</sup>
4(e)	<a href="#">Form of 4.375% Convertible Senior Note Due 2022, dated as of January 25, 2017 (included as part of Exhibit 4(d))</a> . <sup>(18)</sup>
4(f)	<a href="#">Statement of Eligibility of Trustee on Form T-1</a> . <sup>(23)</sup>
4(g)	<a href="#">Fourth Supplemental Indenture, dated as of October 23, 2017, between the Registrant and U.S. Bank National Association</a> . <sup>(24)</sup>
4(h)	<a href="#">Form of 4.625% Note due 2022, dated as of October 23, 2017 (included as part of Exhibit 4(g))</a> . <sup>(24)</sup>
4(i)	<a href="#">Sixth Supplemental Indenture, dated as of September 24, 2018, between the Registrant and U.S. Bank National Association</a> . <sup>(31)</sup>
4(j)	<a href="#">Form of 6.25% Note due 2033, dated September 24, 2018 (included as part of Exhibit 4(i))</a> . <sup>(31)</sup>
4(k)	<a href="#">Seventh Supplemental Indenture, dated as of September 16, 2021, between the Registrant and U.S. Bank National Association</a> . <sup>(44)</sup>
4(l)	<a href="#">Form of 2.625% Note due 2026, dated September 16, 2021 (included as part of Exhibit 4(k))</a> . <sup>(44)</sup>
4(m)	<a href="#">Description of the Registrant's Securities</a> . <sup>(25)</sup>
4(n)	<a href="#">Indenture, dated as of June 22, 2022, between Hercules Capital Funding Trust 2022-1, as Issuer, and U.S. Bank Trust Company National Association, as Trustee</a> . <sup>(46)</sup>
4(o)	<a href="#">Form of 4.95% Note due 2031 (included as part of Exhibit 4(n))</a> . <sup>(46)</sup>
4(p)	[Reserved]
4(q)	<a href="#">Amended and Restated Trust Agreement, dated as of June 22, 2022, between Hercules Capital Funding 2022-1 LLC, as Trust Depositor, and Wilmington Trust, National Association, as Owner Trustee</a> . <sup>(46)</sup>
4(r)	<a href="#">Eighth Supplemental Indenture, dated as of January 20, 2022, between the Registrant and U.S. Bank National Association</a> . <sup>(32)</sup>
4(s)	<a href="#">Form of 3.375% Note due 2027 (included as part of Exhibit 4(r))</a> . <sup>(32)</sup>
10(a)	<a href="#">Hercules Capital, Inc. Amended and Restated 2004 Equity Incentive Plan</a> . <sup>(6)</sup>
10(b)	<a href="#">Hercules Technology Growth Capital, Inc. 2006 Non-Employee Director Plan (2007 Amendment and Restatement)</a> . <sup>(7)</sup>
10(c)	<a href="#">Form of Custodian Agreement between the Company and Union Bank of California, N.A.</a> <sup>(2)</sup>
10(d)	<a href="#">Form of Restricted Stock Unit Award Agreement</a> . <sup>(6)</sup>
10(e)	<a href="#">Form of Incentive Stock Option Award under the 2004 Equity Incentive Plan</a> . <sup>(2)</sup>
10(f)	<a href="#">Form of Nonstatutory Stock Option Award under the 2004 Equity Incentive Plan</a> . <sup>(2)</sup>
10(g)	<a href="#">Form of Transfer Agency and Registrar Services Agreement between the Company and American Stock Transfer &amp; Trust Company</a> . <sup>(2)</sup>
10(h)	<a href="#">Warrant Agreement dated as of June 22, 2004, between the Company and American Stock Transfer &amp; Trust Company, as warrant agent</a> . <sup>(5)</sup>
10(i)	<a href="#">Lease Agreement, dated as of June 13, 2006, between the Company and 400 Hamilton Associates</a> . <sup>(3)</sup>
10(j)	<a href="#">Form of SBA Debenture</a> . <sup>(8)</sup>
10(k)	<a href="#">Form of Amended and Restated Indemnification Agreement</a> . <sup>(20)</sup>
10(l)	<a href="#">Loan and Security Agreement by and among Hercules Funding III, LLC, as borrower, MUFG Union Bank, N.A., as the arranger and administrative agent, and the lenders party thereto from time to time, dated as of May 5, 2016</a> . <sup>(16)</sup>
10(m)	<a href="#">Sale and Servicing Agreement by and among Hercules Funding III, LLC, as borrower, Hercules Capital, Inc., as originator and servicer, and MUFG Union Bank, N.A., as agent, dated as of May 5, 2016</a> . <sup>(16)</sup>
10(n)	<a href="#">First Amendment to Loan and Security Agreement by and among Hercules Funding III, LLC, as borrower, MUFG Union Bank, N.A., as the arranger and administrative agent, and the lenders party thereto from time to time, dated as of July 14, 2016</a> . <sup>(16)</sup>
10(o)	<a href="#">Second Amendment to the Loan and Security Agreement, dated as of May 25, 2018, by and among Hercules Funding III, LLC, as borrower, MUFG Union Bank, N.A., as the arranger and administrative agent, and the lenders party thereto</a> . <sup>(21)</sup>
10(p)	<a href="#">Form of Performance Restricted Stock Unit Award Agreement</a> . <sup>(6)</sup>
10(q)	<a href="#">Retention Agreement, dated as of October 26, 2017, by and between Hercules Capital, Inc. and Scott Bluestein</a> . <sup>(25)</sup>
10(r)	<a href="#">Asset Purchase Agreement, dated as of November 1, 2017 by and between Ares Capital Corporation, a Maryland corporation and, together with each Seller Designee permitted pursuant to the Agreement, and Bearcub Acquisitions LLC, a Delaware limited liability company</a> . <sup>(25)</sup>
10(s)	<a href="#">Form of Retention Performance Stock Unit Award Agreement</a> . <sup>(27)</sup>
10(t)	<a href="#">Form of Cash Retention Bonus Award Agreement</a> . <sup>(27)</sup>
10(u)	<a href="#">Hercules Capital, Inc. Amended and Restated 2018 Equity Incentive Plan</a> . <sup>(32)</sup>
10(v)	<a href="#">Hercules Capital, Inc. 2018 Non-Employee Director Plan</a> . <sup>(32)</sup>
10(w)	<a href="#">Form of Restricted Stock Unit Award Agreement</a> . <sup>(32)</sup>
10(x)	<a href="#">Form of Restricted Stock Award Agreement (2018 Equity Incentive Plan)</a> . <sup>(32)</sup>
10(y)	<a href="#">Form of Restricted Stock Award Agreement (Director Plan)</a> . <sup>(32)</sup>
10(z)	<a href="#">Form of Nonstatutory Stock Option Award Agreement</a> . <sup>(32)</sup>
10(aa)	<a href="#">Form of Incentive Stock Option Award Agreement</a> . <sup>(32)</sup>
10(bb)	<a href="#">First Amendment to the Loan and Security Agreement, dated as of June 28, 2019, by and among Hercules Funding IV, LLC, as borrower, MUFG Union Bank, N.A., as the arranger and administrative agent, and the lenders party thereto from time to time</a> . <sup>(34)</sup>
10(cc)	<a href="#">Note Purchase Agreement, dated July 16, 2019, by and among Hercules Capital, Inc. and the Purchasers party thereto</a> . <sup>(35)</sup>

10(dd)	<a href="#">Custodial Agreement by and between Hercules Capital, Inc. and State Street Bank and Trust Company, dated as of November 9, 2021.<sup>(451)</sup></a>
10(ee)	<a href="#">Note Purchase Agreement, dated February 5, 2020, by and among Hercules Capital, Inc. and the Purchasers party thereto.<sup>(38)</sup></a>
10(ff)	<a href="#">Loan and Security Agreement, dated February 20, 2020 by and among Hercules Funding IV LLC, as borrower, MUFG Union Bank, N.A., as the administrative agent, lender and swingline lender and the lenders part thereto from time to time.<sup>(221)</sup></a>
10(gg)	<a href="#">Sale and Servicing Agreement, dated as of February 20, 2020, by and among Hercules Funding IV LLC, as borrower, Hercules Capital, Inc., as originator and servicer, and MUFG Union Bank, N.A., as agent.<sup>(227)</sup></a>
10(hh)	<a href="#">Form of Equity Distribution Agreement.<sup>(42)</sup></a>
10(ii)	<a href="#">First Supplement to the Note Purchase Agreement, dated as of November 2, 2020, by and among Hercules Capital, Inc. and the Additional Purchasers party thereto.<sup>(441)</sup></a>
10(ji)	<a href="#">Revolving Credit Agreement, dated as of November 9, 2021, among Hercules Capital, Inc., the lenders and using bank from time to time party thereto and Sumitomo Mitsui Banking Corporation, as administrative agent.<sup>(22)</sup></a>
10(kk)	<a href="#">Safekeeping Custody Agreement between Hercules Funding IV LLC and City National Bank, a National Banking Association dated as of June 23, 2021.<sup>(29)</sup></a>
10(ll)	<a href="#">Second Amendment to Revolving Credit Agreement, dated of June 14, 2022, among Hercules Capital Inc., the lenders party thereto and Sumitomo Mitsui Banking Corporation, as administrative agent.<sup>(221)</sup></a>
10(mm)	<a href="#">Second Amendment to Loan and Security Agreement, dated as of June 10, 2022, among Hercules Funding IV LLC, the lenders from time to time party thereto, MUFG Union Bank, N.A., as resigning agent, and MUFG Bank, Ltd. (as successor to MUFG Union Bank, N.A.), as administrative agent.<sup>(221)</sup></a>
10(nn)*	<a href="#">Letter of Credit Facility Agreement, dated as of January 13, 2023, between Hercules Capital, Inc. and Sumitomo Mitsui Banking Corporation, as issuing bank.</a>
10(oo)*	<a href="#">First Omnibus Amendment to Revolving Credit Agreement and Guarantee and Security Agreement, dated as of January 13, 2023, among Hercules Capital, Inc., the lenders party thereto and Sumitomo Mitsui Banking Corporation, as administrative agent and collateral agent.</a>
10(pp)*	<a href="#">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.</a>
10(qq)*	<a href="#">First Amendment to Sale 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.</a>
10(rr)	<a href="#">Form of Dividend Reinvestment Plan, dated September 22, 2022.<sup>(26)</sup></a>
10(ss)	<a href="#">Transfer Agency and Service Agreement, dated October 3, 2022, between Hercules Capital, Inc. and Computershare Trust Company, N.A. and Computershare Inc.<sup>(26)</sup></a>
10(tt)	<a href="#">Sale and Servicing Agreement, dated as of June 22, 2022, by and among Hercules Capital Funding Trust 2022-1, as Issuer, Hercules Capital, Inc., as Seller and Servicer, Hercules Capital Funding 2022-1 LLC, as Trust Depositor, U.S. Bank Trust Company, National Association, as Trustee and Securities Intermediary, and U.S. Bank National Association, as Backup Servicer and Custodian.</a>
10(uu)	<a href="#">Sale and Contribution Agreement, dated as of June 22, 2022, between Hercules Capital, Inc., as Seller, and Hercules Capital Funding 2022-1 LLC, as Trust Depositor.<sup>(46)</sup></a>
10(vv)	<a href="#">Note Purchase Agreement, dated as of June 22, 2022, by and among Hercules Capital, Inc., as Originator and Servicer, Hercules Capital Funding 2022-1 LLC, as Trust Depositor, Hercules Capital Funding Trust 2022-1, as Issuer, and American Family Life Assurance Company of Columbus, Allianz Life Insurance Company of North America, Compsource Mutual Insurance Company, The Lincoln National Life Insurance Company, Massachusetts Mutual Life Insurance Company, Great American Life Insurance Company, and Fidelity &amp; Guaranty Life Insurance Company, as Purchasers.<sup>(22)</sup></a>
10(ww)	<a href="#">Administration Agreement, dated June 22, 2022, by and among Hercules Capital, Inc., as Administrator, Hercules Capital Funding Trust 2022-1, as Issuer, Wilmington Trust National Association, as Owner Trustee, and U.S. Bank Trust Company, National Association, as Trustee.<sup>(26)</sup></a>
10(xx)	<a href="#">Second Supplement to the Note Purchase Agreement, dated as of June 23, 2022, by and among Hercules Capital, Inc. and the Additional Purchasers party thereto.<sup>(46)</sup></a>
10(yy)*	<a href="#">Form of Long-Term Restricted Stock Unit.</a>
10(zz)	<a href="#">Custodial Agreement by and between Hercules Growth Capital, Inc. and Wells Fargo Bank, National Association, dated as of July 29, 2015.<sup>(22)</sup></a>
10(aaa)	<a href="#">Custodial Agreement by and between Hercules Growth Funding IV LLC and Wells Fargo Bank, National Association, dated as of April 23, 2021.<sup>(22)</sup></a>
14.1	<a href="#">Code of Ethics.<sup>(45)</sup></a>
14.2	<a href="#">Code of Business Conduct and Ethics.<sup>(45)</sup></a>
21.1*	<a href="#">List of Subsidiaries.</a>
23.1*	<a href="#">Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.</a>
31.1*	<a href="#">Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.</a>
31.2*	<a href="#">Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.</a>
32.1*	<a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), as amended.</a>
32.2*	<a href="#">Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), as amended.</a>
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 Annual Report on Form 10-K for the year ended December 31, 2022, has been formatted in Inline XBRL.
*	Filed herewith
(1)	Previously filed as part of Pre-Effective Amendment No. 2, as filed on June 8, 2005 (File No. 333-122950), to the Registration Statement on Form N-2 of the Company.
(2)	Previously filed as part of Pre-Effective Amendment No. 1, as filed on May 17, 2005 (File No. 333-122950) to the Registration Statement on Form N-2 of the Company.
(3)	Previously filed as part of the Current Report on Form 8-K of the Company, as filed on August 1, 2006.
(4)	Previously filed as part of the Current Report on Form 8-K of the Company, as filed on March 9, 2007.
(5)	Previously filed as part of the Registration Statement on Form N-2 of the Company, as filed on February 22, 2005.

- (6) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on January 5, 2017.
- (7) Previously filed as part of the Securities to be Offered to Employees in Employee Benefit Plans on Form S-8, as filed on October 2, 2007.
- (8) Previously filed as part of the Annual Report on Form 10-K of the Company, as filed on March 16, 2009.
- (9) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on April 11, 2011.
- (10) Previously filed as part of Post-Effective Amendment No. 1, as filed on April 17, 2012 (File No. 333-179431), to the Registration Statement on Form N-2 of the Company.
- (11) Previously filed as part of the Registration Statement on Form N-2 of the Company, as filed on April 20, 2015 (File No. 333-203511).
- (12) Reserved.
- (13) Reserved.
- (14) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on February 25, 2016.
- (15) Reserved.
- (16) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on May 10, 2016.
- (17) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on July 19, 2016.
- (18) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on January 25, 2017.
- (19) Reserved.
- (20) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on July 22, 2016.
- (21) Previously filed as part of Post-Effective Amendment No. 1, as filed on June 10, 2005 (File No. 333-122950) to the Registration Statement on Form N-2 of the Company.
- (22) Reserved.
- (23) Previously filed as part of the of the Registration Statement on Form N-2 of the Company, as filed on April 29, 2019 (File No. 333-231089).
- (24) Previously filed as part of the Post-Effective Amendment No. 2, as filed on October 25, 2017 (File No. 333-214767), to the Registration Statement on Form N-2 of the Company.
- (25) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on October 26, 2017.
- (26) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on November 2, 2017.
- (27) Previously filed as part of the Quarterly Report on Form 10-Q of the Company, as filed on May 3, 2018.
- (28) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on June 1, 2018.
- (29) Previously filed as part of the Registration Statement on Form N-2 of the Company, as filed on December 17, 2021 (File No. 333-261732).
- (30) Previously filed as part of the Quarterly Report on Form 10-Q of the Company, as filed on November 1, 2018.
- (31) Previously filed as part of Post-Effective Amendment No. 2, as filed on September 24, 2018 (File No. 333-224281), to the Registration Statement on Form N-2 of the Company.
- (32) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on January 31, 2019.
- (33) Reserved.
- (34) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on July 3, 2019.
- (35) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on July 16, 2019.
- (36) Previously filed as part of the Quarterly Report on Form 10-Q of the Company, as filed on November 2, 2022.
- (37) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on January 21, 2022.
- (38) Previously filed as part of the Quarterly Report on Form 8-K of the Company, as filed on February 6, 2020.
- (39) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on February 20, 2020.
- (40) Reserved.
- (41) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on November 4, 2020.
- (42) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on May 9, 2022.
- (43) Previously filed as part of the Current Report on Form 8-K of the company, as filed on November 10, 2021.
- (44) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on September 16, 2021.
- (45) Previously filed as part of the Current Report on Form 10-K of the Company, as filed on February 22, 2022.
- (46) Previously filed as part of the Quarterly Report on Form 10-Q of the Company, as filed on July 28, 2022.
- (47) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on June 15, 2022.

**Item 16. Form 10-K Summary**

Not applicable.



LETTER OF CREDIT FACILITY AGREEMENT

dated as of

January 13, 2023

among

HERCULES CAPITAL, INC.

as Borrower

and

SUMITOMO MITSUI BANKING CORPORATION

as Issuing Bank

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LETTER OF CREDIT FACILITY AGREEMENT, dated as of January 13, 2023 (this “Agreement”), among HERCULES CAPITAL, INC., a Maryland corporation (the “Borrower”), and SUMITOMO MITSUI BANKING CORPORATION, as Issuing Bank.

## ARTICLE I

### DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“2024 Notes” means the Borrower’s 4.77% notes due in July of 2024.

“2025 February Notes” means the Borrower’s 4.28% notes due in February of 2025.

“2025A June Notes” means the Borrower’s 4.31% notes due in June of 2025.

“2025B June Notes” means the Borrower’s 6.00% notes due in June of 2025.

“2026A March Notes” means the Borrower’s 4.50% notes due in March of 2026.

“2026B March Notes” means the Borrower’s 4.55% notes due in March of 2026.

“2026 September Notes” means the Borrower’s 2.625% notes due in September of 2026.

“2027 January Notes” means the Borrower’s 3.375% notes due in January of 2027.

“2033 Notes” means the Borrower’s 6.25% notes due in October of 2033.

“ABR”, when used in reference to any LC Disbursement, refers to whether such LC Disbursement is denominated in Dollars and bearing interest at a rate determined by reference to the Alternate Base Rate.

“Adjusted Covered Debt Balance” means, on any date, the aggregate Covered Debt Amount on such date minus the aggregate amount of Cash and Cash Equivalents included in the Collateral Pool held by the Obligors (provided that Cash Collateral for outstanding Letters of Credit shall not be treated as a portion of the Portfolio Investments).

“Adjusted Term Benchmark Rate” means (a) for the Interest Period for any Term Benchmark LC Disbursement denominated in Euros, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the product of (i) the Term Benchmark Rate for such Interest Period for Euros multiplied by (ii) the Statutory Reserve Rate for such Interest Period and (b) for the Interest Period for any Term Benchmark LC Disbursement denominated in a Currency (other than Euros), an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the Term Benchmark Rate for such Interest Period for such Currency; provided that if the Adjusted Term Benchmark Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

“Advance Rate” has the meaning assigned to such term in Section 5.13.

“Affected Currency” has the meaning assigned to such term in Section 2.08(a).

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means, with respect to a specified Person at any time, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified at such time. Anything herein to the contrary notwithstanding, the term “Affiliate” shall not include any Person that constitutes an Investment held by any Obligor or Financing Subsidiary in the ordinary course of business; provided that the term “Affiliate” shall include any Financing Subsidiary.

“Agreed Foreign Currency” means, at any time, (a) any of Canadian Dollars, Sterling, Euros and Japanese Yen and (b) with the prior consent of the Issuing Bank, any other Foreign Currency, so long as, in respect of any such specified Foreign Currency or other Foreign Currency, at such time (x) such Foreign Currency is dealt with in the London interbank deposit market or, if applicable, the relevant local market for obtaining quotations, (y) such Foreign Currency is freely transferable and convertible into Dollars in the London foreign exchange market or relevant local market and (z) no central bank or other governmental authorization in the country

of issue of such Foreign Currency (including, in the case of the Euro, any authorization by the European Central Bank) is required to permit use of such Foreign Currency by the Issuing Bank for issuing any Letter of Credit hereunder and/or to permit the Borrower to request the issuance of any Letter of Credit, reimburse any LC Disbursements and to pay the interest thereon, unless such authorization has been obtained and is in full force and effect.

“Agreement” has the meaning assigned to such term in the preamble to this Agreement.

“Aggregate Covered Debt Amount” means, on any date, the sum of (w) the aggregate amount of all LC Disbursements that are outstanding and have not yet been reimbursed by or on behalf of the Borrower on such date plus (x) the aggregate amount of all Other Permitted LC Facility LC Disbursements that are outstanding and have not yet been reimbursed by or on behalf of the Borrower on such date plus (x) the aggregate amount of Aggregate Other Covered Indebtedness, the RCF Indebtedness, the Existing Notes, SPE Subsidiary Recourse Obligations, Special Unsecured Indebtedness and Unsecured Longer-Term Indebtedness on such date minus (y) the LC Exposure fully Cash Collateralized on such date pursuant to Section 2.01(i), minus (z) the LC Exposures (as defined in the RCF Credit Agreement) fully Cash Collateralized (as defined in the RCF Credit Agreement) on such date pursuant to Section 2.04(k) of the RCF Credit Agreement and the last paragraph of Section 2.08(a) of the RCF Credit Agreement; provided that the Existing Notes, SPE Subsidiary Recourse Obligations, Special Unsecured Indebtedness and Unsecured Longer-Term Indebtedness shall be excluded from the calculation of the Aggregate Covered Debt Amount, in each case, until the date that is nine (9) months prior to the scheduled maturity date of such Existing Notes, SPE Subsidiary Recourse Obligations, Special Unsecured Indebtedness or such Unsecured Longer-Term Indebtedness, as applicable (provided that, to the extent, but only to the extent, any portion of such Existing Notes, SPE Subsidiary Recourse Obligations, Special Unsecured Indebtedness or Unsecured Longer-Term Indebtedness is subject to a contractually scheduled amortization payment or other principal payment or mandatory redemption (other than in common stock of the Borrower) earlier than six (6) months after the Final Maturity Date (in the case of the 2026 September Notes, the 2027 January Notes, the 2033 Notes, SPE Subsidiary Recourse Obligations that constitute Unsecured Longer-Term Indebtedness and Unsecured Longer-Term Indebtedness) or earlier than the original final maturity date of such Indebtedness (in the case of the other Existing Notes, other SPE Subsidiary Recourse Obligations and Special Unsecured Indebtedness), such portion of such Indebtedness, to the extent then outstanding, shall be included in the calculation of the Aggregate Covered Debt Amount beginning upon the date that is the later of (i) nine (9) months prior to such scheduled amortization payment or other principal payment or mandatory redemption and (ii) the date the Borrower becomes aware that such Indebtedness is required to be paid or redeemed). For the avoidance of doubt, for purposes of calculating the Aggregate Covered Debt Amount, any convertible securities will be included at the then outstanding principal balance thereof.

“Aggregate Other Covered Indebtedness” means Unsecured Shorter-Term Indebtedness.

“Aggregate Portfolio Balance” has the meaning assigned to such term in Section 5.13.

“Aggregate Portfolio Deficiency” means, at any date on which the same is determined, the amount, if any, that (a) the Aggregate Covered Debt Amount as of such date exceeds (b) the sum of (x) the Aggregate Portfolio Balance as of such date, plus (y) the value of

any Equity Interests owned by the Borrower, directly or indirectly, in an Eligible Subsidiary or any other Person that is not a Portfolio Investment as of such date.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greater of (a) zero and (b) the highest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1.00% and (iii) the rate per annum equal to Term SOFR for an interest period of one (1) month plus 1.00%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or Term SOFR (or successor therefor) as set forth above shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or Term SOFR (or successor therefor), respectively.

“Anti-Corruption Laws” has the meaning assigned to such term in Section 3.15.

“Applicable Financial Statements” means, as at any date, the most-recent audited financial statements of the Borrower delivered to the Issuing Bank pursuant to Section 5.01(a); provided that if immediately prior to the delivery to the Issuing Bank of new audited financial statements of the Borrower a Material Adverse Effect (the “Pre-existing MAE”) shall exist (regardless of when it occurred), then the “Applicable Financial Statements” as at said date means the Applicable Financial Statements in effect immediately prior to such delivery until such time as the Pre-existing MAE shall no longer exist.

“Applicable Margin” means (a) if the Borrowing Base (as of the most recently delivered Borrowing Base Certificate) is greater than or equal to the product of 1.60 and the LC Exposure, (i) with respect to any ABR LC Disbursement, 0.350% per annum and (ii) with respect to any Term Benchmark LC Disbursement or RFR LC Disbursement, 1.350% per annum; and (b) if the Borrowing Base (as of the most recently delivered Borrowing Base Certificate) is less than the product of 1.60 and the LC Exposure, (i) with respect to any ABR LC Disbursement, 0.475% per annum and (ii) with respect to any Term Benchmark LC Disbursement or RFR LC Disbursement, 1.475% per annum.

“Applicable Time” means, with respect to any LC Disbursements and payments in any Foreign Currency, the local time in the Principal Financial Center for such Foreign Currency as may be reasonably determined by the Issuing Bank.

“Approved Dealer” means (a) in the case of any Portfolio Investment that is not a U.S. Government Security, a bank or a broker-dealer registered under the Exchange Act, of nationally recognized standing or an Affiliate thereof, (b) in the case of a U.S. Government Security, any primary dealer in U.S. Government Securities, and (c) in the case of any foreign Portfolio Investment, any foreign bank or broker-dealer of internationally recognized standing or an Affiliate thereof, in the case of each of clauses (a), (b) and (c) above, either as set forth on Schedule 1.01(a) hereto or any other bank or broker-dealer or Affiliate thereof acceptable to the Issuing Bank in its reasonable determination.

“Approved Pricing Service” means a pricing or quotation service either: (a) as set forth in Schedule 1.01(a) hereto or (b) any other pricing or quotation service approved by the Board of Directors of the Borrower and designated in writing by the Borrower to the Issuing Bank (which designation shall be accompanied by a copy of a resolution of the Board of Directors of the Borrower that such pricing or quotation service has been approved by the Borrower).

“Approved Third-Party Appraiser” means any Independent nationally recognized third-party appraisal firm (a) designated by the Borrower in writing to the Issuing Bank (which

designation shall be accompanied by a copy of a resolution of the Board of Directors of the Borrower that such firm has been approved by the Borrower for purposes of assisting the Board of Directors of the Borrower in making valuations of portfolio assets to determine the Borrower's compliance with the applicable provisions of the Investment Company Act) and (b) acceptable to the Issuing Bank. It is understood and agreed that Houlihan Lokey Howard & Zukin Capital, Inc., Duff & Phelps LLC, Murray, Devine and Company, Lincoln International LLC (formerly known as Lincoln Partners LLC), Valuation Research Corporation and Alvarez & Marsal are acceptable to the Issuing Bank. As used in Section 5.12 hereof, an "Approved Third-Party Appraiser selected by the Issuing Bank" shall mean any of the firms identified in the preceding sentence and any other Independent nationally recognized third-party appraisal firm identified by the Issuing Bank and consented to by the Borrower (such consent not to be unreasonably withheld or delayed); provided that, so long as SMBC or any of its Affiliates is the RCF Administrative Agent, the "Approved Third-Party Appraiser selected by the Issuing Bank" shall be the same firm as the "Approved Third-Party Appraiser selected by the Administrative Agent" (as defined in the RCF Credit Agreement).

"Assignment and Assumption" means an Assignment and Assumption entered into by the Issuing Bank and an assignee (with the consent of any party whose consent is required by Section 8.04), substantially in the form of Exhibit A hereto (with adjustments thereto to reflect the Commitment and/or LC Exposure being assigned or outstanding at the time of the respective assignment) or any other form approved by the Issuing Bank and, so long as the Borrower's consent to the assignment is required by Section 8.04, the Borrower.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Final Maturity Date and the date of termination of the Commitment.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark for any Currency, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 2.14(d).

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation, or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Base Rate Term SOFR Determination Day” has the meaning assigned to it in the definition of “Term SOFR”.

“Basel III” means the agreements on capital requirements, leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision on December 16, 2010, each as amended, supplemented or restated.

“Benchmark” means, initially, with respect to any LC Disbursement denominated in (a) Sterling, the Daily Simple RFR, and (b) each other Agreed Foreign Currency and Dollars, the Adjusted Term Benchmark Rate for such Currency; provided that, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Daily Simple RFR or the Adjusted Term Benchmark Rate for such Currency or the then-current Benchmark, then “Benchmark” shall mean the applicable Benchmark Replacement for such applicable Currency to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (a) of Section 2.14.

“Benchmark Replacement” means, with respect to any Benchmark Transition Event for any then-current Benchmark, the first alternative set forth in the order below that can be determined by the Issuing Bank for the applicable Benchmark Replacement Date; provided that, other than in the case of the replacement of the Term SOFR Reference Rate, such alternative shall be the alternative set forth in clause (2) below:

(1) the sum of: (a) Daily Simple SOFR and (b) the Term SOFR Applicable Credit Adjustment Spread; and

(2) the sum of: (a) the alternate benchmark rate that has been selected by the Issuing Bank and the Borrower as the replacement for the then-current Benchmark for the applicable Currency giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for syndicated credit facilities denominated in the applicable Currency at such time and (b) the related Benchmark Replacement Adjustment.

If the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Facility Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark for a Currency with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement (excluding, for the avoidance of doubt, Daily Simple SOFR) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuing Bank and the Borrower for the applicable Currency giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a



spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in the applicable Currency in the U.S. syndicated loan market at such time.

“Benchmark Replacement Date” means, (x) with respect to any Benchmark (other than the Term SOFR Reference Rate), the earliest to occur of the following events with respect to such then-current Benchmark and (y) with respect to the Term SOFR Reference Rate, a date and time reasonably determined by the Issuing Bank in its reasonable discretion, which date shall be no later than the earliest to occur of the following events with respect to such then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of

(a) the date of the public statement or publication of information referenced therein; and

(b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event”, the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (3) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) above with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means, with respect to any then-current Benchmark, the occurrence of one or more of the following events with respect to such Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), including the Board or the Federal Reserve Bank of New York, as applicable, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component thereof), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component thereof) or a court or an entity with similar insolvency or

resolution authority over the administrator for such Benchmark (or such component thereof), in each case which states that the administrator of such Benchmark (or such component thereof) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” means, with respect to any then-current Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any other Facility Document in accordance with Section 2.14 and (y) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any other Facility Document in accordance with Section 2.14.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America (or any successor thereof).

“Board of Directors” means, with respect to any Person, (a) in the case of any corporation, the board of directors of such Person (or the appropriate committee thereof with the necessary delegated authority), (b) in the case of any limited liability company, the board of managers of such Person, or if there is none, the Board of Directors of the managing member of such Person, (c) in the case of any partnership, the general partner and the Board of Directors of the general partner of such Person and (d) in any other case, the functional equivalent of the foregoing.

“Borrower” has the meaning assigned to such term in the preamble to this Agreement.

“Borrowing Base” has the meaning assigned to such term in Section 5.13.

“Borrowing Base Certificate” means a certificate of a Financial Officer of the Borrower, substantially in the form of Exhibit B hereto (or such other form as shall be reasonably satisfactory to the Issuing Bank) and appropriately completed.

“Borrowing Base Deficiency” means, at any date on which the same is determined, the amount, if any, that (a) the Covered Debt Amount as of such date exceeds (b) the Borrowing Base as of such date.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, (a) when used in relation to Term Benchmark LC Disbursements or any interest rates settings, fundings, disbursements, settlements or payments of any such Term Benchmark LC Disbursement or any other dealings in the applicable Currency of such Term Benchmark LC Disbursement, the term “Business Day” shall also exclude any day that is not a Term Benchmark Banking Day for such Currency, and (b) when used in relation to RFR LC Disbursement or any interest rate settings, fundings, disbursements, settlements or payments of any such RFR LC Disbursement, or any other dealings in Sterling, the term “Business Day” shall also exclude any day that is not an RFR Business Day.

“Calculation Amount” means, as of the end of any Testing Period, an amount equal to the greater of: (a) (i) 125% of the Adjusted Covered Debt Balance (as of the end of such Testing Period) minus (ii) the aggregate Value of all Quoted Investments included in the Borrowing Base (as of the end of such Testing Period) and (b) 10% of the aggregate Value of all Unquoted Investments included in the Borrowing Base (as of the end of such Testing Period); provided that in no event shall more than 25% (or, if clause (b) applies, 10%, or as near thereto as reasonably practicable) of the aggregate Value of the Unquoted Investments in the Borrowing Base be tested in respect of any applicable Testing Period.

“Canadian Dollars” or “C\$” means the lawful currency of Canada.

“Canadian Prime Rate” means, on any day, the rate determined by the Issuing Bank to be the higher of (i) the rate equal to the PRIMCAN Index rate that appears on the Bloomberg screen at 10:15 a.m. Toronto time on such day (or, in the event that the PRIMCAN Index is not published by Bloomberg, any other information services that publishes such index from time to time, as selected by the Issuing Bank in its reasonable discretion) and (ii) the average rate for thirty (30) day Canadian Dollar bankers’ acceptances that appears on the Reuters Screen CDOR Page (or, in the event such rate does not appear on such page or screen, on any successor or substitute page or screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time, as selected by the Issuing Bank in its reasonable discretion) at 10:15 a.m. Toronto time on such day, plus 1% per annum; provided, that if any of the above rates shall be less than 0%, such rate shall be deemed to be 0% for purposes of this Agreement. Any change in the Canadian Prime Rate due to a change in the PRIMCAN Index or CDOR shall be effective from and including the effective date of such change in the PRIMCAN Index or CDOR, respectively.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases or finance leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Capital Stock” of any Person means any and all shares of corporate stock (however designated) of, and any and all other Equity Interests and participations representing ownership interests (including membership interests and limited liability company interests) in, such Person.

“Cash” means any immediately available funds in Dollars or in any currency other than Dollars (measured in terms of the Dollar Equivalent thereof) which is a freely convertible currency.

“Cash Collateralize” means, in respect of a Letter of Credit or any obligation hereunder, to provide and pledge cash collateral pursuant to Section 2.01(i), at a location and pursuant to documentation in form and substance reasonably satisfactory to the Issuing Bank. “Cash Collateral” and “Cash Collateralization” shall have meanings correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Equivalents” means investments (other than Cash) that are one or more of the following obligations:

- (a) U.S. Government Securities, in each case maturing within one year from the date of acquisition thereof;
- (b) investments in commercial paper or other short term corporate obligations maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, a credit rating of at least A-1 from S&P and at least P-1 from Moody’s (or if only one of S&P or Moody’s provides such rating, such investment shall also have an equivalent credit rating from any other rating agency);
- (c) investments in certificates of deposit, bankers’ acceptances and time deposits maturing within 180 days from the date of acquisition thereof (i) issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof, Canada or any province thereof, the United Kingdom or the jurisdiction or any constituent jurisdiction thereof in which the Principal Financial Center in respect of any Agreed Foreign Currency is located; and (ii) having, at such date of acquisition, a credit rating of at least A-1 from S&P and at least P-1 from Moody’s (or if only one of S&P or Moody’s provides such rating, such investment shall also have an equivalent credit rating from any other rating agency);
- (d) fully collateralized repurchase agreements with a term of not more than 30 days from the date of acquisition thereof for U.S. Government Securities and entered into with (i) a financial institution satisfying the criteria described in clause (c) of this definition or (ii) an Approved Dealer having (or being a member of a consolidated group having) at such date of acquisition, a credit rating of at least A-1 from S&P and at least P-1 from Moody’s (or if only one of S&P or Moody’s provides such rating, such Approved Dealer shall also have an equivalent credit rating from any other rating agency);
- (e) certificates of deposit or bankers’ acceptances with a maturity of 90 days or less of any financial institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than \$1,000,000,000;
- (f) investments in money market funds and mutual funds which invest substantially all of their assets in Cash or assets of the types described in clauses (a) through (e) above;
- (g) money market funds that have, at all times, credit ratings of “Aaa” and “MR1+” by Moody’s and “AAAm” or “Aam-G” by S&P, respectively; and

(h) any of the following offered by State Street Bank and Trust Company (or any successor custodian or other entity acting in a similar capacity with respect to the Borrower) or any money center bank (I) money market deposit accounts, (II) Eurodollar time deposits, (III) commercial eurodollar sweep services or (IV) open commercial paper services, in each case having, at such date of acquisition, a credit rating at least A-1 from S&P and at least P-1 from Moody's and maturing not later than 270 days from the date of acquisition thereof;

provided that (i) in no event shall Cash Equivalents include any obligation that provides for the payment of interest alone (for example, interest-only securities or "IOs"); (ii) if any of Moody's or S&P changes its rating system, then any ratings included in this definition shall be deemed to be an equivalent rating in a successor rating category of Moody's or S&P, as the case may be; (iii) Cash Equivalents (other than U.S. Government Securities, certificates of deposit or repurchase agreements) shall not include any such investment of more than 10% of total assets of the Borrower and the Subsidiary Guarantors in any single issuer; and (iv) in no event shall Cash Equivalents include any obligation that is not denominated in Dollars or an Agreed Foreign Currency.

"Central Bank Rate" means the greater of (A) the sum of (i) for any LC Disbursement denominated in (x) Sterling, the Bank of England (or any successor thereto)'s "Bank Rate" as published by the Bank of England (or any successor thereto) from time to time, (y) Euro, one of the following three rates as may be selected by the Issuing Bank in its reasonable discretion: (1) the fixed rate for the main refinancing operations of the European Central Bank (or any successor thereto), or, if that rate is not published, the minimum bid rate for the main refinancing operations of the European Central Bank (or any successor thereto), each as published by the European Central Bank (or any successor thereto) from time to time, (2) the rate for the marginal lending facility of the European Central Bank (or any successor thereto), as published by the European Central Bank (or any successor thereto) from time to time or (3) the rate for the deposit facility of the central banking system of the Participating Member States, as published by the European Central Bank (or any successor thereto) from time to time or (z) any other Agreed Foreign Currency, a central bank rate as determined by the Issuing Bank in its reasonable discretion; plus (ii) the applicable Central Bank Rate Adjustment and (B) 0%.

"Central Bank Rate Adjustment" means, for any date, for any LC Disbursement denominated in (A) Sterling, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of the Daily Simple RFR for Sterling for the five most recent RFR Business Days preceding such day for which SONIA was available (excluding, from such averaging, the highest and the lowest SONIA applicable during such period of five RFR Business Days) minus (ii) the Central Bank Rate in respect of Sterling in effect on the last RFR Business Day in such period, (B) Euro, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of the Adjusted Term Benchmark Rate for Euro for the five most recent Term Benchmark Banking Days for Euro preceding such day for which the EURIBOR Screen Rate was available (excluding, from such averaging, the highest and the lowest EURIBOR Screen Rate applicable during such period of five Term Benchmark Banking Days for Euro) minus (ii) the Central Bank Rate in respect of Euro in effect on the last Term Benchmark Banking Day for Euro in such period and (C) any other Agreed Foreign Currency, a Central Bank Rate Adjustment as determined by the Issuing Bank in its reasonable discretion. For the purposes of this definition, (x) the term "Central Bank Rate" shall be determined disregarding clause (A)(ii) of the definition of such term and (y) each of the Adjusted Term Benchmark Rate for Euros on any day shall be based on the EURIBOR Screen Rate, on such day at approximately the time referred to in the definition of such term for deposits in the applicable Foreign Currency for a maturity of one month.

“Change in Law” means the occurrence, after the date of this Agreement (or with respect to a Person becoming an Issuing Bank by assignment or joinder after the date of this Agreement, the effective date thereof), of (a) the adoption of any law, treaty or governmental rule or regulation or any change in any law, treaty or governmental rule or regulation or in the interpretation, administration or application thereof (regardless of whether the underlying law, treaty or governmental rule or regulation was issued or enacted prior to the Effective Date (or with respect to a Person becoming an Issuing Bank by assignment or joinder after the date of this Agreement, the effective date thereof)), but excluding proposals thereof, or any determination of a court or Governmental Authority, (b) any guideline, request or directive by any Governmental Authority (whether or not having the force of law) or any implementation rules or interpretations of previously issued guidelines, requests or directives, in each case that is issued or made after the Effective Date (or with respect to a Person becoming an Issuing Bank by assignment or joinder after the date of this Agreement, the effective date thereof) or (c) compliance by any Issuing Bank (or its applicable lending office) or any company controlling any Issuing Bank with any guideline, request or directive regarding capital adequacy or liquidity (whether or not having the force of law) of any such Governmental Authority, in each case adopted after the Effective Date (or with respect to a Person becoming an Issuing Bank by assignment or joinder after the date of this Agreement, the effective date thereof). For the avoidance of doubt, all requests, rules, guidelines or directives concerning liquidity and capital adequacy issued (i) by any United States regulatory authority under or in connection with the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act and (ii) by any Governmental Authority in connection with the implementation of the recommendations of the Bank for International Settlements or the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority), in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date adopted, issued, promulgated or implemented.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” has the meaning assigned to such term in the Guarantee and Security Agreement.

“Collateral Account” means that certain custody account with account number set forth, from time to time, on Schedule 6.10 hereto at State Street Bank and Trust Company and any other securities account, from time to time, designated as the “Collateral Account” on Schedule 4B to the Guarantee and Security Agreement.

“Collateral Pool” means, at any time, each Investment that has been Delivered (as defined in the Guarantee and Security Agreement) to the Issuing Bank and is subject to the Lien of the Guarantee and Security Agreement, and then only for so long as such Investment continues to be Delivered as contemplated therein and in which the Issuing Bank has a first-priority perfected Lien as security for the Secured Obligations (as defined in the Guarantee and Security Agreement) (subject to any Lien permitted by Section 6.02 hereof); provided that in the case of any Investment that is included in the Collateral Account and in which the Issuing Bank has a first-priority perfected (other than customary rights of setoff, banker’s lien, security interest or other like right upon deposit accounts and securities accounts of such Obligor in which such Investments are held) security interest pursuant to a valid Uniform Commercial Code filing, such Investment may be included in the Borrowing Base so long as all remaining actions to complete “Delivery” are satisfied in full within 7 days of such inclusion (or such longer period up to thirty (30) days as the Issuing Bank may agree in its sole discretion); provided, further, that, for the avoidance of doubt, no Investment that constitutes Excluded Collateral shall be included in the Collateral Pool.

“Commitment” means the commitment of the Issuing Bank (and any assignee of the Issuing Bank under Section 8.04) to issue Letters of Credit hereunder, expressed as an amount representing the maximum aggregate amount of the LC Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.03 and (b) reduced or increased from time to time pursuant to assignments by or to the Issuing Bank pursuant to Section 8.04. The amount of the Issuing Bank’s Commitment is set forth on Schedule 1.01(b) hereto, or in the Assignment and Assumption pursuant to which such Issuing Bank shall have assumed its Commitment, as applicable. The amount of the Commitment as of the Effective Date is \$100,000,000.

“Common Equity” means Capital Stock (other than Preferred Stock) and warrants.

“Competitor” means any Person primarily engaged in the business of private asset management as a business development company, mezzanine fund, private debt fund, hedge fund, distressed asset fund, vulture fund, private equity fund or any venture lender, which is in direct or indirect competition with the Borrower or any Affiliate thereof, (b) any Person Controlled by, or Controlling, or under common Control with, a Person referred to in clause (a) above, or (c) any Person for which a Person referred to in clause (a) above serves as an investment advisor with discretionary investment authority.

“Conforming Changes” means with respect to the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Term Benchmark Rate”, the definition of “Alternate Base Rate”, the definition of “Business Day”, the definition of “Term Benchmark Banking Day”, the definition of “U.S. Government Securities Business Day”, the definition of “Daily Simple RFR”, the definition of “Interest Period”, the definition of “RFR”, the definition of “RFR Business Day”, the definition of “RFR Interest Day”, the definition of “RFR Reference Day”, the definition of or any similar or analogous definition, timing and frequency of determining rates and making payments of interest, timing of borrowing and/or letter of credit requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 2.10 and other technical, administrative or operational matters) that the Issuing Bank (after consultation with the Borrower) decides in its reasonable discretion may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Issuing Bank in a manner substantially consistent with market practice (or, if the Issuing Bank decides that adoption of any portion of such market practice is not administratively feasible or if the Issuing Bank determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Issuing Bank (after consultation with the Borrower) decides is reasonably necessary in connection with the administration of this Agreement and the other Facility Documents).

“Consolidated Asset Coverage Ratio” means the ratio, determined on a consolidated basis for the Borrower and its Subsidiaries, without duplication, of (a) the value of total assets of the Borrower and its Subsidiaries, less all liabilities and indebtedness not represented by senior securities, to (b) the aggregate amount of senior securities representing indebtedness of the Borrower and its Subsidiaries (including any Indebtedness outstanding under this Agreement), in each case as determined pursuant to the Investment Company Act and any orders of the SEC issued to or with respect to the Borrower thereunder, including any exemptive relief granted by the SEC with respect to the indebtedness of any SBIC Subsidiary or otherwise (including, for the avoidance of doubt, any exclusion of such indebtedness in the foregoing calculation).

“Consolidated Group” has the meaning assigned to such term in Section 5.13(a).

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto; provided, however, that “Control” shall not include “negative” control or “blocking” rights whereby action cannot be taken without the vote or consent of any Person.

“Controlled Foreign Corporation” means any Subsidiary which is (i) a “controlled foreign corporation” (within the meaning of Section 957 of the Code), (ii) a Subsidiary substantially all the assets of which consist (directly or indirectly through one or more flow-through entities) of Equity Interests and/or indebtedness of one or more Subsidiaries described in clause (i) of this definition, or (iii) an entity treated as disregarded for U.S. federal income tax purposes and substantially all of the assets of which consist (directly or indirectly through one or more flow-through entities) of the Equity Interests and/or indebtedness of one or more Subsidiaries described in clause (i) or (ii) of this definition.

“Covered Debt Amount” means, on any date, an amount equal to (x) the LC Exposure on such date minus (y) the LC Exposure fully Cash Collateralized on such date pursuant to Section 2.01(i).

“Currency” means Dollars or any Foreign Currency.

“Daily Simple RFR” means, for any day (an “RFR Interest Day”), an interest rate per annum equal to the greater of (a) SONIA for the day (the “RFR Reference Day”) that is five RFR Business Days prior to (i) if such RFR Interest Day is a RFR Business Day, such RFR Interest Day or (ii) if such RFR Interest Day is not a RFR Business Day, the RFR Business Day immediately preceding such RFR Interest Day, in each case plus the applicable RFR Applicable Credit Adjustment Spread, and (b) 0.00%. If by 5:00 pm, London time, on the second RFR Business Day immediately following any RFR Reference Day, SONIA in respect of such RFR Reference Day has not been published on the SONIA Administrator’s Website and a Benchmark Replacement Date with respect to the Daily Simple RFR has not occurred, then SONIA for such RFR Reference Day will be SONIA as published in respect of the first preceding RFR Business Day for which SONIA was published on the SONIA Administrator’s Website; provided that SONIA as determined pursuant to this sentence shall be utilized for purposes of calculating the Daily Simple RFR for no more than three consecutive RFR Interest Days. Any change in Daily Simple RFR due to a change in SONIA shall be effective from and including the effective date of such change in SONIA without notice to the Borrower.

“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Issuing Bank in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for syndicated business loans; provided, that if the Issuing Bank decides that any such convention is not administratively feasible for the Issuing Bank, then the Issuing Bank may establish another convention in its reasonable discretion.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Issuing Bank” means the Issuing Bank if:

(a) the Issuing Bank has failed to (i) issue all or any portion of any Letter of Credit within two Business Days of the date such Letter of Credit was required to be issued hereunder



unless the Issuing Bank notifies the Borrower in writing that such failure is the result of the Issuing Bank's reasonable determination that one or more conditions precedent to issuing such Letter of Credit (each of which conditions precedent, together with the applicable default, if any, shall be specifically identified in detail in such writing) has not been satisfied or has not otherwise been waived in accordance with the terms of this Agreement or (ii) make an LC Disbursement with respect to any issued Letter of Credit within two Business Days of the date such LC Disbursement was required to be made hereunder (provided that the Issuing Bank shall cease to be a Defaulting Issuing Bank pursuant to this clause (a) upon the issuance of such Letter of Credit or the disbursement of such LC Disbursement, as applicable, by the Issuing Bank), or

(b) the Issuing Bank has notified the Borrower in writing that it does not intend to comply with its obligations to issue Letters of Credit hereunder or its obligations to make LC Disbursements hereunder, or has made a public statement to that effect (unless such writing or public statement relates to the Issuing Bank's obligation to issue a Letter of Credit hereunder and/or obligation to make a LC Disbursement hereunder and states that such position is based on the Issuing Bank's reasonable determination that a condition precedent to funding (which condition precedent, together with the applicable default, if any, shall be specifically identified in detail in such writing or public statement) cannot be satisfied) (provided that the Issuing Bank shall cease to be a Defaulting Issuing Bank pursuant to this clause (b) upon notification by the Issuing Bank to the Borrower in writing that it intends to, and does in fact, perform its obligations hereunder), or

(c) has failed, within three Business Days after written request by the Borrower, to confirm in writing to the Borrower that it will comply with its prospective Letter of Credit issuance and/or LC Disbursement obligations hereunder (provided that the Issuing Bank shall cease to be a Defaulting Issuing Bank pursuant to this clause (c) upon receipt of such written confirmation by the Borrower), or

(d) the Issuing Bank has become, or has a direct or indirect parent company that is, (i) insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, (ii) other than via an Undisclosed Administration, the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for the Issuing Bank or its direct or indirect parent company, or the Issuing Bank or its direct or indirect parent company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment or (iii) the subject of a Bail-In Action; provided that the Issuing Bank shall not be a Defaulting Issuing Bank solely by virtue of the ownership or acquisition of any Equity Interest in the Issuing Bank or any direct or indirect parent company thereof by a Governmental Authority or instrumentality so long as such ownership interest does not result in or provide the Issuing Bank with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit the Issuing Bank (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with the Issuing Bank.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith; provided that the term “Disposition” or “Dispose” shall not

include the disposition of Investments originated by the Borrower and immediately transferred to a Financing Subsidiary pursuant to a transaction not prohibited hereunder.

“Dollar Equivalent” means, on any date of determination, with respect to an amount denominated in any Foreign Currency, the amount of Dollars that would be required to purchase such amount of such Foreign Currency on the date two Business Days prior to such date, based upon the spot selling rate at which the Issuing Bank offers to sell such Foreign Currency for Dollars in the Principal Financial Center for such Foreign Currency at approximately 11:00 a.m., Applicable Time, for delivery two Business Days later; provided that the Issuing Bank may obtain such spot rate from another financial institution designated by the Issuing Bank if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency; provided further that the Issuing Bank may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letters of Credit denominated in any Agreed Foreign Currency.

“Dollars” or “\$” refers to lawful money of the United States of America.

“EBITDA” means, other than with respect to any Recurring Revenue Loan, the consolidated net income of the applicable Person (excluding extraordinary, unusual or non-recurring gains and extraordinary losses (to the extent excluded in the definition of “EBITDA” (or similar defined term used for the purposes contemplated herein) in the relevant agreement relating to the applicable Portfolio Investment)) for the relevant period plus, without duplication, the following to the extent deducted in calculating such consolidated net income in the relevant agreement relating to the applicable Portfolio Investment for such period: (i) consolidated interest charges for such period, (ii) the provision for federal, state, local and foreign income taxes payable for such period, (iii) depreciation and amortization expense for such period, and (iv) such other adjustments included in the definition of “EBITDA” (or similar defined term used for the purposes contemplated herein) in the relevant agreement relating to the applicable Portfolio Investment, provided that such adjustments are usual and customary and substantially comparable to market terms for substantially similar debt of other similarly situated borrowers at the time such relevant agreements are entered into as reasonably determined in good faith by the Borrower. Notwithstanding the foregoing, EBITDA may be calculated by the Borrower in good faith using information from and calculations consistent with the relevant financial models, pro forma financial statements, compliance statements and financial reporting packages provided by the relevant issuer as per the requirements of the relevant agreement governing a Portfolio Investment.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in writing by the Issuing Bank), which date is January 13, 2023.

“Eligible Subsidiary” means any wholly-owned Subsidiary of the Borrower that is not a Subsidiary Guarantor and for which greater than 80% of the assets owned by such Subsidiary constitute Portfolio Investments that are Performing and not common stock.

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests or equivalents (however designated, including any instrument treated as equity for U.S. federal income tax purposes) in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

“ERISA” means the U.S. Employee Retirement Income Security Act of 1974, and the rules and regulations promulgated thereunder, each as amended or modified from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414(m) or (o) of the Code.

“ERISA Event” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) any failure by any Plan to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan, other than for the payment of plan contributions or PBGC premiums due but not delinquent under Section 4007 of ERISA; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; or (f) the imposition of Withdrawal Liability on the Borrower or any ERISA Affiliate or the receipt of any notice by the Borrower or any ERISA Affiliate of the insolvency, within the meaning of Title IV of ERISA, of any Multiemployer Plan to which the Borrower or any ERISA Affiliate is obligated to contribute.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“EURIBOR Screen Rate” has the meaning assigned to it in clause (b) of the definition of “Term Benchmark Rate”.

“Euro” or “€” means a single currency of the Participating Member States.

“Event of Default” has the meaning assigned to such term in Article VII.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Excluded Collateral” has the meaning assigned to such term in the Guarantee and Security Agreement.

“Excluded Taxes” means, with respect to the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) Taxes imposed on (or measured by) such recipient’s net income (however denominated), net profits, franchise Taxes and branch profits or any similar Taxes, in each case, (i) imposed by the United States of America (or any state or political subdivision thereof), or by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of the Issuing Bank, in which its applicable lending office is located or (ii) Other Connection Taxes, (b) in the case of the Issuing Bank, any Taxes that are U.S. withholding taxes imposed on amounts payable to or for the account of the Issuing Bank (i) at the time the Issuing Bank becomes a party to this Agreement (or otherwise acquires an interest in an LC Disbursement or Commitment) or designates a new lending office, except in each case to the extent that the Issuing Bank’s assignor or the Issuing Bank was entitled to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.11, at the time of such assignment or designation, or (ii) that is attributable to the Issuing Bank’s failure or inability to comply with Section 2.11(e), (c) any U.S. federal, state or local backup withholding Taxes imposed on payments made under any Facility Document, and (d) any withholding Taxes that are imposed under FATCA.

“Existing Notes” means the 2024 Notes, the 2025 February Notes, the 2025A June Notes, the 2025B June Notes, the 2026A March Notes, the 2026B March Notes, the 2026 September Notes, the 2027 January Notes and the 2033 Notes.

“Facility Documents” means, collectively, this Agreement, the Fee Letter, the Letter of Credit Documents and the Security Documents.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Issuing Bank from three Federal funds brokers of recognized standing selected by it.

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“Fee Letter” means that certain fee letter, dated the Effective Date, among the Borrower and SMBC, as the Issuing Bank.

“Final Maturity Date” means January 13, 2026.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

“Financing Subsidiary” means an SPE Subsidiary or an SBIC Subsidiary.

“Floor” means zero percent (0.00%).

“Foreign Currency” means at any time any currency other than Dollars.

“Foreign Currency Equivalent” means, with respect to any amount denominated in Dollars, the amount of any Foreign Currency that could be purchased with such amount of Dollars using the reciprocal of the foreign exchange rate(s) specified in the definition of “Dollar Equivalent”, as reasonably determined by the Issuing Bank.

“Foreign Person” means any Person that is not a United States Person.

“Foreign Subsidiary” means any Subsidiary of the Borrower that is a Controlled Foreign Corporation.

“GAAP” means generally accepted accounting principles in the United States of America.

“Governmental Authority” means the government of the United States of America, or of any other nation, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national body exercising such powers or functions (such as the European Union or the European Central Bank).

“Guarantee” of or by any Person (the “guarantor”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include (i) endorsements for collection or deposit in the ordinary course of business or (ii) customary indemnification agreements entered into in the ordinary course of business; provided that such indemnification obligations are unsecured, such Person has determined that any liability thereunder is remote and such indemnification obligations are not the functional equivalent of the guaranty of a payment obligation of the primary obligor. The amount of any Guarantee at any time shall be deemed to be an amount equal to the maximum stated or determinable amount of the primary obligation in respect of which such Guarantee is incurred, unless the terms of such Guarantee expressly provides that the maximum amount for which such Person may be liable thereunder is a lesser amount (in which case the amount of such Guarantee shall be deemed to be an amount equal to such lesser amount).

“Guarantee and Security Agreement” means that certain Guarantee and Security Agreement dated as of the Effective Date among the Borrower, each Subsidiary of the Borrower from time to time party thereto and the Issuing Bank.

“Guarantee Assumption Agreement” means a Guarantee Assumption Agreement substantially in the form of Exhibit B to the Guarantee and Security Agreement (or such other form as shall be reasonably satisfactory to the Issuing Bank) between the Issuing Bank and an entity that pursuant to Section 5.08(a) is required to become a “Subsidiary Guarantor” under the Guarantee and Security Agreement (with such changes as the Issuing Bank shall request consistent with the requirements of Section 5.08).

“Hedging Agreement” means any interest rate protection agreement, foreign currency exchange protection agreement, commodity price protection agreement or other interest, currency exchange rate or commodity price hedging arrangement.

“Immaterial Subsidiaries” means those Subsidiaries of the Borrower that are “designated” as Immaterial Subsidiaries by the Borrower from time to time (it being understood that the Borrower may at any time change any such designation); provided that such designated Immaterial Subsidiaries shall collectively meet all of the following criteria as of the date of the most recent balance sheet required to be delivered pursuant to Section 5.01: (a) the aggregate assets of such Subsidiaries and their respective Subsidiaries (on a consolidated basis) as of such date do not exceed an amount equal to 3% of the consolidated assets of the Borrower and its Subsidiaries as of such date; and (b) the aggregate revenues of such Subsidiaries and their respective Subsidiaries (on a consolidated basis) for the fiscal quarter ending on such date do not exceed an amount equal to 3% of the consolidated revenues of the Borrower and its Subsidiaries for such period.

“Indebtedness” of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments representing extensions of credit, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person (excluding accounts payable and accrued expenses and trade accounts incurred in the ordinary course of business that are not more than 90 days past due), (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding accounts payable and accrued expenses incurred in the ordinary course of business), (e) all Indebtedness of others secured by any Lien (other than a Lien permitted by Section 6.02(d)) on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed (with the amount of such Indebtedness being the lower of the outstanding amount of such Indebtedness and the fair market value of the property subject to such Lien), (f) all Guarantees by such Person of Indebtedness of others, (g) all Capital Lease Obligations of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (i) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Notwithstanding the foregoing, “Indebtedness” shall not include (i) any revolving commitments, delayed draw term loans or letters of credit for which any Obligor is acting as a lender or issuing lender, as applicable, as part of or in connection with a Portfolio Investment, (ii) any non-recourse liabilities for participation sold by any Person in any Bank Loans, (iii) indebtedness of such Person on account of the sale by such Person of the first

out tranche of any First Lien Bank Loan that arises solely as an accounting matter under ASC 860, (iv) escrows or purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset or Investment to satisfy unperformed obligations of the seller of such asset or Investment, (v) a commitment arising in the ordinary course of business to make a future Investment or (vi) uncalled capital or other commitments of an Obligor in Joint Venture Investments, as well as any letter or agreement requiring any Obligor to provide capital to a Joint Venture Investment or a lender to a Joint Venture Investment.

“Indemnified Taxes” means Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under this Agreement.

“Independent” when used with respect to any specified Person means that such Person (a) does not have any direct financial interest or any material indirect financial interest in the Borrower or any of its Subsidiaries or Affiliates (including its investment advisor or any Affiliate thereof) and (b) is not connected with the Borrower or of its Subsidiaries or Affiliates (including its investment advisor or any Affiliate thereof) as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

“Industry Classification Group” means (a) any of the classification groups set forth in Schedule 1.01(c) hereto, together with any such classification groups that may be subsequently established by Moody’s and provided by the Borrower to the Issuing Bank, and (b) up to three additional industry group classifications established by the Borrower pursuant to Section 5.12.

“Interest Election Request” means a request by the Borrower to convert or continue a LC Disbursement in accordance with Section 2.02.

“Interest Payment Date” means (a) with respect to any ABR LC Disbursement or RFR LC Disbursement, each Quarterly Date and (b) with respect to any Term Benchmark LC Disbursement, the last day of each Interest Period therefor and, in the case of any Term Benchmark LC Disbursement with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at three-month intervals after the first day of such Interest Period.

“Interest Period” means, for any Term Benchmark LC Disbursement, the period commencing on the date of such LC Disbursement and ending on the numerically corresponding day in the calendar month that is one month, three months or, except with respect to Term Benchmark LC Disbursements denominated in Canadian Dollars, six months thereafter or, with respect to such portion of any Term Benchmark LC Disbursement denominated in a Foreign Currency that is scheduled to be repaid on the Final Maturity Date, a period of less than one month’s duration commencing on the date of such LC Disbursement and ending on the Final Maturity Date, as specified in the applicable Interest Election Request; provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period (other than an Interest Period pertaining to a Term Benchmark LC Disbursement denominated in a Foreign Currency that ends on the Final Maturity Date that is permitted to be of less than one month’s duration as provided in this definition) that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) no tenor that has been

removed from this definition pursuant to Section 2.14(d) (unless it is reinstated pursuant to Section 2.14(d)) shall be available for specification in such Interest Election Request or notice of conversion or continuation. For purposes hereof, the date of an LC Disbursement initially shall be the date on which such LC Disbursement is made by the Issuing Bank and thereafter shall be the effective date of the most recent conversion or continuation of such LC Disbursement.

“Investment” means, for any Person: (a) Equity Interests, bonds, notes, debentures or other securities of any other Person or any agreement to acquire any Equity Interests, bonds, notes, debentures or other securities of any other Person (and any rights or proceeds in respect of (x) any “short sale” of securities or (y) any sale of any securities at a time when such securities are not owned by such Person); (b) deposits, advances, loans or other extensions of credit made to any other Person (including purchases of property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such property to such Person), but excluding any advance to employee, officers, directors and consultants of the Borrower or any of its Subsidiaries for expenses in the ordinary course of business; or (c) Hedging Agreements.

“Investment Company Act” means the Investment Company Act of 1940, as amended from time to time.

“Investment Policies” means the written statement of the investment objectives, policies, restrictions and limitations of the Borrower delivered (to the extent not otherwise publicly filed with the SEC) to the Issuing Bank on or prior to the Effective Date and as the same may be changed, altered, expanded, amended, modified, terminated or restated from time to time by a Permitted Policy Amendment.

“Issuing Bank” means SMBC (and any other person that becomes an Issuing Bank by assignment pursuant to Section 8.04), in its capacity as the issuer of Letters of Credit hereunder. In the case of any Letter of Credit to be issued in an Agreed Foreign Currency, the Issuing Bank may designate any of its affiliates as the “Issuing Bank” for purposes of such Letter of Credit.

“Issuing Bank’s Account” means, for each Currency, an account in respect of such Currency designated by the Issuing Bank in a notice to the Borrower.

“IVP Supplemental Cap” has the meaning assigned to such term in Section 8.03(a).

“Japanese Yen” or “¥” means the lawful currency of Japan.

“Joint Venture Investment” means, with respect to any Obligor, any Investment by such Obligor in a joint venture or other investment vehicle in the form of a capital investment, loan or other commitment in or to such joint venture or other investment vehicle pursuant to which such Obligor may be required to provide contributions, investments, or financing to such joint venture or other investment vehicle and which Investment the Borrower has designated as a “Joint Venture Investment”.

“LC Disbursement” means a payment made by the Issuing Bank pursuant to a Letter of Credit.

“LC Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that are outstanding and have not yet been reimbursed by or on behalf of the Borrower at such time. For all purposes of this Agreement, if on any date of determination, a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason



of the operation of Rule 3.14 of the International Standby Practices, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“LC Facility Percentage” means, as of any date of determination, the result, expressed as a percentage, of the LC Disbursements that are outstanding and have not yet been reimbursed by or on behalf of the Borrower on such date divided by the aggregate outstanding Aggregate Covered Debt Amount on such date.

“Letter of Credit” means any letter of credit issued pursuant to this Agreement.

“Letter of Credit Collateral Account” has the meaning assigned to such term in Section 2.01(i).

“Letter of Credit Documents” means, with respect to any Letter of Credit, collectively, any application therefor and any other agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or at risk with respect to such Letter of Credit or (b) any collateral security for any of such obligations, each as the same may be modified and supplemented and in effect from time to time.

“Letter of Credit Fee Percentage” means, (a) if the Borrowing Base (as of the most recently delivered Borrowing Base Certificate) is greater than or equal to the product of 1.60 and the LC Exposure, 1.10%; and (b) if the Borrowing Base (as of the most recently delivered Borrowing Base Certificate) is less than the product of 1.60 and the LC Exposure, 1.225%.

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance in the form of a security interest, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities (other than on market terms so long as in the case of any Portfolio Investment in the Collateral Pool, the Value used in determining the Borrowing Base is not greater than the purchase or call price), except in favor of the issuer thereof (and, for the avoidance of doubt, in the case of Investments that are loans or other debt obligations, customary restrictions on assignments or transfers thereof pursuant to the underlying documentation of such Investments shall not be deemed to be a “Lien” and in the case of Investments that are securities, excluding customary drag-along, tag-along, buyout rights, voting rights, right of first refusal, restrictions on assignments or transfers and other similar rights in favor of one or more equity holders of the same issuer).

“Losses” has the meaning assigned to such term in Section 8.03(b).

“Margin Stock” means “margin stock” within the meaning of Regulations T, U and X of the Board.

“Material Adverse Change” has the meaning assigned to such term in Section 3.04(b).

“Material Adverse Effect” means a material adverse effect on (a) the business, Investments and other assets, liabilities or financial condition of the Borrower or the Borrower and its Subsidiaries (other than Financing Subsidiaries) taken as a whole (excluding in any case a decline in the net asset value of the Borrower or a change in general market conditions or values

of the Investments) or (b) the validity or enforceability of any of the Facility Documents or the rights or remedies of the Issuing Bank thereunder.

“Material Indebtedness” means (a) Indebtedness (other than the Letters of Credit, LC Disbursements and Hedging Agreements), of any one or more of the Borrower and its Subsidiaries (other than Immaterial Subsidiaries) in an aggregate principal amount outstanding exceeding \$75,000,000 and (b) obligations in respect of one or more Hedging Agreements under which the maximum aggregate amount outstanding (giving effect to any netting agreements) that the Borrower and its Subsidiaries (other than Immaterial Subsidiaries) would be required to pay if such Hedging Agreement(s) were terminated at such time would exceed \$75,000,000.

“Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA which the Borrower or any ERISA Affiliate has or within the preceding six years had any obligation to make any contributions.

“National Currency” means the currency, other than the Euro, of a Participating Member State.

“Non-Performing Joint Venture Investment” means a Joint Venture Investment that is not a Performing Joint Venture Investment.

“Obligor” means, collectively, the Borrower and the Subsidiary Guarantors.

“Original Currency” has the meaning assigned to such term in Section 2.12.

“Other Connection Taxes” means, with respect to the Issuing Bank or any other recipient, Taxes imposed by any jurisdiction by reason of the recipient having any present or former connection with such jurisdiction (other than a connection arising solely from entering into, receiving any payment under or enforcing its rights under this Agreement or any other Facility Document or selling or assigning an interest in any LC Exposure or Facility Document).

“Other Permitted Indebtedness” means (a) accrued expenses and current trade accounts payable incurred in the ordinary course of the Borrower’s business which are not overdue for a period of more than 90 days or which are being contested in good faith by appropriate proceedings, (b) Indebtedness (other than Indebtedness for borrowed money) arising in connection with transactions in the ordinary course of any Obligor’s business in connection with its securities, loans, derivatives transactions, reverse repurchase agreements or dollar rolls to the extent such transactions are permitted under the Investment Company Act and the Borrower’s Investment Policies (after giving effect to any Permitted Policy Amendments); provided that, such Indebtedness does not arise in connection with the purchase of Investments other than Cash Equivalents and U.S. Government Securities, (c) Indebtedness in respect of judgments or awards so long as such judgments or awards do not constitute an Event of Default under clause (l) of Article VII, (d) Permitted Purchase Money Indebtedness, (e) Indebtedness which may be deemed to exist pursuant to any performance bonds, surety bonds, statutory bonds, appeal bonds or similar obligations incurred in the ordinary course of business, (f) Indebtedness in respect of netting services, overdraft protections and otherwise in connection with deposit accounts incurred in the ordinary course of business, (g) Indebtedness consisting of the obligations of suppliers, customers, franchisees and licensees of the Obligors and their Subsidiaries in the ordinary course of business, (h) Indebtedness consisting of deferred purchase price or notes issued to partners, members, officers, directors and employees to purchase or redeem the Securities (or option or warrants or

similar instruments) held by such partners, members, officers, directors and employees, (i) Indebtedness in respect of taxes, assessments or governmental charges to the extent that payment thereof shall not at the time be required to be made hereunder, (j) real estate lease or mortgage obligations incurred in the ordinary course of business, (k) contingent obligations resulting from the endorsement of instruments for collection in the ordinary course of business and (l) Indebtedness of the Borrower or any other Obligor to any SPE Subsidiary entered into not in violation of this Agreement and to the extent a court determines a transfer of assets (including participations) from such Obligor to such SPE Subsidiary did not constitute a true sale, provided that the holders of such Indebtedness have recourse only to the assets purported to be transferred (or in the case of participations, the portfolio investments that such participation interest relates to) to such SPE Subsidiary or counterparty, as applicable, and to no other assets of the Obligors in connection with such Indebtedness.

“Other Permitted LC Facility” means any letter of credit facility that is substantially similar to this Agreement so long as the Borrower is the only permitted beneficiary of the letters of credit issued under such facility. For the avoidance of doubt, the RCF Credit Agreement shall not constitute an “Other Permitted LC Facility”.

“Other Permitted LC Facility LC Disbursements” means “LC Disbursements” or any similar or analogous definition under the documents evidencing any Other Permitted LC Facility.

“Other Taxes” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Facility Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Facility Document, excluding any such Taxes that are Other Connection Taxes resulting from an assignment by the Issuing Bank in accordance with Section 8.04 hereof.

“Participant” has the meaning assigned to such term in Section 8.04(d).

“Participant Register” has the meaning assigned to such term in Section 8.04(d).

“Participating Member State” means any member state of the European Community that adopts or has adopted the Euro as its lawful currency in accordance with the legislation of the European Union relating to the European Monetary Union.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Periodic Term SOFR Determination Day” has the meaning assigned to it in the definition of “Term SOFR”.

“Permitted Equity Interests” means common stock of an Obligor that after its issuance is not subject to any agreement between the holder of such common stock and such Obligor where such Obligor is required to purchase, redeem, retire, acquire, cancel or terminate any such common stock at any time prior to the first anniversary of the Final Maturity Date (as in effect from time to time).

“Permitted Liens” means (a) Liens imposed by any Governmental Authority for Taxes, assessments or charges not yet due or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Borrower or any other Obligor in accordance with GAAP; (b) Liens of clearing agencies,

broker-dealers and similar Liens incurred in the ordinary course of business; provided that, such Liens (i) attach only to the securities (or proceeds) being purported to be purchased or sold and (ii) secure only obligations incurred in connection with such purchase or sale, and not any obligation in connection with margin financing; (c) Liens imposed by law, such as materialmen's, mechanics', carriers', workmens', landlord, storage and repairmen's Liens and other similar Liens arising in the ordinary course of business and securing obligations (other than Indebtedness for borrowed money) not yet due or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Borrower in accordance with GAAP; (d) Liens incurred or pledges or deposits made to secure obligations incurred in the ordinary course of business under workers' compensation laws, unemployment insurance or other similar social security legislation (other than Liens imposed by the PBGC in respect of employee benefit plans subject to Title IV of ERISA) or to secure public or statutory obligations; (e) Liens securing the performance of, or payment in respect of, bids, insurance premiums, deductibles or co-insured amounts, tenders, government or utility contracts (other than for the repayment of borrowed money), surety, stay, customs and appeal bonds and other obligations of a similar nature incurred in the ordinary course of business; (f) Liens arising out of judgments or awards so long as such judgments or awards do not constitute an Event of Default under clause (l) of Article VII; (g) customary rights of setoff, banker's lien, security interest or other like right upon (i) deposits of cash in favor of banks or other depository institutions in which such cash is maintained in the ordinary course of business, (ii) cash and financial assets held in securities accounts in favor of banks and other financial institutions with which such accounts are maintained in the ordinary course of business and (iii) assets held by a custodian in favor of such custodian in the ordinary course of business securing payment of fees, indemnities, charges for returning items and other similar obligations; (h) Liens arising solely from precautionary filings of financing statements under the Uniform Commercial Code of the applicable jurisdictions in respect of operating leases entered into by the Borrower or any of its Subsidiaries in the ordinary course of business or in respect of assets purported to be sold or otherwise contributed or disposed to any Person in a transaction permitted by this Agreement; (i) deposits of money securing leases to which the Borrower is a party as lessee made in the ordinary course of business; (j) easements, rights of way, zoning restrictions and similar encumbrances on real property and minor irregularities in the title thereto that do not (i) secure obligations for the payment of money or (ii) materially impair the value of such property or its use by any Obligor or any of its Subsidiaries in the normal conduct of such Person's business; (k) Liens in favor of any escrow agent solely on and in respect of any cash earnest money deposits made by any Obligor in connection with any letter of intent or purchase agreement (to the extent that the acquisition or disposition with respect thereto is otherwise permitted hereunder); (l) any restrictions on the sale or disposition of assets arising from a loan sale agreement; (m) any interest or title of a lessor under any lease entered into by any Obligor or any of its Subsidiaries in the ordinary course of its business and covering only the assets so leased; (n) leases or subleases, licenses or sublicenses granted to other Persons not materially interfering with the conduct of the business of the Obligors or any of their Subsidiaries; (o) Liens on assets not constituting Collateral with respect to obligations contemplated by clause (l) of the definition of "Other Permitted Indebtedness"; (p) Liens of a collection bank arising under Section 4-210 of the UCC on items in the ordinary course of collection; (q) Liens encumbering reasonable and customary initial deposits and margin deposits and similar Liens attaching to brokerage accounts incurred and not as a means to speculate; and (r) Liens on any assets (other than Collateral) securing Indebtedness under clauses (e) and (h) of the definition of "Other Permitted Indebtedness".

"Permitted Policy Amendment" means any change, alteration, expansion, amendment, modification, termination, restatement or replacement of the Investment Policies that is one of the following: (a) approved in writing by the Issuing Bank hereunder or, solely to the

extent that SMBC or any of its Affiliates is the RCF Administrative Agent, approved in writing by the RCF Administrative Agent under the RCF Credit Agreement, (b) required by applicable law, rule, regulation or Governmental Authority, or (c) not materially adverse to the rights, remedies or interests of the Issuing Bank in its reasonable discretion (for the avoidance of doubt, no change, alteration, expansion, amendment, modification, termination or restatement of the Investment Policies shall be deemed “material” if investment size proportionately increases as the size of the Borrower’s capital base changes).

“Permitted Purchase Money Indebtedness” means, as of any date of determination, Purchase Money Indebtedness and Capital Lease Obligations incurred after the Effective Date and any refinancing thereof in an aggregate principal amount outstanding at any one time not in excess of \$10,000,000.

“Permitted SBIC Guarantee” means a guarantee by one or more Obligor of Indebtedness of an SBIC Subsidiary on the SBA’s then applicable form (or the applicable form at the time such guarantee was entered into); provided that, the recourse to the Borrower thereunder is expressly limited only to periods after the occurrence of an event or condition that is an impermissible change in the control of such SBIC Subsidiary (it being understood that, as provided in clause (q) of Article VII, it shall be an Event of Default hereunder if any such event or condition giving rise to such recourse occurs).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Portfolio Investment” means any Investment held by the Obligor in their asset portfolio (and, solely for purposes of determining the Borrowing Base or Aggregate Portfolio Balance, Cash). Without limiting the generality of the foregoing, the following Investments shall not be considered Portfolio Investments under this Agreement or any other Facility Document: (a) any Investment that was not acquired or originated in accordance with the Investment Policies in effect at the time of such acquisition or origination, as applicable; (b) any Investment by an Obligor in any Subsidiary or joint venture of such Obligor (including, for the avoidance of doubt, any Joint Venture Investment); (c) any Investment that provides in favor of the obligor in respect of such Portfolio Investment an express right of rescission, set-off, counterclaim or any other defenses; (d) any Investment, which is made to a bankrupt entity (other than a debtor-in-possession financing and current pay obligations); and (e) any Investment, Cash or account in which a Financing Subsidiary or Foreign Subsidiary has an interest.

“Prime Rate” means the rate which is quoted as the “prime rate” in the print edition of *The Wall Street Journal*, Money Rates Section.

“Principal Financial Center” means, in the case of any Foreign Currency, the principal financial center where such Currency is cleared and settled, as determined by the Issuing Bank.

“Purchase Money Indebtedness” means Indebtedness (other than the obligations hereunder, but including Capital Lease Obligations), incurred at the time of, or within 90 days

after, the acquisition of any fixed or capital assets for the purpose of financing all or any part of the acquisition cost thereof.

“Quarterly Dates” means the last Business Day of March, June, September and December in each year, commencing on March 31, 2023.

“Quoted Investments” has the meaning assigned to it in Section 5.12(b)(ii)(A).

“RCF Administrative Agent” means the “Administrative Agent”, as defined in the RCF Credit Agreement.

“RCF Credit Agreement” means that certain Revolving Credit Agreement dated as of November 9, 2021 (as amended, restated, supplemented or otherwise modified from time to time), the RCF Lenders, the issuing banks from time to time party thereto, and SMBC, as the RCF Administrative Agent.

“RCF Guarantee and Security Agreement” means the “Guarantee and Security Agreement”, as defined in the RCF Credit Agreement.

“RCF Indebtedness” means the outstanding principal amount of Indebtedness of the Borrower under the RCF Credit Agreement and any other RCF Loan Document and shall include all “Revolving Credit Exposure” as defined in the RCF Credit Agreement.

“RCF Lenders” means the “Lenders”, as defined in the RCF Credit Agreement.

“RCF Lien Acknowledgment Agreement” means that certain Lien Acknowledgment Agreement, dated as of the Effective Date, among the Issuing Bank, SMBC, as collateral agent under the RCF Guarantee and Security Agreement and as RCF Administrative Agent, and the Borrower.

“RCF Loan Documents” means the “Loan Documents”, as defined in the RCF Credit Agreement.

“RCF Security Documents” means the “Security Documents”, as defined in the RCF Credit Agreement.

“Register” has the meaning assigned to it in Section 8.04(c).

“Regulations D, T, U and X” means, respectively, Regulations D, T, U and X of the Board, as the same may be modified and supplemented and in effect from time to time.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective partners, directors, officers, managers, employees, agents, advisers and other representatives of such Person and such Person’s Affiliates.

“Relevant Governmental Body” means (a) with respect to a Benchmark Replacement in respect of obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Dollars, the Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board and/or the Federal Reserve Bank of New York or any successor thereto, (b) with respect to a Benchmark Replacement in respect of obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Sterling, the Bank of England, or a committee officially endorsed or convened by the

Bank of England or, in each case, any successor thereto, (c) with respect to a Benchmark Replacement in respect of obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Euros, the European Central Bank, or a committee officially endorsed or convened by the European Central Bank or, in each case, any successor thereto and (d) with respect to a Benchmark Replacement in respect of obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, any Currency other than Dollars, Sterling or Euros, (1) the central bank for the Currency in which such obligations, interest, fees, commissions or other amounts are denominated, or calculated with respect to, or any central bank or other supervisor which is responsible for supervising either (A) such Benchmark Replacement or (B) the administrator of such Benchmark Replacement or (2) any working group or committee officially endorsed or convened by (A) the central bank for the Currency in which such obligations, interest, fees, commissions or other amounts are denominated, or calculated with respect to, (B) any central bank or other supervisor that is responsible for supervising either (i) such Benchmark Replacement or (ii) the administrator of such Benchmark Replacement, (C) a group of those central banks or other supervisors or (D) the Financial Stability Board or any part thereof.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of an Obligor.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any shares of any class of capital stock of the Borrower or any of its Subsidiaries, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock of the Borrower or any option, warrant or other right to acquire any such shares of capital stock (other than any equity awards granted to employees, officers, directors and consultants of the Borrower or any of its Affiliates); it being understood that none of: (w) the conversion features under convertible notes; (x) the triggering and/or settlement thereof; or (y) any cash payment made by the Borrower in respect thereof, shall constitute a Restricted Payment hereunder.

“Retention Holder” means any Person that is the designated retention holder for purposes of satisfying U.S. or EU risk retention rules and that is not entitled to receive any management fees and otherwise has no material assets or liabilities other than in connection with its activities as a retention holder.

“Return of Capital” means (a) any net cash amount received by any Obligor in respect of the outstanding principal of any Investment in the Collateral Account (whether at stated maturity, by acceleration or otherwise), but not including any prepayment of a revolver that does not permanently reduce the related commitments, (b) without duplication of amounts received under clause (a), any net cash proceeds received by any Obligor from the sale of any property or assets pledged as collateral in respect of any Investment in the Collateral Account to the extent such net cash proceeds are less than or equal to the outstanding principal balance of such Investment, (c) any net cash amount received by any Obligor in respect of any Investment in the Collateral Account that is an Equity Interest (x) upon the liquidation or dissolution of the issuer of such Investment, (y) as a distribution of capital made on or in respect of such Investment, or (z) pursuant to the recapitalization or reclassification of the capital of the issuer of such Investment or pursuant to the reorganization of such issuer or (d) any similar return of capital received by any Obligor in cash in respect of any Investment in the Collateral Account; provided that in the case

of clauses (a), (b), (c) and (d), net of any fees, costs, expenses and taxes payable with respect thereto.

“RFR”, when used in reference to any LC Disbursement, refers to whether such LC Disbursement is bearing interest at a rate determined by reference to Daily Simple RFR.

“RFR Applicable Credit Adjustment Spread” means 0.1193%.

“RFR Business Day” means, for any LC Disbursements, interest, fees, commissions or other amounts denominated in, or calculated with respect to RFR, any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which banks are closed for general business in London.

“RFR Interest Day” has the meaning specified in the definition of “Daily Simple RFR”.

“RFR Reference Day” has the meaning specified in the definition of “Daily Simple RFR”.

“RIC” means a person qualifying for treatment as a “regulated investment company” under the Code.

“S&P” means S&P Global Ratings or any successor thereto.

“Sanctioned Country” means, at any time, a country, territory or region that is the subject or the target of country-wide or territory-wide Sanctions broadly prohibiting dealings with such country, territory or region (currently, Cuba, Iran, North Korea, Syria, the Crimea Region of Ukraine, the so-called Donetsk People’s Republic and the so-called Luhansk People’s Republic).

“Sanctions” has the meaning assigned to such term in Section 3.14(a).

“SBA” means the United States Small Business Administration or any Governmental Authority succeeding to any or all of the functions thereof.

“SBIC Equity Commitment” means a commitment by the Borrower to make one or more capital contributions to an SBIC Subsidiary.

“SBIC Subsidiary” means any direct or indirect Subsidiary (including such Subsidiary’s general partner or managing entity to the extent that the only material asset of such general partner or managing entity is its equity interest in the SBIC Subsidiary) of the Borrower licensed as a small business investment company under the Small Business Investment Act of 1958, as amended (or that has applied for such a license and is actively pursuing the granting thereof by appropriate proceedings promptly instituted and diligently conducted), and which is designated by the Borrower (as provided below) as an SBIC Subsidiary, so long as (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of such Subsidiary: (i) is Guaranteed by any Obligor (other than a Permitted SBIC Guarantee or analogous commitment), (ii) is recourse to or obligates any Obligor in any way (other than in respect of any SBIC Equity Commitment, Permitted SBIC Guarantee or analogous commitment), or (iii) subjects any property of any Obligor, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than Equity Interests in any SBIC Subsidiary pledged to secure such Indebtedness, and (b) no Obligor has any obligation to maintain or preserve such Subsidiary’s financial condition or cause such entity to achieve certain levels of operating results (other than in respect of any SBIC Equity



Commitment, Permitted SBIC Guarantee or analogous commitment). Any such designation by the Borrower shall be effected pursuant to a certificate of a Responsible Officer delivered to the Issuing Bank or, solely to the extent that SMBC or any of its Affiliates is the RCF Administrative Agent, delivered to the RCF Administrative Agent in accordance with the RCF Credit Agreement, which certificate shall include a statement to the effect that, to the best of such officer's knowledge, such designation complied with the foregoing conditions.

“SEC” means the Securities Exchange Commission.

“Security Documents” means, collectively, the Guarantee and Security Agreement, the RCF Lien Acknowledgement Agreement and all other assignments, pledge agreements, security agreements, control agreements and other instruments executed and delivered on or after the Effective Date by any of the Obligor pursuant to the Guarantee and Security Agreement or otherwise providing or relating to any collateral security for any of the Secured Obligations under and as defined in the Guarantee and Security Agreement.

“Shareholders' Equity” means, at any date, the amount determined on a consolidated basis, without duplication, in accordance with GAAP, of shareholders equity for the Borrower and its Subsidiaries at such date.

“SMBC” means Sumitomo Mitsui Banking Corporation.

“SOFR” means a rate per annum equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SONIA” means a rate equal to the Sterling Overnight Index Average as administered by the SONIA Administrator.

“SONIA Administrator” means the Bank of England (or any successor administrator of the Sterling Overnight Index Average).

“SONIA Administrator's Website” means the Bank of England's website, currently at <http://www.bankofengland.co.uk>, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to time.

“SPE Subsidiary” means:

(a) a direct or indirect Subsidiary of the Borrower to which any Obligor sells, conveys or otherwise transfers (whether directly or indirectly) Investments, which engages in no material activities other than in connection with the purchase, holding, disposition or financing of such assets and which is designated by the Borrower (as provided below) as an SPE Subsidiary, so long as:

(i) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is Guaranteed by any Obligor (other than Guarantees in respect of Standard Securitization Undertakings), (ii) is recourse to or obligates any Obligor in any way other than pursuant to Standard Securitization Undertakings or (iii) subjects any property of any Obligor (other than (x) property that has been contributed or sold, purported to be sold or otherwise transferred to such Subsidiary or (y) Equity Interests in such

Subsidiary, but solely to the extent that the organization documents of such Subsidiary or any agreement to which such Subsidiary is a party prohibit or restrict the pledge of such Equity Interests), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings or any Guarantee thereof,

(ii) no Obligor has any material contract, agreement, arrangement or understanding with such Subsidiary (excluding customary sale and contribution agreements) other than on terms, taken as a whole, not materially less favorable to such Obligor than those that might be obtained at the time from Persons that are not Affiliates of any Obligor, other than fees payable in the ordinary course of business in connection with servicing receivables or financial assets and pursuant to Standard Securitization Undertakings, and

(iii) to which no Obligor has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results; and

(b) any passive holding company that is designated by the Borrower (as provided below) as a SPE Subsidiary, so long as:

(i) such passive holding company is the direct parent of a SPE Subsidiary referred to in clause (a);

(ii) such passive holding company engages in no activities and has no assets (other than in connection with the transfer of assets to and from a SPE Subsidiary referred to in clause (a)), and its ownership of all of the Equity Interests of a SPE Subsidiary referred to in clause (a) or liabilities;

(iii) no Obligor has any contract, agreement, arrangement or understanding with such passive holding company; and

(iv) no Obligor has any obligation to maintain or preserve such passive holding company's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation of a SPE Subsidiary by the Borrower shall be effected pursuant to a certificate of a Responsible Officer delivered to the Issuing Bank or, solely to the extent that SMBC or any of its Affiliates is the RCF Administrative Agent, delivered to the RCF Administrative Agent in accordance with the RCF Credit Agreement, which certificate shall include a statement to the effect that, to the best of such Responsible Officer's knowledge, such designation complied with the conditions set forth in clause (a) or (b) above, as applicable. Each Subsidiary of an SPE Subsidiary shall be deemed to be an SPE Subsidiary and shall comply with the foregoing requirements of this definition.

As of the Effective Date, each of (i) Hercules Funding II LLC, (ii) Hercules Funding IV LLC and (iii) Hercules Capital Funding Trust 2022-1 LLC, each a Delaware limited liability company, is an SPE Subsidiary.

"SPE Subsidiary Recourse Obligation" has the meaning assigned to such term in the definition of "Standard Securitization Undertakings".

“Special Equity Interest” means any Equity Interest that is subject to a Lien in favor of creditors of the issuer of such Equity Interest; provided that, such Lien was created to secure Indebtedness owing by such issuer or such issuer’s affiliates to such creditors.

“Special Unsecured Indebtedness” means Indebtedness of an Obligor issued after the Effective Date (which may be Guaranteed by Subsidiary Guarantors) that (a) has no scheduled amortization (other than for amortization in an amount not greater than 1% of the aggregate initial principal amount of such Indebtedness per annum; provided that, amortization in excess of 1% per annum shall be permitted so long as the amount of such amortization in excess of 1% is permitted to be incurred pursuant to Section 6.01(1)) prior to, and a final maturity date not earlier than, the Final Maturity Date (it being understood that (A) none of: (w) the conversion features under convertible notes; (x) the triggering and/or settlement thereof; and (y) any cash payment made in respect thereof, shall constitute “amortization” for purposes of this clause (a); and (B) any mandatory amortization that is contingent upon the happening of an event that is not certain to occur (including a change of control or bankruptcy) shall not in and of itself be deemed to disqualify such Indebtedness under this clause (a)), (b) is incurred pursuant to terms that are substantially comparable to market terms for substantially similar debt of other similarly situated borrowers as reasonably determined in good faith by the Borrower or, if such transaction is not one in which there are market terms for substantially similar debt of other similarly situated borrowers, on terms that are negotiated in good faith on an arm’s length basis (except, in each case, other than financial covenants and events of default (other than events of default customary in indentures, note purchase agreements for private placements or similar instruments that have no analogous provisions in this Agreement or credit agreements or letter of credit agreements generally)), which shall be no more restrictive on the Borrower and its Subsidiaries, while the Commitment or any Letter of Credit or unreimbursed LC Disbursement is outstanding, than those set forth in the Facility Documents; provided that, upon the Borrower’s written request in connection with the incurrence of any Special Unsecured Indebtedness that otherwise would not meet the requirements set forth in this parenthetical of this clause (b), the Borrower and the Issuing Bank shall promptly enter into a written amendment to this Agreement making changes necessary such that the financial covenants and events of default, as applicable, in this Agreement shall be as restrictive as such provisions in the Special Unsecured Indebtedness (it being understood that put rights or repurchase or redemption obligations (x) in the case of convertible securities, in connection with the suspension or delisting of the capital stock of the Borrower or the failure of the Borrower to satisfy a continued listing rule with respect to its capital stock or (y) arising out of circumstances that would constitute a “fundamental change” (as such term is customarily defined in convertible note offerings) or an Events of Default under this Agreement shall not be deemed to be more restrictive for purposes of this definition) and (c) is not secured by any assets of any Obligor.

“Standard Securitization Undertakings” means, collectively, (a) customary arms-length servicing obligations (together with any related performance guarantees), (b) obligations (together with any related performance guarantees) to refund the purchase price or grant purchase price credits for dilutive events or misrepresentations (in each case unrelated to the collectability of the assets sold or the creditworthiness of the associated account debtors), (c) representations, warranties, covenants and indemnities (together with any related performance guarantees) of a type that are reasonably customary in accounts receivable securitizations, securitizations of financial assets or collateralized loan obligations and (d) obligations (together with any related performance guarantees) under any “bad boy” guarantee, guarantee of any make-whole premium or other guarantee; provided, however, that any such guarantee of any make-whole premium or other guarantee shall not exceed 10% of the aggregate unfunded commitments plus outstandings under the applicable loan (any such guarantee or make-whole premium (other than a performance

guarantee or “bad boy” guarantee) described in this clause (d), a “SPE Subsidiary Recourse Obligation”).

“Statutory Reserve Rate” means, for any applicable Interest Period for any Term Benchmark LC Disbursement denominated in Euros, a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the arithmetic mean, taken over each day in such Interest Period, of the aggregate of the applicable maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Issuing Bank is subject for eurocurrency funding (currently referred to as “Eurocurrency liabilities” in Regulation D). Such reserve percentages shall include those imposed pursuant to Regulation D. Term Benchmark LC Disbursements denominated in Euros shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to the Issuing Bank under Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Sterling” or “£” means the lawful currency of the United Kingdom.

“Subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Anything herein to the contrary notwithstanding, the term “Subsidiary” shall not include any (x) Joint Venture Investment, (y) Person that constitutes an Investment held by any Obligor in the ordinary course of business and that is not, under GAAP, consolidated on the financial statements of the Borrower and its Subsidiaries or (z) any registered investment advisor, seed vehicle, private fund, single managed account or similar Person. Unless otherwise specified, “Subsidiary” means a Subsidiary of the Borrower.

“Subsidiary Guarantor” means any Subsidiary that is a Guarantor under the Guarantee and Security Agreement. It is understood and agreed that no Financing Subsidiary, Immaterial Subsidiary, Foreign Subsidiary or Subsidiary of a Foreign Subsidiary or a Financing Subsidiary shall be a Subsidiary Guarantor.

“TARGET Day” means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system (or, if such payment system ceases to be operative, any successor settlement system as reasonably determined by the Issuing Bank to be a suitable replacement) is open for the settlement of payments in Euros.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings (including backup withholding), assessments, fees, or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term Benchmark”, when used in reference to any LC Disbursement, refers to whether such LC Disbursement is bearing interest at a rate determined by reference to the Adjusted Term Benchmark Rate.

“Term Benchmark Banking Day” means for Term Benchmark LC Disbursements, interest, fees, commissions or other amounts denominated in, or calculated with respect to:

- (a) Dollars, a U.S. Government Securities Business Day;
- (b) Euros, a TARGET Day;
- (c) Canadian Dollars, any day (other than a Saturday or Sunday) on which banks are open for business in Toronto, Canada;
- (f) Japanese Yen, any day (other than a Saturday or Sunday) on which banks are open for business in Tokyo, Japan.

or

“Term Benchmark Rate” means, for any Interest Period:

- (a) in the case of Term Benchmark LC Disbursements denominated in Dollars, Term SOFR for such Interest Period;

(b) in the case of Term Benchmark LC Disbursements denominated in Euros, the rate per annum equal to the Euro Interbank Offered Rate as administered by the European Money Markets Institute (or any other Person that takes over the administration of such rate) for a period equal in length to such Interest Period, as displayed on the applicable Bloomberg page (or on any successor or substitute page or service providing such quotations as reasonably determined by the Issuing Bank from time to time at approximately 11:00 a.m. (Brussels time) two Term Benchmark Banking Days for Euros prior to the first day of such Interest Period (the “EURIBOR Screen Rate”));

(c) in the case of Term Benchmark LC Disbursements denominated in Canadian Dollars, the rate per annum equal to the average of the annual yield rates applicable to Canadian Dollar banker’s acceptances at or about 10:00 a.m. (Toronto, Ontario time) on the first day of such Interest Period (or if such day is not a Term Benchmark Banking Day for Canadian Dollars, then on the immediately preceding Term Benchmark Banking Day for Canadian Dollars) as reported on the “CDOR Page” (or any display substituted therefor) of Reuters Monitor Money Rates Service (or such other page or commercially available source displaying Canadian interbank bid rates for Canadian Dollar bankers’ acceptances as may reasonably be designated by the Issuing Bank from time to time) for a term equivalent to such Interest Period (or if such Interest Period is not equal to a number of months, for a term equivalent to the number of months closest to such Interest Period); and

(d) in the case of Term Benchmark LC Disbursements denominated in Japanese Yen, the rate per annum equal to the Tokyo Interbank Offered Rate as administered by the Ippan Shadan Hojin JBA TIBOR Administration (or any other Person that takes over the administration of such rate) for a period equal in length to such Interest Period, as displayed on the applicable Bloomberg page (or on any successor or substitute page or service providing such quotations as reasonably determined by the Issuing Bank from time to time) at approximately 11:00 a.m. (Tokyo time) two Term Benchmark Banking Days for Japanese Yen prior to the first day of such Interest Period.

“Term SOFR” means,

(a) for any calculation with respect to any Term Benchmark LC Disbursement denominated in Dollars for any Interest Period, the sum of (i) the Term SOFR Applicable Credit Adjustment Spread and (ii) the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “Periodic Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, and

(b) for any calculation with respect to any ABR LC Disbursement on any day, the sum of (i) the Term SOFR Applicable Credit Adjustment Spread and (ii) the Term SOFR Reference Rate for a tenor of one month on the day (such day, the “Base Rate Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided that if as of 5:00 p.m. on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Base Rate Term SOFR Determination Day.

“Term SOFR Administrator” means the CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Issuing Bank in its reasonable discretion).

“Term SOFR Applicable Credit Adjustment Spread” means 0.10%.

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Termination Date” means the earliest to occur of (i) the Final Maturity Date, (ii) the date of the termination of the Commitment in full pursuant to Section 2.03(c), and (iii) the date on which the Commitment is terminated pursuant to Article VII.

“Testing Period” has the meaning assigned to such term in Section 5.12(b)(ii)(E)(x).

“Testing Quarter” has the meaning assigned to such term in Section 5.12(b)(ii)(B).

“Transactions” means the execution, delivery and performance by the Borrower of this Agreement and the other Facility Documents, the issuance of Letters of Credit hereunder and the use of proceeds thereof.

“Transferred Assets” has the meaning assigned to such term in Section 6.03(h).

“Type”, when used in reference to any LC Disbursement, refers to whether the rate of interest on such LC Disbursement is determined by reference to the Adjusted Term Benchmark Rate, Daily Simple RFR or the Alternate Base Rate.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“Undisclosed Administration” means, in relation to the Issuing Bank, the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator under or based on the law in the country where the Issuing Bank is subject to home jurisdiction supervision if applicable law requires that such appointment is not to be publicly disclosed.

“Uniform Commercial Code” means the Uniform Commercial Code as in effect from time to time in the State of New York.

“United States Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“Unquoted Investments” has the meaning assigned to it in Section 5.12(b)(ii)(B).

“Unsecured Longer-Term Indebtedness” means, as at any date, any Indebtedness of an Obligor (which may be Guaranteed by any other Obligor) that (a) has no scheduled amortization (other than for amortization in an amount not greater than 1% of the aggregate initial principal amount of such Indebtedness per annum; provided that, amortization in excess of 1% per annum shall be permitted so long as the amount of such amortization in excess of 1% is permitted to be incurred pursuant to Section 6.01(1)) prior to, and a final maturity date not earlier than, six months after the Final Maturity Date (it being understood that (A) none of: (w) the conversion features under convertible notes; (x) the triggering and/or settlement thereof; and (y) any cash payment made in respect thereof, shall constitute “amortization” for purposes of this clause (a)); and (B) any mandatory amortization that is contingent upon the happening of an event that is not certain to occur (including a change of control or bankruptcy) shall not in and of itself be deemed to disqualify such Indebtedness under this clause (a)), (b) is incurred pursuant to terms that are substantially comparable to market terms for substantially similar debt of other similarly situated borrowers as reasonably determined in good faith by the Borrower or, if such transaction is not one in which there are market terms for substantially similar debt of other similarly situated

borrowers, on terms that are negotiated in good faith on an arm's length basis (except, in each case, other than financial covenants and events of default (other than events of default customary in indentures or similar instruments that have no analogous provisions in this Agreement or credit agreements or letter of credit agreements generally)), which shall be not materially more restrictive upon the Borrower and its Subsidiaries, while the Commitment or any Letter of Credit or unreimbursed LC Disbursement is outstanding, than those set forth in the Facility Documents; provided that, upon the Borrower's written request in connection with the incurrence of any Unsecured Longer-Term Indebtedness that otherwise would not meet the requirements set forth in this parenthetical of this clause (b), the Borrower and the Issuing Bank shall promptly enter into a written amendment to this Agreement making changes necessary such that the financial covenants and events of default, as applicable, in this Agreement shall be as restrictive as such provisions in the Unsecured Longer-Term Indebtedness (it being understood that put rights or repurchase or redemption obligations (x) in the case of convertible securities, in connection with the suspension or delisting of the capital stock of the Borrower or the failure of the Borrower to satisfy a continued listing rule with respect to its capital stock or (y) arising out of circumstances that would constitute a "fundamental change" (as such term is customarily defined in convertible note offerings) or be Events of Default under this Agreement shall not be deemed to be more restrictive for purposes of this definition) and (c) is not secured by any assets of any Obligor. For the avoidance of doubt, the conversion of all or any portion of any Permitted Convertible Indebtedness constituting Unsecured Longer-Term Indebtedness into Permitted Equity Interests in accordance with Section 6.12(a), shall not cause such Indebtedness to be designated as Unsecured Shorter-Term Indebtedness hereunder.

"Unsecured Shorter-Term Indebtedness" means, collectively, (a) any Indebtedness of an Obligor that is not secured by any assets of any Obligor and that does not constitute Unsecured Longer-Term Indebtedness and (b) any Indebtedness that is designated as "Unsecured Shorter-Term Indebtedness" pursuant to Section 6.11.

"U.S. Government Securities" means securities that are direct obligations of, and obligations the timely payment of principal and interest on which is fully guaranteed by, the United States or any agency or instrumentality of the United States the obligations of which are backed by the full faith and credit of the United States and in the form of conventional bills, bonds, and notes.

"U.S. Government Securities Business Day" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"Value" has the meaning assigned to such term in Section 5.13.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial



Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02. Classification of LC Disbursements. For purposes of this Agreement, LC Disbursements may be classified and referred to by Type (e.g., an “ABR LC Disbursement”). LC Disbursements may also be identified by Currency.

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, amended and restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or therein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. Solely for purposes of this Agreement, any references to “principal amount” or “obligations” owed by any Person under any (x) Hedging Agreement (other than a total return swap) shall refer to the amount that would be required to be paid by such Person if such Hedging Agreement were terminated at such time (after giving effect to any netting agreement) less any collateral posted in support thereof and (y) total return swap shall refer to the notional amount thereof less any collateral posted in support thereof.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, (a) if the Borrower notifies the Issuing Bank that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Issuing Bank notifies the Borrower that the Issuing Bank requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then (x) the Borrower and the Issuing Bank agree to enter into negotiations in good faith in order to amend such provisions of this Agreement with respect to the Borrower so as to equitably reflect such change to comply with GAAP with the desired result that the criteria for evaluating the Borrower’s financial condition shall be the same after such change to comply with GAAP as if such change had not been made and (y) such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith and (b) all leases that are or would have been treated as operating leases for purposes of GAAP prior to the issuance on February 25, 2016 of the Accounting Standards Update (the “ASU”) shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for the purposes of

the Facility Documents hereunder (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations in the financial statements to be delivered pursuant to the Facility Documents. Whether or not the Borrower may at any time adopt Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Subtopic 825-10 (or successor standard solely as it relates to fair valuing liabilities) or accounts for liabilities acquired in an acquisition on a fair value basis pursuant to FASB Statement of Financial Accounting Standard No. 141(R) (or successor standard solely as it relates to fair valuing liabilities), all determinations of compliance with the terms and conditions of this Agreement shall be made on the basis that the Borrower has not adopted FASB Accounting Standards Codification Subtopic 825-10 (or such successor standard solely as it relates to fair valuing liabilities) or, in the case of liabilities acquired in an acquisition, FASB Statement of Financial Accounting Standard No. 141(R) (or such successor standard solely as it relates to fair valuing liabilities).

SECTION 1.05. Currencies; Currency Equivalents.

(a) Currencies Generally. At any time, any reference in the definition of “Agreed Foreign Currency” or in any other provision of this Agreement to the Currency of any particular nation means the lawful currency of such nation at such time whether or not the name of such Currency is the same as it was on the Effective Date. Except as provided in Section 2.05(b) and the last sentence of Section 2.12(a), for purposes of determining (i) whether the amount of any Letter of Credit, together with all other LC Exposure or any other Letter of Credit to be issued at the same time as such Letter of Credit, would exceed the Commitment, (ii) the aggregate unutilized amount of the Commitment, (iii) the LC Exposure, (iv) the Covered Debt Amount, (v) the Aggregate Covered Debt Amount and (vii) the Borrowing Base or the Value or the fair market value of any Investment in the Collateral Pool, the outstanding principal amount of any Letter of Credit that is denominated in any Foreign Currency or the Value or the fair market value of any Investment in the Collateral Pool that is denominated in any Foreign Currency shall be deemed to be the Dollar Equivalent of the amount of the Foreign Currency of such Letter of Credit or Investment, as the case may be, determined as of the date of such Letter of Credit (determined in accordance with the last sentence of the definition of “Interest Period”) or the date of the valuation of such Investment, as the case may be. Without limiting the generality of the foregoing, for purposes of determining compliance with any basket in Section 6.03(g) or 6.04(f), in no event shall the Borrower or any of its Subsidiaries be deemed not to be in compliance with any such basket solely as a result of a change in exchange rates.

(b) Special Provisions Relating to Euro. Each obligation hereunder of any party hereto that is denominated in the National Currency of a state that is not a Participating Member State on the Effective Date shall, effective from the date on which such state becomes a Participating Member State, be redenominated in Euro in accordance with the legislation of the European Union applicable to the European Monetary Union; provided that, if and to the extent that any such legislation provides that any such obligation of any such party payable within such Participating Member State by crediting an account of the creditor can be paid by the debtor either in Euros or such National Currency, such party shall be entitled to pay or repay such amount either in Euros or in such National Currency. If the basis of accrual of interest or fees expressed in this Agreement with respect to an Agreed Foreign Currency of any country that becomes a Participating Member State after the date on which such currency becomes an Agreed Foreign Currency shall be inconsistent with any convention or practice in the interbank market for the basis of accrual of interest or fees in respect of the Euro, such convention or practice shall replace such expressed basis effective as of and from the date on which such state becomes a Participating

Member State; provided that, with respect to any LC Disbursement denominated in such currency that is outstanding and unreimbursed immediately prior to such date, such replacement shall take effect at the end of the Interest Period therefor.

Without prejudice to the respective liabilities of the Borrower to the Issuing Bank and the Issuing Bank to the Borrower under or pursuant to this Agreement, each provision of this Agreement shall be subject to such reasonable changes of construction as the Issuing Bank may from time to time, in consultation with the Borrower, reasonably specify to be necessary or appropriate to reflect the introduction or changeover to the Euro in any country that becomes a Participating Member State after the Effective Date; provided that the Issuing Bank shall provide the Borrower with prior notice of the proposed change with an explanation of such change in sufficient time to permit the Borrower an opportunity to respond to such proposed change.

SECTION 1.06. Divisions. For all purposes under the Facility Documents, if, as a result of any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) any new Person comes into existence, such new Person shall be deemed to have been organized or acquired on the first date of its existence by the holders of its Equity Interests at such time.

SECTION 1.07. Rates. The Issuing Bank does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Alternate Base Rate, the Daily Simple RFR, or the Adjusted Term Benchmark Rate or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Alternate Base Rate, the Daily Simple RFR, the Adjusted Term Benchmark Rate or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Issuing Bank and its affiliates or other related entities may engage in transactions that affect the calculation of the Alternate Base Rate, the Daily Simple RFR, the Adjusted Term Benchmark Rate, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Issuing Bank may select information sources or services in its reasonable discretion to ascertain the Alternate Base Rate, the Daily Simple RFR, the Adjusted Term Benchmark Rate or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service other than for direct or actual damages resulting from willful misconduct or gross negligence of the Issuing Bank as determined by a final, non-appealable judgment of a court of competent jurisdiction.

ARTICLE II

THE CREDITS

SECTION 2.01. Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, the Borrower may request the Issuing Bank to issue, renew or extend, and the Issuing Bank shall, upon such request, issue, renew or extend, at any time and from time to time during the Availability Period, Letters of Credit denominated in Dollars or in any Agreed Foreign Currency for its own account or the account of its designee (provided that the Obligors shall remain primarily liable to the Issuing Bank hereunder for payment and reimbursement of all amounts payable in respect of the Letters of Credit hereunder) substantially in the form of Exhibit C hereto (with such changes as agreed to between the Issuing Bank and the Borrower) and for the benefit of the Borrower solely for the purpose of funding amounts due under the unfunded portion of committed Portfolio Investments. Letters of Credit issued hereunder shall constitute utilization of the Commitment up to the aggregate amount available to be drawn thereunder.

(b) Notice of Issuance, Amendment, Renewal or Extension. To request the issuance of a Letter of Credit, the Borrower shall transmit by electronic communication to the Issuing Bank (by no later than 11:00 a.m., New York City time, four Business Days prior to the requested date of issuance), a letter of credit application substantially in the form of Exhibit D hereto, requesting the issuance of a Letter of Credit and specifying the date of issuance (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (d) of this Section 2.01), the amount and Currency of such Letter of Credit and such other information as shall be necessary to prepare such Letter of Credit. To request the amendment renewal or extension of an outstanding Letter of Credit, the Borrower shall transmit by electronic communication to the Issuing Bank (reasonably in advance of the requested date of amendment, renewal or extension) a notice identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (d) of this Section 2.01), the amount and Currency of such Letter of Credit and such other information as shall be necessary to amend, renew or extend such Letter of Credit. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(c) Limitations on Amounts. A Letter of Credit shall be issued, renewed or extended only if (and upon issuance, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, renewal or extension (i) the aggregate LC Exposure shall not exceed the then-current Commitment; (ii) the Covered Debt Amount shall not exceed the Borrowing Base then in effect; and (iii) the Aggregate Covered Debt Amount shall not exceed the Aggregate Portfolio Balance then in effect.

(d) Expiration Date. Each Letter of Credit shall expire at or prior to the earlier to occur of (i) the close of business on the date twelve months after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, twelve months after the then-current expiration date of such Letter of Credit, so long as such renewal or extension occurs within three months of such then-current expiration date) and (ii) the Final Maturity Date; provided that any Letter of Credit with a one-year term shall, at the Borrower's election (which election shall be

notified in writing (which writing may be in the form of an email) to the Issuing Bank), be renewed for additional one-year periods; provided further that (i) no Letter of Credit may have an expiration date after the Final Maturity Date and (ii) no Letter of Credit may be renewed following the Termination Date.

(e) Reimbursement. If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse the Issuing Bank in respect of such LC Disbursement by paying to the Issuing Bank an amount equal to such LC Disbursement in the Currency in which such Letter of Credit is denominated not later than the Final Maturity Date.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section 2.01 shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit, and (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.01, constitute a legal or equitable discharge of the Borrower's obligations hereunder.

None of the Issuing Bank or any of its Related Parties shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit by the Issuing Bank or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to fund or make a LC Disbursement that is required to be made pursuant to the terms of this Agreement, fraud, gross negligence or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that:

(i) the Issuing Bank may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit;

(ii) the Issuing Bank shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit; and

(iii) this sentence shall establish the standard of care to be exercised by the Issuing Bank when determining whether drafts and other documents presented under a Letter of Credit

comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by applicable law, any standard of care inconsistent with the foregoing).

(g) Disbursement Procedures. To request an LC Disbursement under a Letter of Credit issued by the Issuing Bank, the Borrower shall transmit by electronic communication to the Issuing Bank (by no later than 11:00 a.m., New York City time, four Business Days prior to the requested date of disbursement), a disbursement certificate substantially in the form of Exhibit E hereto, specifying the date of disbursement (which shall be a Business Day). Subject to the terms and conditions set forth herein, the Issuing Bank shall disburse the relevant LC Disbursement to the Borrower by wire transfer of immediately available funds by 11:00 a.m. New York City time on the proposed date thereof.

(h) Interim Interest. Following the making of any LC Disbursement by the Issuing Bank, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall constitute a loan and shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement in accordance with Section 2.02 and Section 2.07.

(i) Cash Collateralization. If the Borrower shall be required to provide Cash Collateral for LC Exposure pursuant to Section 2.05(b) or (c) or the last paragraph of Article VII, as applicable, the Borrower shall promptly, but in any event within five (5) Business Days, deposit into a segregated collateral account or accounts (herein, collectively, the “Letter of Credit Collateral Account”) in the name and under the dominion and control of the Issuing Bank, Cash denominated in the Currency of the Letter of Credit under which such LC Exposure arises in an amount equal to the amount required under Section 2.05(b) or (c), or the last paragraph of Article VII, as applicable. Such deposit shall be held by the Issuing Bank as collateral in the first instance for the LC Exposure under this Agreement and thereafter for the payment of the “Secured Obligations” under and as defined in the Guarantee and Security Agreement, and for these purposes the Borrower hereby grants a security interest to the Issuing Bank in the Letter of Credit Collateral Account and in any financial assets (as defined in the Uniform Commercial Code) or other property held therein. If the Borrower is required to provide Cash Collateral hereunder as a result of the occurrence of an Event of Default, such Cash Collateral (to the extent not applied as set forth in this Section 2.01(i)) shall be returned to the Borrower promptly after all Events of Default have been cured or waived. If the Borrower is required to provide Cash Collateral hereunder pursuant to Section 2.05(b)(ii), such Cash Collateral (to the extent not applied as set forth in this Section 2.01(i)) shall be returned to the Borrower as and to the extent that, after giving effect to such return, the LC Exposure would not exceed the then-current Commitment.

(j) No Obligation to Issue After Certain Events. The Issuing Bank shall not be under any obligation to issue any Letter of Credit if: any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Bank from issuing such Letter of Credit, or any law applicable to the Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank shall refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which the Issuing Bank in good faith deems material to

it, or the issuance of such Letter of Credit would violate one or more policies of the Issuing Bank applicable to letters of credit generally.

(k) Applicability of ISP and UCP. Unless otherwise expressly agreed by the Issuing Bank and the Borrower when a Letter of Credit is issued, (i) the rules of the International Standby Practices shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial Letter of Credit. For the purpose of clauses (i) and (ii), the “Beneficiary” under such rules shall be the Borrower.

SECTION 2.02. Interest Elections.

(a) Elections by the Borrower for LC Disbursements. Each LC Disbursement initially shall be (x) in the case of any LC Disbursement denominated in a Currency other than Sterling, a Term Benchmark LC Disbursement with an Interest Period of one month and (y) in the case of an LC Disbursement denominated in Sterling, an RFR LC Disbursement. Thereafter, the Borrower may elect to convert such LC Disbursement to an LC Disbursement of a different Type or to continue such LC Disbursement as an LC Disbursement of the same Type and, in the case of a Term Benchmark LC Disbursement, may elect the Interest Period therefor, all as provided in this Section 2.02; provided, however, that (i) an LC Disbursement denominated in one Currency may not be continued as, or converted to, an LC Disbursement in a different Currency, (ii) no Term Benchmark LC Disbursement denominated in a Foreign Currency may be continued if, after giving effect thereto, the LC Exposure would exceed the then-current Commitment, and (iii) a Term Benchmark LC Disbursement denominated in a Foreign Currency and a RFR LC Disbursement may not be converted to a LC Disbursement of a different Type. The Borrower may elect different options with respect to different portions of the affected LC Disbursement, in which case the LC Disbursements constituting each such portion shall be considered a separate LC Disbursement.

(b) Notice of Elections. To make an election to convert the Type of a LC Disbursement denominated in Dollars or, in the case of a Term Benchmark LC Disbursement, elect an Interest Period as part of a continuation pursuant to this Section 2.02, the Borrower shall notify the Issuing Bank of such election by telephone or e-mail (i) in the case of a continuation of, or conversion to, a Term Benchmark LC Disbursement denominated in Dollars, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed continuation or conversion, (ii) in the case of a continuation of a Term Benchmark LC Disbursement denominated in a Foreign Currency, not later than 11:00 a.m., New York City time, four Business Days before the date of the continuation, or (iii) in the case of the conversion to an ABR LC Disbursement, not later than 11:00 a.m., New York City time, three Business Days before the last day of the Interest Period for the Term Benchmark LC Disbursement that shall be converted in whole (or in part) to an ABR LC Disbursement. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly (but no later than the close of business on the date of such request) by hand delivery, telecopy or electronic communication to the Issuing Bank of a written Interest Election Request.

(c) Content of Interest Election Requests. Each telephonic and written (including by e-mail) Interest Election Request shall specify the following information:

(i) the LC Disbursement to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting LC Disbursement (in which case the information

to be specified pursuant to clauses (iii) and (iv) of this paragraph (c) shall be specified for each resulting LC Disbursement);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether, in the case of an LC Disbursement denominated in Dollars, the resulting LC Disbursement is to be an ABR LC Disbursement or a Term Benchmark LC Disbursement; and

(iv) if the resulting LC Disbursement is a Term Benchmark LC Disbursement, the Interest Period therefor after giving effect to such election, which shall be a period contemplated by the definition of "Interest Period"; provided, that the Borrower shall not be entitled to request or to elect to convert to or continue as a Term Benchmark LC Disbursement, any LC Disbursement if the Interest Period requested therefor would end after the Final Maturity Date.

(d) Failure to Elect; Events of Default. If the Borrower fails to deliver a timely and complete Interest Election Request with respect to a Term Benchmark LC Disbursement prior to the end of the Interest Period therefor, then, unless such LC Disbursement is repaid as provided herein, (i) if such LC Disbursement is denominated in Dollars, at the end of such Interest Period such LC Disbursement shall be converted to a Term Benchmark LC Disbursement having an Interest Period of one month's duration, and (ii) if such LC Disbursement is denominated in a Foreign Currency, the Borrower shall be deemed to have selected an Interest Period of one month's duration. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Issuing Bank so notifies the Borrower, (i) any Term Benchmark LC Disbursement denominated in Dollars shall, at the end of the applicable Interest Period for such Term Benchmark LC Disbursement, be automatically converted to an ABR LC Disbursement and (ii) any Term Benchmark LC Disbursement denominated in a Foreign Currency shall not have an Interest Period of more than one month's duration.

SECTION 2.03. Termination or Reduction of the Commitment.

(a) Scheduled Termination. Unless previously terminated, the Commitment shall terminate on the Final Maturity Date.

(b) Voluntary Termination or Reduction. The Borrower may at any time, without premium or penalty, terminate, or from time to time reduce, the Commitment; provided that, (i) each reduction of the Commitment shall be in an amount that is \$10,000,000 (or, if less, the entire amount of the Commitment) or a larger multiple of \$5,000,000 in excess thereof and (ii) the Borrower shall not terminate or reduce the Commitment if, after giving effect to any concurrent reimbursement of any LC Disbursement in accordance with Section 2.05, the total LC Exposures would exceed the then-current Commitment.

(c) Notice of Voluntary Termination or Reduction. The Borrower shall notify the Issuing Bank of any election to terminate or reduce the Commitment under paragraph (b) of this Section 2.03 at least three Business Days prior to the effective date of such termination or reduction (or such lesser period agreed to by the Issuing Bank), specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this Section 2.03 shall be irrevocable; provided that, a notice of termination of the Commitment delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or



transactions, in which case such notice may be revoked by the Borrower (by notice to the Issuing Bank on or prior to the specified effective date) if such condition is not satisfied.

(d) Effect of Termination or Reduction. Any termination or reduction of the Commitment pursuant to clause (b) shall be permanent.

SECTION 2.04. Reimbursement of LC Disbursements; Evidence of Debt.

(a) Reimbursement. The Borrower hereby unconditionally promises to pay all amounts due and owing hereunder and under the other Facility Documents, including all outstanding LC Disbursements, on the Final Maturity Date.

(b) Manner of Payment. Prior to any reimbursement of any LC Disbursement hereunder, the Borrower shall select the LC Disbursement or LC Disbursements to be reimbursed and shall notify the Issuing Bank by telephone (confirmed by telecopy or e-mail) of such selection not later than the time set forth in Section 2.05(d) prior to the scheduled date of such reimbursement; provided that each reimbursement of LC Disbursements in Dollars shall be applied to repay any outstanding and unreimbursed ABR LC Disbursements before any other LC Disbursements. If the Borrower fails to make a timely selection of the outstanding LC Disbursement or LC Disbursements to be reimbursed, such payment shall be applied to reimburse outstanding LC Disbursements in the same Currency and, solely in the case of any such payment in Dollars, first, to pay any outstanding ABR LC Disbursements and, second, to other outstanding LC Disbursements in the order of the remaining duration of their respective Interest Periods (the LC Disbursement with the shortest remaining Interest Period to be repaid first).

(c) Maintenance of Records. The Issuing Bank shall maintain in accordance with its usual practice records evidencing the obligations of the Borrower to the Issuing Bank hereunder, including (i) the amount and Currency of each Letter of Credit and each LC Disbursement and the Type and each Interest Period thereof, (ii) the amount and Currency of any principal or interest due and payable or to become due and payable from the Borrower to the Issuing Bank and (iii) the amount and Currency of any sum received by the Issuing Bank hereunder for the account of the Issuing Bank.

(d) Effect of Entries. The entries made in the records maintained pursuant to paragraph (c) of this Section 2.04 shall be prima facie evidence, absent obvious error, of the existence and amounts of the obligations recorded therein; provided that the failure of the Issuing Bank to maintain such records or any error therein shall not in any manner affect the obligation of the Borrower to reimburse the LC Disbursements in accordance with the terms of this Agreement.

SECTION 2.05. Advance Reimbursement of LC Disbursements.

(a) Optional Reimbursements. The Borrower shall have the right at any time and from time to time to reimburse any LC Disbursement in whole or in part, without premium or penalty except for payments under Section 2.10, subject to the requirements of this Section 2.05.

(b) Mandatory Reimbursements due to Changes in Exchange Rates.

(i) Determination of Amount Outstanding. On each Quarterly Date and, in addition, on any other date determined by the Issuing Bank (but no more than one additional time in any rolling three month period), the Issuing Bank shall determine the LC Exposure. For the purpose of this determination, the undrawn amount of each outstanding Letter of Credit and the unreimbursed amount of any LC Disbursement that is, in each case, denominated

in any Foreign Currency shall be deemed to be the Dollar Equivalent of the amount in the Foreign Currency of such Letter of Credit or LC Disbursement, determined as of such date. Upon making such determination, the Issuing Bank shall promptly notify the Borrower thereof.

(ii) Mandatory Reimbursement. If, on the date of such determination, the LC Exposure minus the undrawn amount of any Letters of Credit fully Cash Collateralized on such date exceeds 105% of the then-current Commitment, the Borrower shall reimburse outstanding LC Disbursements (and/or provide Cash Collateral for Letters of Credit as specified in Section 2.01(i)) within 15 Business Days following the Borrower's receipt of notice from the Issuing Bank pursuant to clause (b)(i) above in such amounts as shall be necessary so that, after giving effect thereto, the LC Exposure does not exceed the then-current Commitment.

Any prepayment pursuant to this paragraph (b) shall be applied, first, to outstanding and unreimbursed LC Disbursements and second, as cover for the undrawn amount of any Letters of Credit.

(c) Mandatory Reimbursements due to Borrowing Base Deficiency or Aggregate Portfolio Deficiency.

(i) In the event that at any time any Borrowing Base Deficiency shall exist, the Borrower shall, within five Business Days after delivery of the applicable Borrowing Base Certificate, reimburse LC Disbursements (and/or provide Cash Collateral for Letters of Credit as contemplated by Section 2.01(i) and/or purchase or substitute Portfolio Investments) in such amounts as shall be necessary so that such Borrowing Base Deficiency is cured; provided that if, within five Business Days after delivery of a Borrowing Base Certificate demonstrating such Borrowing Base Deficiency, the Borrower shall present the Issuing Bank with a reasonably feasible plan to enable such Borrowing Base Deficiency to be cured within 30 Business Days (which 30-Business Day period shall include the five Business Days permitted for delivery of such plan), then such prepayment or reduction shall not be required to be effected immediately but may be effected in accordance with such plan (with such modifications as the Borrower may reasonably determine), so long as such Borrowing Base Deficiency is cured within such 30-Business Day period.

(ii) In the event that at any time any Aggregate Portfolio Deficiency shall exist, the Borrower shall, within five Business Days after delivery of the applicable Borrowing Base Certificate, reimburse LC Disbursements (and/or provide Cash Collateral for Letters of Credit as contemplated by Section 2.01(i) and/or purchase or substitute Portfolio Investments) or reduce Aggregate Other Covered Indebtedness or any other Indebtedness that is included in the Aggregate Covered Debt Amount at such time in such amounts as shall be necessary so that such Aggregate Portfolio Deficiency is cured; provided that (x) the aggregate amount of such reimbursement of LC Disbursements (and/or Cash Collateral for Letters of Credit and/or the Value of the purchased or substituted Portfolio Investments) shall be at least equal to the LC Facility Percentage times the aggregate prepayment of the Aggregate Covered Debt Amount, and (y) if, within five Business Days after delivery of a Borrowing Base Certificate demonstrating such Aggregate Portfolio Deficiency, the Borrower shall present the Issuing Bank with a reasonably feasible plan to enable such Aggregate Portfolio Deficiency to be cured within 30 Business Days (which 30-Business Day period shall include the five Business Days permitted for delivery of such plan), then

such prepayment or reduction shall not be required to be effected immediately but may be effected in accordance with such plan (with such modifications as the Borrower may reasonably determine), so long as such Aggregate Portfolio Deficiency is cured within such 30-Business Day period.

(d) Notices, Etc. The Borrower shall notify the Issuing Bank by telephone (confirmed by teletype or electronic communication) of any reimbursement of LC Disbursements hereunder (i) in the case of reimbursement of a Term Benchmark LC Disbursement denominated in Dollars, not later than 11:00 a.m., New York City time, three Business Days before the date of reimbursement, (ii) in the case of reimbursement of a Term Benchmark LC Disbursement denominated in a Foreign Currency, not later than 11:00 a.m., Applicable Time, four Business Days before the date of prepayment, (iii) in the case of prepayment of a RFR LC Disbursement, not later than 11:00 a.m., London time, four Business Days before the date of prepayment or (iv) in the case of prepayment of an ABR LC Disbursement, not later than 11:00 a.m., New York City time, on the date of prepayment or, in each case of the notice periods described in this paragraph (d), such lesser period as the Issuing Bank may reasonably agree. Each such notice shall be irrevocable and shall specify the reimbursement date, the principal amount of each LC Disbursement or portion thereof to be reimbursed and, in the case of a mandatory reimbursement, a reasonably detailed calculation of the amount of such reimbursement; provided that, if a notice of reimbursement is given in connection with a conditional notice of termination of the Commitment as contemplated by Section 2.03, then such notice of reimbursement may be revoked if such notice of termination is revoked in accordance with Section 2.03. Each partial prepayment of any LC Disbursement shall be in a minimum aggregate amount of (x) in the case of any Term Benchmark LC Disbursement or RFR LC Disbursement, \$1,000,000 or a larger multiple of \$1,000,000 and (y) in the case of any ABR LC Disbursement, \$1,000,000 or a larger multiple of \$100,000, except, in each case, as necessary to apply fully the required amount of a mandatory prepayment. Reimbursements of LC Disbursements shall be accompanied by accrued interest to the extent required by Section 2.07 and shall be made in the manner specified in Section 2.04(b).

SECTION 2.06. Fees.

(a) Commitment Fee. The Borrower agrees to pay to the Issuing Bank a commitment fee, which shall accrue at a rate per annum equal to 0.350% on the average daily unused amount of the then-current Commitment during the period from and including the Effective Date to but excluding the Termination Date. Commitment fees accrued through and including such Quarterly Date shall be payable within five Business Days after each Quarterly Date commencing on the first such date to occur after the Effective Date and on the Termination Date. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees, (i) the daily unused amount of the Commitment shall be determined as of the end of each day and (ii) the Commitment shall be deemed to be used to the extent of the LC Exposure.

(b) Letter of Credit Fees. The Borrower agrees to pay to the Issuing Bank (i) a letter of credit fee with respect to outstanding Letters of Credit, which shall accrue at a rate per annum equal to the Letter of Credit Fee Percentage on the average daily amount of LC Exposure (excluding any portion thereof attributable to outstanding and unreimbursed LC Disbursements), following receipt of an invoice from the Issuing Bank, during the period from and including the Effective Date to but excluding the later of the date on which the Commitment terminates and the date on which the Issuing Bank ceases to have any LC Exposure (excluding any portion thereof attributable to outstanding and unreimbursed LC Disbursements), and (ii) the Issuing Bank's

standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Letter of credit fees accrued through and including each Quarterly Date shall be payable on the third Business Day following such Quarterly Date, commencing on the first such date to occur after the Effective Date; provided that, all such fees with respect to the Letters of Credit shall be payable on the Termination Date and the Borrower shall pay any such fees that have accrued and that are unpaid on the Termination Date and, in the event any Letters of Credit shall be outstanding that have expiration dates after the Termination Date, the Borrower shall prepay on the Termination Date the full amount of the letter of credit fees that will accrue on such Letters of Credit subsequent to the Termination Date through but not including the date such outstanding Letters of Credit are scheduled to expire (and, in that connection, the Issuing Bank shall, not later than the date five (5) Business Days after the date upon which the last such Letter of Credit shall expire or be terminated, rebate to the Borrower the excess, if any, of the aggregate letter of credit fees that have been prepaid by the Borrower over the sum of the amount of such fees that ultimately accrue through the date of such expiration or termination and the aggregate amount of all other unpaid obligations hereunder at such time). Any other fees payable to the Issuing Bank pursuant to this paragraph (b) shall be payable within 10 days after demand. All letter of credit fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) Payment of Fees. All fees payable hereunder shall be paid on the dates due, in Dollars (or, at the election of the Borrower with respect to any fees payable on account of Letters of Credit issued by the Issuing Bank in any Foreign Currency, in such Foreign Currency) and immediately available funds, to the Issuing Bank. Fees paid shall not be refundable under any circumstances absent obvious error.

SECTION 2.07. Interest.

(a) Interest on ABR LC Disbursements. The outstanding and unreimbursed amount of each ABR LC Disbursement shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin.

(b) Interest on Term Benchmark LC Disbursements. The outstanding and unreimbursed amount of each Term Benchmark LC Disbursement shall bear interest at a rate per annum equal to the Adjusted Term Benchmark Rate for the related Interest Period for such LC Disbursement plus the Applicable Margin.

(c) Interest on RFR LC Disbursements. The outstanding and unreimbursed amount of each RFR LC Disbursement shall bear interest at a rate per annum equal to the Daily Simple RFR plus the Applicable Margin.

(d) Default Interest. Notwithstanding the foregoing, if any outstanding LC Disbursement is not reimbursed when due or any interest or fee is accrued and not paid when due (after giving effect to any grace periods), whether at stated maturity, by acceleration or otherwise, and the Issuing Bank has elected to increase pricing, such overdue amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to (A) in the case of any outstanding LC Disbursement that is not reimbursed when due, 2% plus the rate otherwise applicable to such LC Disbursement as provided above, (B) in the case of any fees payable with respect to any Letter of Credit, 2% plus the fee otherwise applicable to such Letter of Credit as provided in Section 2.06(b), or (C) in the case of any fee (other than those described in the

foregoing clause (B)) or other amount, 2% plus the rate applicable to ABR LC Disbursements as provided in paragraph (a) of this Section 2.07.

(e) Payment of Interest. Accrued interest on each LC Disbursement shall be payable in arrears on each Interest Payment Date for such LC Disbursement and upon the Termination Date in the Currency in which such LC Disbursement is denominated; provided that, (i) interest accrued pursuant to paragraph (d) of this Section 2.07 shall be payable on demand, (ii) in the event of any reimbursement (including any voluntary reimbursement) of any LC Disbursement (other than a reimbursement of an ABR LC Disbursement) prior to the Final Maturity Date, accrued interest on the principal amount reimbursed shall be payable on the date of such reimbursement and (iii) in the event of any conversion of any Term Benchmark LC Disbursement denominated in Dollars prior to the end of the Interest Period therefor, accrued interest on such LC Disbursement shall be payable on the effective date of such conversion.

(f) Computation. All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed (i) by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate and (ii) on LC Disbursements denominated in Sterling shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Daily Simple RFR or Adjusted Term Benchmark Rate shall be determined by the Issuing Bank in accordance with this Agreement and such determination shall be conclusive absent manifest error.

SECTION 2.08. Inability to Determine Interest Rates. Subject to Section 2.14, if (i) prior to the commencement of any Interest Period for any Term Benchmark LC Disbursement or (ii) at any time for a RFR LC Disbursement (the Currency of such LC Disbursement herein called the "Affected Currency"):

(i) (A) in the case of a Term Benchmark LC Disbursement, the Issuing Bank shall have determined (which determination shall be in good faith and shall be conclusive and binding upon the Borrower absent manifest error) that the Adjusted Term Benchmark Rate for the Affected Currency cannot be determined pursuant to the definition thereof or (B) in the case of a RFR LC Disbursement, the Issuing Bank shall have determined (which determination shall be in good faith and shall be conclusive and binding upon the Borrower absent manifest error) that the Daily Simple RFR for the Affected Currency cannot be determined pursuant to the definition thereof; or

(ii) (A) in the case of a Term Benchmark LC Disbursement, prior to the commencement of any Interest Period for such Term Benchmark LC Disbursement in any applicable Currency, the Issuing Bank shall have determined that the Adjusted Term Benchmark Rate for the Affected Currency for such Interest Period will not adequately and fairly reflect the cost to the Issuing Bank of making, funding or maintaining LC Disbursements for such Interest Period or (B) in the case of a RFR LC Disbursement, at any time, the Issuing Bank shall have determined that the Daily Simple RFR for the Affected Currency will not adequately and fairly reflect the cost to the Issuing Bank of making, funding or maintaining LC Disbursements;

then the Issuing Bank shall give written notice thereof (or telephonic notice, promptly confirmed in writing) to the Borrower as promptly as practicable thereafter identifying the relevant provision above. Until the Issuing Bank shall notify the Borrower that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any LC

Disbursement to, or the continuation of any LC Disbursement as, a Term Benchmark LC Disbursement denominated in the Affected Currency shall be ineffective and, if the Affected Currency is Dollars, such LC Disbursement (unless prepaid) shall be continued as, or converted to, an ABR LC Disbursement at the end of the applicable Interest Period, (ii) if the Affected Currency is a Foreign Currency other than Canadian Dollars, any outstanding Term Benchmark LC Disbursement or RFR LC Disbursement in the Affected Currency, at the Borrower's election, shall (A) be converted to a Term Benchmark LC Disbursement with a Term Benchmark Rate or RFR LC Disbursement with a Daily Simple RFR, in each case, equal to the Central Bank Rate for the applicable Agreed Foreign Currency; provided that, if the Issuing Bank determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Agreed Foreign Currency cannot be determined, such LC Disbursement shall be converted into an ABR LC Disbursement denominated in Dollars (in an amount equal to the Dollar Equivalent of such Affected Currency) immediately in the case of an RFR LC Disbursement or, in the case of a Term Benchmark LC Disbursement, at the end of the applicable Interest Period, (B) be converted into an ABR LC Disbursement denominated in Dollars (in an amount equal to the Dollar Equivalent of such Affected Currency) immediately in the case of an RFR LC Disbursement or, in the case of a Term Benchmark LC Disbursement, at the end of the applicable Interest Period, or (C) be prepaid in full immediately in the case of an RFR LC Disbursement or, in the case of a Term Benchmark LC Disbursement, at the end of the applicable Interest Period, and (iii) if the Affected Currency is Canadian Dollars, any outstanding Term Benchmark LC Disbursement in Canadian Dollars, at the Borrower's election, shall (A) be converted to a Term Benchmark LC Disbursement denominated in Canadian Dollars with a Term Benchmark Rate equal to the Canadian Prime Rate at the end of applicable Interest Period; provided that, if the Issuing Bank determines (which determination shall be conclusive and binding absent manifest error) that the Canadian Prime Rate cannot be determined, such LC Disbursement shall be converted into an ABR LC Disbursement denominated in Dollars (in an amount equal to the Dollar Equivalent of Canadian Dollars) at the end of the applicable Interest Period, (B) be converted into an ABR LC Disbursement denominated in Dollars (in an amount equal to the Dollar Equivalent of such Affected Currency) at the end of the applicable Interest Period, or (C) be prepaid in full at the end of the applicable Interest Period;

provided that if no election is made by the Borrower by the date that is three Business Days after receipt by the Borrower of such notice or, in the case of a Term Benchmark LC Disbursement, the last day of the current Interest Period for the applicable Term Benchmark LC Disbursement, if earlier, the Borrower shall be deemed to have elected clause (ii)(A) or (iii)(A), above, as applicable.

SECTION 2.09. Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Issuing Bank (except any such reserve requirement reflected in the Adjusted Term Benchmark Rate); or

(ii) impose on the Issuing Bank or the London interbank market any other condition, cost or expense (other than (A) Indemnified Taxes, (B) Other Taxes, (C) Taxes described in clauses (b) through (d) of the definition of "Excluded Taxes" and (D) Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes) affecting this Agreement or LC Disbursements or any Letter of Credit;

and the result of any of the foregoing shall be to increase the cost to the Issuing Bank of (x) converting to, or continuing or maintaining any Term Benchmark LC Disbursement or (y) issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by the Issuing Bank hereunder (whether of principal, interest or otherwise), then, upon the request of the Borrower or the Issuing Bank, the Borrower will pay to the Issuing Bank in Dollars, such additional amount or amounts as will compensate the Issuing Bank for such additional costs incurred or reduction suffered (provided that, such amounts shall be consistent with amounts that the Issuing Bank is generally charging other borrowers similarly situated).

(b) Capital and Liquidity Requirements. If the Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the Issuing Bank's capital or on the capital of the Issuing Bank's holding company, if any, as a consequence of this Agreement or the LC Disbursements or the Letters of Credit issued by the Issuing Bank, to a level below that which the Issuing Bank or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration the Issuing Bank's policies and the policies of the Issuing Bank's holding company with respect to capital adequacy and liquidity requirements), by an amount deemed to be material by the Issuing Bank, then, upon the request of the Issuing Bank, the Borrower will pay to the Issuing Bank, in Dollars, such additional amount or amounts as will compensate the Issuing Bank or the Issuing Bank's holding company for any such reduction suffered (provided that, such amounts shall be consistent with amounts that the Issuing Bank is generally charging other borrowers similarly situated).

(c) Certificates from Issuing Bank. A certificate of the Issuing Bank setting forth in reasonable detail the basis for and the calculation of the amount or amounts, in Dollars, necessary to compensate the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section 2.09 shall be promptly delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Issuing Bank the amount shown as due on any such certificate within 10 Business Days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of the Issuing Bank to demand compensation pursuant to this Section 2.09 shall not constitute a waiver of the Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate the Issuing Bank pursuant to this Section 2.09 for any increased costs or reductions incurred more than six months prior to the date that the Issuing Bank notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Issuing Bank's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.10. Break Funding Payments. In the event of (a) the payment of any principal of any Term Benchmark LC Disbursement other than on the last day of an Interest Period therefor (including as a result of the occurrence of any Event of Default), (b) the conversion of any Term Benchmark LC Disbursement other than on the last day of an Interest Period therefor, or (c) the failure to convert, continue or reimburse any LC Disbursement on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.05(d) and is revoked in accordance herewith), then, in any such event, the Borrower shall compensate the Issuing Bank for its loss, cost and reasonable expense attributable to such event (excluding loss of anticipated profits). In the case of a Term Benchmark LC Disbursement, the loss to the Issuing Bank attributable to any such event shall be deemed to include an amount determined by the Issuing Bank to be equal to the excess, if any, of:

(i) the amount of interest that the Issuing Bank would pay for a deposit equal to the principal amount of such LC Disbursement denominated in the Currency of such LC Disbursement for the period from the date of such payment, conversion or failure to the last day of the then current Interest Period for such LC Disbursement (or, in the case of a failure to convert or continue, the duration of the Interest Period that would have resulted from such conversion or continuation) if the interest rate payable on such deposit were equal to the Adjusted Term Benchmark Rate for such Currency for such Interest Period, over

(ii) the amount of interest that the Issuing Bank would earn on such principal amount for such period if the Issuing Bank were to invest such principal amount for such period at the interest rate that would be bid by the Issuing Bank (or an affiliate of the Issuing Bank) for deposits denominated in such Currency from other banks in market for the applicable Term Benchmark Rate at the commencement of such period.

Payment under this Section 2.10 shall be made upon written request of the Issuing Bank delivered not later than 10 Business Days following the payment, conversion, or failure to convert, continue or prepay that gives rise to a claim under this Section 2.10 accompanied by a certificate of the Issuing Bank setting forth in reasonable detail the basis for and the calculation of the amount or amounts that the Issuing Bank is entitled to receive pursuant to this Section 2.10, which certificate shall be conclusive absent manifest error. The Borrower shall pay the Issuing Bank the amount shown as due on any such certificate within 10 Business Days after receipt thereof.

SECTION 2.11. Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Facility Document shall be made free and clear of and without deduction for any Taxes, except as required by applicable law (as determined in the good faith discretion of an applicable withholding agent); provided that if the Borrower shall be required to deduct any Taxes from such payments, then (i) if such Taxes are Indemnified Taxes or Other Taxes, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.11) the Issuing Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) Payment of Other Taxes by the Borrower. In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Indemnification by the Borrower. The Borrower shall indemnify the Issuing Bank for and, within 10 Business Days after written demand therefor, pay the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.11) paid by the Issuing Bank and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority, except to the extent that any such Indemnified Taxes or Other Taxes arise as the result of the fraud, gross negligence or willful misconduct of the Issuing Bank. A certificate as to the amount of such payment or liability delivered to the Borrower by the Issuing Bank shall be conclusive absent manifest error.



(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Issuing Bank the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Issuing Bank.

(e) Tax Documentation. (i) If the Issuing Bank is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under the Facility Documents, Issuing Bank shall deliver to the Borrower, at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, the Issuing Bank, if requested by the Borrower, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower as will enable the Borrower to determine whether or not the Issuing Bank is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 2.11(e)(ii), 2.11(e)(iii) and 2.11(f) below) shall not be required if in the Issuing Bank's reasonable judgment such completion, execution or submission would subject the Issuing Bank to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of the Issuing Bank.

(i) Without limiting the generality of the foregoing:

(A) if the Issuing Bank is a United States Person, the Issuing Bank shall deliver to the Borrower (and such additional copies as shall be reasonably requested by the Borrower) on or prior to the date on which the Issuing Bank becomes party to this Agreement (and from time to time thereafter upon the reasonable request of the Borrower), duly completed and executed copies of Internal Revenue Service Form W-9 or any successor form certifying that the Issuing Bank is exempt from U.S. federal backup withholding tax; and

(B) if the Issuing Bank is a Foreign Person, the Issuing Bank shall deliver to the Borrower (in such number of copies as shall be requested by the Borrower) on or prior to the date on which the Issuing Bank becomes party to this Agreement (and from time to time thereafter upon the reasonable request of the Borrower, but only if such Foreign Person is legally entitled to do so), whichever of the following is applicable:

(w) duly completed and executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E or any successor form claiming eligibility for benefits of an income tax treaty to which the United States is a party,

(x) duly completed copies of Internal Revenue Service Form W-8ECI or any successor form certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States,

(y) in the case of a Foreign Person claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (1) a certificate to the effect that such Foreign Person is not (1) a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (2) a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (3) a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code and (2) duly completed and executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E (or any successor form) certifying that the Foreign Person is not a United States Person, or

(z) any other form including Internal Revenue Service Form W-8IMY as applicable prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made.

(ii) In addition, the Issuing Bank shall deliver such forms promptly upon the obsolescence, expiration or invalidity of any form previously delivered by the Issuing Bank; provided it is legally able to do so at the time. The Issuing Bank shall promptly notify the Borrower at any time the chief tax officer of the Issuing Bank (or such other person so responsible) becomes aware that it no longer satisfies the legal requirements to provide any previously delivered form or certificate to the Borrower (or any other form of certification adopted by the U.S. or other taxing authorities for such purpose).

(f) Documentation Required by FATCA. If a payment made to the Issuing Bank under this Agreement would be subject to withholding Tax imposed by FATCA if the Issuing Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), the Issuing Bank shall deliver to the Borrower, at the time or times prescribed by law and at such time or times reasonably requested by the Borrower, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.11(f), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

(g) Treatment of Certain Refunds. If the Issuing Bank determines, in its sole discretion exercised in good faith, that it has received a refund or credit (in lieu of such refund) of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.11, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.11 with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Issuing Bank and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that, the Borrower, upon the request of the Issuing Bank, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Issuing Bank in the event the Issuing Bank is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this clause (g), in no event will the Issuing Bank be required to pay any amount to the Borrower pursuant to this clause (g), the payment of which would place the Issuing Bank in

a less favorable net after-Tax position than such Person would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This subsection shall not be construed to require the Issuing Bank to make available its tax returns or its books or records (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

SECTION 2.12. Payments Generally.

(a) Payments by the Borrower. The Borrower shall make each payment required to be made by it hereunder (whether of interest, fees or reimbursement of LC Disbursements, or under Section 2.09, 2.10 or 2.11 or otherwise) or under any other Facility Document (except to the extent otherwise provided therein) prior to 2:00 p.m., New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Issuing Bank, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Issuing Bank at the Issuing Bank's Account, except as otherwise expressly provided in the relevant Facility Document and except payments pursuant to Section 8.03, which shall be made directly to the Persons entitled thereto. The Issuing Bank shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

All amounts owing under this Agreement (including commitment fees, payments required under Section 2.09, and payments required under Section 2.10 relating to any LC Disbursement denominated in Dollars, but not including any reimbursement or Cash Collateralization of any relevant portion of the LC Exposure denominated in any Foreign Currency, any interest on any outstanding LC Disbursements denominated in any Foreign Currency or payments under Section 2.10 relating to any LC Disbursement denominated in any Foreign Currency, which are payable in such Foreign Currency) or under any other Facility Document (except to the extent otherwise provided therein) are payable in Dollars. Notwithstanding the foregoing, if the Borrower shall fail to reimburse any LC Disbursement when due (whether at stated maturity, by acceleration, by mandatory reimbursement or otherwise), the unpaid portion of such LC Disbursement shall, if such LC Disbursement is not denominated in Dollars, automatically be redenominated in Dollars on the due date therefor (or, if such due date is a day other than the last day of the Interest Period therefor, on the last day of such Interest Period) in an amount equal to the Dollar Equivalent thereof on the date of such redenomination and such principal shall be payable on demand; and if the Borrower shall fail to pay any interest on any LC Disbursement that is not denominated in Dollars, such interest shall automatically be redenominated in Dollars on the due date therefor (or, if such due date is a day other than the last day of the Interest Period therefor, on the last day of such Interest Period) in an amount equal to the Dollar Equivalent thereof on the date of such redenomination and such interest shall be payable on demand.

Notwithstanding the foregoing provisions of this Section 2.12, if, after the issuance of any Letter of Credit denominated in any Foreign Currency, currency control or exchange regulations are imposed in the country which issues such currency with the result that the type of Currency in which the Letter of Credit was issued (the "Original Currency") no longer exists or the Borrower is not able to make payment to the Issuing Bank in such Original Currency, then all payments to be made by the Borrower hereunder in such currency shall instead be made when due in Dollars in an amount equal to the Dollar Equivalent (as of the date of repayment) of such

payment due, it being the intention of the parties hereto that the Borrower takes all risks of the imposition of any such currency control or exchange regulations.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Issuing Bank to pay fully all amounts of outstanding and unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees, and (ii) second, to pay outstanding and unreimbursed LC Disbursements then due hereunder.

SECTION 2.13. Mitigation Obligations. If the Issuing Bank requests compensation under Section 2.09, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to the Issuing Bank or any Governmental Authority for the account of the Issuing Bank pursuant to Section 2.11, then, at the request of the Borrower, the Issuing Bank shall use reasonable efforts to designate a different lending office for issuing Letters of Credit hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if in the reasonable judgment of the Issuing Bank, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.09 or 2.11, as the case may be, in the future and (ii) would not subject the Issuing Bank to any cost or expense not actually reimbursed or required to be reimbursed, by the Borrower and would not otherwise be disadvantageous to the Issuing Bank. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by the Issuing Bank in connection with any such designation or assignment.

SECTION 2.14. Effect of Benchmark Transition Event.

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Facility Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to any setting of the then-current Benchmark for a Currency, then (x) if a Benchmark Replacement for the Term SOFR Reference Rate is determined in accordance with clause (1) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Facility Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Facility Document and (y) if a Benchmark Replacement is determined in accordance with clause (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for such Currency for all purposes hereunder and under any other Facility Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to other parties hereto without any amendment to, or further action or consent of any other party to, this Agreement or any other Facility Document. If the Benchmark Replacement is Daily Simple SOFR, all interest payments will be payable on a monthly or quarterly basis as determined by the Issuing Bank and the Borrower.

(b) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Issuing Bank (after consulting with the Borrower) will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Facility Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Facility Document.

(c) Notices; Standards for Decisions and Determinations. The Issuing Bank will promptly notify the Borrower of (i) any occurrence of a Benchmark Transition Event, (ii) the

implementation of any Benchmark Replacement and (iii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Issuing Bank will promptly notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (d) below and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Issuing Bank pursuant to this Section 2.14, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Facility Document, except, in each case, as expressly required pursuant to this Section 2.14.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Facility Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark for a Currency is a term rate (including the Term SOFR Reference Rate or the Adjusted Term Benchmark Rate) and either (A) any tenor for such Benchmark for such Currency is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Issuing Bank in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark for such Currency is not or will not be representative, then the Issuing Bank may modify the definition of “Interest Period” (or any similar or analogous definition) for any Benchmark settings for such Currency at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark for such Currency (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark for such Currency (including a Benchmark Replacement), then the Issuing Bank may modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings for such Currency at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. Upon the Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period, (i) in the case of a request for a continuation or conversion in Dollars, the Borrower will be deemed to have converted such request into a request for a conversion to an ABR LC Disbursement at the end of the applicable Interest Period, (ii) in the case of a continuation of, a Term Benchmark LC Disbursement other than in Dollars or Canadian Dollars, or an RFR Disbursement, at the Borrower’s election shall (A) be converted to a Term Benchmark LC Disbursement with a Term Benchmark Rate or RFR LC Disbursement with a Daily Simple RFR, in each case, equal to the Central Bank Rate for the applicable Agreed Foreign Currency; provided that, if the Issuing Bank determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Agreed Foreign Currency cannot be determined, such LC Disbursement shall be converted into an ABR LC Disbursement denominated in Dollars (in an amount equal to the Dollar Equivalent of such affected Currency) immediately in the case of an RFR LC Disbursement or, in the case of a Term Benchmark LC Disbursement, at the end of the applicable Interest Period, (B) be converted into an ABR LC Disbursement denominated in Dollars (in an amount equal to the Dollar Equivalent of such affected Currency) immediately in the case of an RFR LC Disbursement or, in the case of a Term Benchmark LC Disbursement, at the end of the applicable Interest Period, or (C) be prepaid in full immediately in the case of an RFR LC Disbursement or, in the case of a Term Benchmark LC Disbursement, at the end of the applicable Interest Period, and (iii) in the case of a request for, or continuation of, a Term Benchmark LC Disbursement in Canadian Dollars,

at the Borrower's election, such request shall (A) be converted to a Term Benchmark LC Disbursement denominated in Canadian Dollars with a Term Benchmark Rate equal to the Canadian Prime Rate at the end of applicable Interest Period; provided that, if the Issuing Bank determines (which determination shall be conclusive and binding absent manifest error) that the Canadian Prime Rate cannot be determined, such LC Disbursement shall be converted into an ABR LC Disbursement denominated in Dollars (in an amount equal to the Dollar Equivalent of Canadian Dollars) at the end of the applicable Interest Period, (B) be converted into an ABR Borrowing denominated in Dollars (in an amount equal to the Dollar Equivalent of Canadian Dollars) at the end of the applicable Interest Period, or (C) be prepaid in full at the end of the applicable Interest Period; provided that if no election is made by the Borrower by the date that is three Business Days after receipt by the Borrower of such notice or, in the case of a Term Benchmark LC Disbursement, the last day of the current Interest Period for the applicable Term Benchmark LC Disbursement, if earlier, the Borrower shall be deemed to have elected clause (ii)(A) or (iii)(A) above, as applicable. During a Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate.

SECTION 2.15. Defaulting Issuing Bank. Notwithstanding anything to the contrary contained in this Agreement or any other Facility Document, if the Issuing Bank becomes a Defaulting Issuing Bank, then, until such time as the Issuing Bank is no longer a Defaulting Issuing Bank, to the extent permitted by applicable law, no Defaulting Issuing Bank shall be entitled to receive any fee pursuant to Sections 2.06(a) and (b) for any period during which the Issuing Bank is a Defaulting Issuing Bank (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to the Issuing Bank).

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Issuing Bank that:

SECTION 3.01. Organization; Powers. Each of the Borrower and its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required of the Borrower or such Subsidiary, as applicable.

SECTION 3.02. Authorization; Enforceability. The Transactions are within the Borrower's corporate powers and have been duly authorized by all necessary corporate and, if required, by all necessary shareholder action. This Agreement has been duly executed and delivered by the Borrower and constitutes, and each of the other Facility Documents when executed and delivered by each Obligor party thereto will constitute, a legal, valid and binding obligation of such Obligor, enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any applicable Governmental Authority, except for (i) such as have been or will be obtained or made and are in full force and effect and (ii) filings and recordings in respect of the Liens created pursuant to this Agreement or the Security Documents, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any other Obligor or any order of any Governmental Authority applicable to the Borrower or any other Obligor, or their respective property, (c) will not violate or result in a default in any material respect under any indenture, agreement or other instrument binding upon the Borrower or any of its Subsidiaries or assets, or give rise to a right thereunder to require any payment to be made by any such Person, and (d) except for the Liens created pursuant to this Agreement or the Security Documents, will not result in the creation or imposition of any Lien (other than Liens permitted by Section 6.02) on any asset of the Borrower or any other Obligor.

SECTION 3.04. Financial Condition; No Material Adverse Effect.

(a) Financial Statements. The Borrower has heretofore delivered to the Issuing Bank the audited consolidated balance sheet, statement of operations, changes in net assets, cash flows and schedule of investments of the Borrower and its consolidated Subsidiaries as of and for the year ended December 31, 2021. Such financial statements present fairly, in all material respects, the consolidated financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such date and for such period in accordance with GAAP.

(b) No Material Adverse Change. Since the date of the most recent Applicable Financial Statements, there has not been any event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

SECTION 3.05. Litigation. There are no actions, suits, investigations or proceedings by or before any arbitrator or Governmental Authority now pending against or, to the knowledge of the Borrower, threatened in writing against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Agreement or the Transactions (other than any action brought by the Borrower against a Defaulting Issuing Bank).

SECTION 3.06. Compliance with Laws and Agreements. Each of the Borrower and its Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. None of the Obligors is subject to any contract or other arrangement, the performance of which by them could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.07. Taxes. Each of the Borrower and its Subsidiaries has timely filed or caused to be filed all material Tax returns and reports required to have been filed and has paid or caused to be paid all material Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which such Person has set aside on its books adequate reserves maintained in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.08. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.09. Disclosure. As of the Effective Date, the Borrower has disclosed in its public filings or delivered to the Issuing Bank all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, that if terminated prior to its term, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the written reports, financial statements, certificates or other written information (other than projected financial information, other forward looking information and information of a general economic or general industry nature or information relating to third parties that, for the avoidance of doubt, are not Affiliates) furnished by or on behalf of the Borrower to the Issuing Bank in connection with the negotiation of this Agreement and the other Facility Documents or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) when taken together with the Borrower's public filings and as a whole (and after giving effect to all updates, modifications and supplements) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading at the time made; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed in good faith to be reasonable at the time of the preparation thereof (it being understood that projections are subject to significant and inherent uncertainties and contingencies which may be outside of the Borrower's control and that no assurance can be given that projections will be realized, and are therefore not to be viewed as fact, and that actual results for the periods covered by projections may differ from the projected results set forth in such projections and that such differences may be material).

SECTION 3.10. Investment Company Act; Margin Regulations.

(a) Status as Business Development Company. The Borrower has elected to be regulated as a "business development company" within the meaning of the Investment Company Act and qualifies as a RIC.

(b) Compliance with Investment Company Act. The business and other activities of the Borrower and its Subsidiaries, including the issuance of Letters of Credit hereunder, the application of the proceeds of the Letters of Credit and reimbursement of LC Disbursements by the Borrower and the consummation of the Transactions contemplated by the Facility Documents do not result in a violation or breach in any material respect of the provisions of the Investment Company Act or any rules, regulations or orders issued by the SEC thereunder, in each case that are applicable to the Borrower and its Subsidiaries.

(c) Investment Policies. The Borrower is in compliance in all respects with the Investment Policies (after giving effect to any Permitted Policy Amendments), except to the extent that the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(d) Use of Credit. Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of any extension of credit hereunder will be used to buy or carry any Margin Stock in



violation of law; provided that in no event shall any Margin Stock be included in the Collateral Pool.

SECTION 3.11. Material Agreements and Liens.

(a) Material Agreements. Part A of Schedule 3.11 hereto is a complete and correct list, as of the Effective Date, of each credit agreement, loan agreement, indenture, note purchase agreement, guarantee, letter of credit or other arrangement providing for or otherwise relating to any Indebtedness for borrowed money or any extension of credit (or commitment for any extension of credit) to, or guarantee for borrowed money by, the Borrower or any other Obligor outstanding on the date hereof and not otherwise publicly disclosed in an aggregate principal amount in excess of \$5,000,000 (in each case, other than (x) Indebtedness hereunder and (y) any such agreement or arrangement that is between or among an Obligor and any other Obligor), and the aggregate principal or face amount outstanding or that is, or may become, outstanding under each such arrangement, in each case, as of the Effective Date, is correctly described in Part A of Schedule 3.11 hereto.

(b) Liens. Part B of Schedule 3.11 hereto is a complete and correct list, as of the Effective Date, of each Lien securing Indebtedness of any Person outstanding on the Effective Date (other than Indebtedness hereunder or under any other Facility Document) covering any property of the Borrower or any of the Subsidiary Guarantors, and the aggregate principal amount of such Indebtedness secured (or that may be secured) by each such Lien and the property covered by each such Lien as of the Effective Date is correctly described in Part B of Schedule 3.11 hereto.

SECTION 3.12. Subsidiaries and Investments.

(a) Subsidiaries. Set forth on Schedule 3.12(a) hereto is a list of the Borrower's Subsidiaries as of the Effective Date.

(b) Investments. Set forth on Schedule 3.12(b) hereto is a complete and correct list, as of the Effective Date, of all Investments (other than Investments of the types referred to in clauses (b), (c), (d) and (g) of Section 6.04) held by the Borrower or any of the Subsidiary Guarantors in any Person on the Effective Date and, for each such Investment, (x) the identity of the Person or Persons holding such Investment and (y) the nature of such Investment. Except as disclosed in Schedule 3.12 hereto as of the Effective Date, each of the Borrower and any of the Subsidiary Guarantors owns, free and clear of all Liens (other than Liens created pursuant to this Agreement or the Security Documents, other Permitted Liens and Liens permitted under Section 6.02(i)), all such Investments as of such date.

SECTION 3.13. Properties.

(a) Title Generally. Each of the Borrower and the Subsidiary Guarantors has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Intellectual Property. Each of the Borrower and its Subsidiaries (other than any Financing Subsidiary) owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries (other than any Financing Subsidiary) does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.14. Sanctions.

(a) None of the Borrower or any of its Subsidiaries nor, to the knowledge of the Borrower, any of their respective directors, officers or authorized signors, (i) is a person on the list of Specially Designated Nationals and Blocked Persons or subject to, or the subject or target of, the limitations or prohibitions (collectively "Sanctions") under (A) any U.S. Department of Treasury's Office of Foreign Assets Control or U.S. Department of State regulation or executive order or (B) any international economic sanction administered or enforced by the United Nations Security Council, His Majesty's Treasury or the European Union or (ii) is located, organized or resident in a Sanctioned Country.

(b) The Borrower has implemented and maintains in effect policies and procedures reasonably designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and investment advisors with Anti-Corruption Laws and applicable Sanctions in all material respects. The Borrower, its Subsidiaries and to the knowledge of the Borrower, their respective employees, officers, directors and agents (acting on their behalf), are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects.

SECTION 3.15. Patriot Act. Each of the Borrower and its Subsidiaries is in compliance, to the extent applicable with (a) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of the Letters of Credit will be used, directly or, to the knowledge of a Responsible Officer of the Borrower, indirectly, for any payments to (i) any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation by the Borrower or its Subsidiaries of the United States Foreign Corrupt Practices Act of 1977, as amended, or in material violation of US or UK regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (collectively, the "Anti-Corruption Laws") or (ii) any Person for the purpose of financing the activities of any Person, at the time of such financing (A) subject to, or the subject of, any Sanctions or (B) located, organized or resident in a Sanctioned Country, in each case as would result in a violation of Sanctions.

SECTION 3.16. Collateral Documents. The provisions of the Security Documents are effective to create in favor of the Issuing Bank a legal, valid and enforceable first priority Lien (subject to Liens permitted by Section 6.02) on all right, title and interest of the Borrower and each Subsidiary Guarantor in the Collateral described therein, except for any failure that would not constitute an Event of Default under clause (n) of Article VII. Except for filings completed on or prior to the Effective Date or as contemplated hereby and by the Security Documents, no filing or other action will be necessary to perfect such Liens to the extent required thereunder, except for the failure to make any filing or take any other action that would not constitute an Event of Default under clause (n) of Article VII.

SECTION 3.17. EEA Financial Institutions. Neither the Borrower nor any Subsidiary is an EEA Financial Institution.

ARTICLE IV

CONDITIONS

SECTION 4.01. Effective Date. The effectiveness of this Agreement and of the obligations of the Issuing Bank to issue Letters of Credit and make LC Disbursements hereunder shall not become effective until completion of each of the following conditions precedent (unless a condition shall have been waived by the Issuing Bank in writing):

(a) Documents. The Issuing Bank shall have received each of the following documents, each of which shall be satisfactory to the Issuing Bank in form and substance:

(i) Executed Counterparts. From each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Issuing Bank (which may include telecopy or electronic (e.g. pdf) transmission of a signed signature page to this Agreement) that such party has signed a counterpart of this Agreement.

(ii) Opinion of Counsel to the Obligors. A favorable written opinion (addressed to the Issuing Bank and dated the Effective Date) of Dechert LLP, New York counsel for the Borrower (and the Borrower hereby instructs such counsel to deliver such opinion to the Issuing Bank).

(iii) Corporate Documents. Such documents and certificates as the Issuing Bank or its counsel may reasonably request relating to the organization, existence and good standing of the Obligors, the authorization of the Transactions and any other legal matters relating to the Obligors, this Agreement or the Transactions.

(iv) Officer's Certificate. A certificate, dated the Effective Date and signed by the President, the Chief Executive Officer, a Vice President or a Responsible Officer of the Borrower, confirming compliance with the conditions set forth in Section 4.02.

(v) Guarantee and Security Agreement. The Guarantee and Security Agreement, duly executed and delivered by each of the parties to the Guarantee and Security Agreement.

(vi) Borrowing Base Certificate. A Borrowing Base Certificate showing a calculation of the Borrowing Base and the Aggregate Portfolio Balance as of the Effective Date with the Value of each Portfolio Investment determined as of November 30, 2022.

(b) Liens. The Issuing Bank shall have received results of a recent lien search in each relevant jurisdiction with respect to the Borrower and the Subsidiary Guarantors, confirming that each financing statement in respect of the Liens in favor of the Issuing Bank created pursuant to the Security Documents is otherwise prior to all other financing statements or other interests reflected therein (other than any financing statement or interest in respect of liens permitted under Section 6.02 or Liens to be discharged on or prior to the Effective Date pursuant to documentation satisfactory to the Issuing Bank). All UCC financing statements and similar documents required to be filed in order to create in favor of the Issuing Bank, a first priority perfected security interest in the Collateral (to the extent that such a security interest may be perfected by a filing under the Uniform Commercial Code) shall have been properly filed in each jurisdiction required (or arrangements for such filings acceptable to the Issuing Bank shall have been made).

(c) Consents. The Borrower shall have obtained and delivered to the Issuing Bank certified copies of all consents, approvals, authorizations, registrations, or filings required to be made or obtained by the Borrower and the Subsidiary Guarantors in connection with the Transactions and any transaction being financed with the proceeds of the Letters of Credit, and such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired and no investigation or inquiry by any Governmental Authority regarding the Transactions or any transaction being financed with the proceeds of the Letters of Credit shall be ongoing.

(d) Fees and Expenses. Subject to Section 8.03(a) hereof, the Borrower shall have paid in full to the Issuing Bank all fees and expenses related to the Facility Documents (including the fees set forth in the Fee Letter) owing on the Effective Date.

(e) Patriot Act. The Issuing Bank shall have received, sufficiently in advance of the Effective Date, all documentation and other information required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

(f) Other Documents. The Issuing Bank shall have received such other documents as the Issuing Bank may reasonably request in form and substance reasonably satisfactory to the Issuing Bank.

SECTION 4.02. Each Credit Event. The obligation of the Issuing Bank to issue, amend, renew or extend any Letter of Credit or to make any LC Disbursement, is additionally subject to the satisfaction of the following conditions:

(a) the representations and warranties of the Borrower set forth in this Agreement and in the other Facility Documents shall be true and correct in all material respects (or, in the case of any portion of any representations and warranties already subject to a materiality qualifier, true and correct in all respects) on and as of the date of issuance, amendment, renewal or extension of such Letter of Credit or making of any LC Disbursement, as applicable, or, as to any such representation or warranty that refers to a specific date, as of such specific date;

(b) at the time of and immediately after giving effect to the issuance, amendment, renewal or extension of such Letter of Credit or the making of any LC Disbursement, no Default shall have occurred and be continuing;

(c) either (i) the aggregate Covered Debt Amount (after giving effect to such extension of credit) shall not exceed the Borrowing Base reflected on the Borrowing Base Certificate most recently delivered to the Issuing Bank or (ii) the Borrower shall have delivered an updated Borrowing Base Certificate demonstrating that the Covered Debt Amount (after giving effect to such extension of credit) shall not exceed the Borrowing Base after giving effect to such extension of credit as well as any concurrent acquisitions of Investments, any reimbursement of any LC Disbursements or any reimbursement of any Other Permitted LC Facility LC Disbursements at such time;

(d) either (i) the Aggregate Covered Debt Amount (after giving effect to such extension of credit) shall not exceed the Aggregate Portfolio Balance reflected on the Borrowing Base Certificate most recently delivered to the Issuing Bank or (ii) the Borrower shall have delivered an updated Borrowing Base Certificate demonstrating that the Aggregate Covered Debt Amount (after giving effect to such extension of credit) shall not exceed the Aggregate Portfolio

Balance after giving effect to such extension of credit as well as any concurrent acquisitions of Investments, reimbursement of any LC Disbursements or payment of outstanding Aggregate Other Covered Indebtedness or any other Indebtedness that is included in the Aggregate Covered Debt Amount at such time; and

(e) with respect to the initial issuance of a Letter of Credit hereunder, (i) the Collateral Account shall be subject to an account control agreement, in form and substance reasonably acceptable to the Issuing Bank and duly executed and delivered by the Borrower, the Issuing Bank and State Street Bank and Trust Company or such other financial institution that is selected by the Borrower and approved by the Issuing Bank (acting in a commercially reasonable manner and in good faith) and (ii) the Borrower shall have delivered to the Issuing Bank a favorable written opinion of counsel for the Borrower, in form and substance reasonably acceptable to the Issuing Bank, addressing customary security interest matters.

Each issuance, amendment, renewal or extension of a Letter of Credit or making of any LC Disbursement shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in the preceding sentence.

## ARTICLE V

### AFFIRMATIVE COVENANTS

Until the Commitment has expired or been terminated and all interest and fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired, been terminated, Cash Collateralized or backstopped and all outstanding LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Issuing Bank that:

SECTION 5.01. Financial Statements and Other Information. The Borrower will furnish to the Issuing Bank:

(a) within 90 days after the end of each fiscal year of the Borrower, the audited consolidated balance sheet, statement of operations, changes in net assets, cash flows and schedule of investments of the Borrower and its consolidated Subsidiaries as of the end of and for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by independent public accountants of recognized national standing to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP (except as disclosed therein); provided that the requirements set forth in this clause (a) may be fulfilled by providing to the Issuing Bank the report of the Borrower to the SEC on Form 10-K for the applicable fiscal year;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, the consolidated balance sheet, statement of operations, changes in net assets and cash flows and schedule of investments of the Borrower and its consolidated Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for (or, in the case of the balance sheet, statement of operations, changes in net assets and cash flows and schedule of investments, as of the end of) the corresponding period or periods of the previous fiscal year, all certified by a Financial Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently (except as disclosed therein) applied,

subject to year-end audit adjustments and the absence of footnotes; provided that the requirements set forth in this clause (b) may be fulfilled by providing to the Issuing Bank the report of the Borrower to the SEC on Form 10-Q for the applicable quarterly period;

(c) concurrently with any delivery of financial statements under clause (a) or (b) of this Section 5.01, a certificate of a Financial Officer of the Borrower (i) certifying as to whether the Borrower has knowledge that a Default has occurred during the applicable period and, if a Default has occurred (or has occurred and is continuing from a prior period), specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Sections 6.01, 6.02, 6.04 and 6.07 and (iii) stating whether any change in GAAP as applied by (or in the application of GAAP by) the Borrower has occurred since the Effective Date (but only if the Borrower has not previously reported such change to the Issuing Bank and if such change has had a material effect on the financial statements) and, if any such change has occurred, specifying the effect (unless such effect has been previously reported) as determined by the Borrower of such change on the financial statements accompanying such certificate; provided that the requirements set forth in this clause (c)(iii) may be fulfilled by providing to the Issuing Bank the report of the Borrower to the SEC on Form 10-Q for the applicable quarterly period;

(d) as soon as available and in any event not later than 20 days after the end of each monthly accounting period (ending on the last day of each calendar month) of the Borrower and its Subsidiaries, a Borrowing Base Certificate as at the last day of such accounting period;

(e) promptly but no later than five Business Days after any Responsible Officer of the Borrower shall at any time have knowledge that there is a Borrowing Base Deficiency or Aggregate Portfolio Deficiency, a Borrowing Base Certificate as at the date such Responsible Officer of the Borrower has knowledge of such Borrowing Base Deficiency or Aggregate Portfolio Deficiency indicating the amount of the Borrowing Base Deficiency or Aggregate Portfolio Deficiency, as applicable, as at the date such Responsible Officer of the Borrower obtained knowledge of such deficiency and the amount of the Borrowing Base Deficiency or Aggregate Portfolio Deficiency, as applicable, as of the date not earlier than one Business Day prior to the date the Borrowing Base Certificate is delivered pursuant to this paragraph (e);

(f) promptly upon receipt thereof copies of all significant reports submitted by the Borrower's independent public accountants in connection with each annual, interim or special audit or review of any type of the financial statements or related internal control systems of the Borrower or any of its Subsidiaries delivered by such accountants to the management or Board of Directors of the Borrower;

(g) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials sent to all stockholders filed by the Borrower or any of the Subsidiary Guarantors with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, as the case may be;

(h) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any of its Subsidiaries, or compliance with the terms of this Agreement and the other Facility Documents, as the Issuing Bank may reasonably request, including such documents and information requested by the Issuing Bank that are reasonably required in order to comply with "know-your-customer" and other

anti-terrorism, anti-money laundering and similar rules and regulations and related policies and procedures; and

(i) concurrently with the delivery of each Borrowing Base Certificate under clause (d) of this Section 5.01, (i) a list of each Portfolio Investment securing or purporting to secure any Other Permitted LC Facility, and each deposit account or securities account over which the issuing bank with respect to any Other Permitted LC Facility has or purports to have a perfected security interest and (ii) solely to the extent that SMBC or any of its Affiliates is neither the RCF Administrative Agent nor the Collateral Agent (as defined in the RCF Credit Agreement), a list of each Portfolio Investment securing or purporting to secure the RCF Indebtedness, and each deposit account or securities account over which the Collateral Agent (as defined in the RCF Credit Agreement) has or purports to have a perfected security interest.

(j) Notwithstanding anything to the contrary herein, the requirements to deliver documents set forth in Sections 5.01(a), (b) and (g) will be fulfilled by filing by the Borrower of the applicable documents for public availability on the SEC's Electronic Data Gathering and Retrieval system; provided that, the Borrower shall notify the Issuing Bank (by telecopier or electronic mail) of the posting of any such documents.

(k) Notwithstanding anything to the contrary herein, solely to the extent that SMBC or any of its Affiliates is the RCF Administrative Agent, (i) the requirements by the Borrower to deliver the information, notices, certificates, and/or documents under this Agreement (including, without limitation, this Section 5.01) shall be fulfilled by delivery of the same to the RCF Administrative Agent in accordance with the RCF Credit Agreement, and (ii) any approval, consent and/or waiver granted by the RCF Administrative Agent in its sole discretion or SMBC, in its capacity as a Lender under and as defined in the RCF Credit Agreement, in each case, shall be deemed to be constitute an approval, consent and/or waiver, as applicable, with respect to the same event or request under this Agreement.

SECTION 5.02. Notices of Material Events. The Borrower will furnish to the Issuing Bank prompt written notice upon any Responsible Officer obtaining actual knowledge of the following:

(a) the occurrence of any Default (unless the Borrower first became aware of such Default from a notice delivered by the Issuing Bank), provided that if such Default is subsequently cured within the time periods set forth herein, the failure to provide notice of such Default shall not itself result in a Default or an Event of Default hereunder;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any of its Affiliates that could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred after the Effective Date, could reasonably be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount exceeding \$50,000,000; and

(d) any other development (excluding matters of a general economic, financial or political nature to the extent that they could not reasonably be expected to have a disproportionate effect on the Borrower or any of its Subsidiaries) that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section 5.02 shall be accompanied by a statement of a Responsible Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence: Conduct of Business. The Borrower will, and will cause each of its Subsidiaries (other than Immaterial Subsidiaries) to, do or cause to be done all things necessary to (i) preserve, renew and keep in full force and effect its legal existence and (ii) the rights, licenses, permits, privileges and franchises material to the conduct of the business of the Borrower and its Subsidiaries, taken as a whole; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.04. Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay its obligations, including income tax and other material tax liabilities and material contractual obligations, that, if not paid, could reasonably be expected to result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, and (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP.

SECTION 5.05. Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Subsidiaries (other than Immaterial Subsidiaries) to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted unless the failure to so keep and maintain could not reasonably be expected to result in a Material Adverse Effect, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.06. Books and Records; Inspection and Audit Rights. The Borrower will, and will cause each of its Subsidiaries to, keep books of record and account in accordance with GAAP in all material respects. The Borrower will, and will cause each other Obligor to, permit any representatives designated by the Issuing Bank, upon reasonable prior notice to the Borrower, to visit and inspect its properties during normal business hours, to examine and make extracts from its books and records (but only to the extent the applicable Obligor is not prohibited from disclosing such information or providing access to such information pursuant to applicable law or an agreement such Obligor entered into with a third party (other than an Affiliate) in the ordinary course of its business), and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested, in each case, solely related to the Obligors and to the extent such inspection or requests for such information are reasonable and such information can be provided or discussed without violation of law, rule, regulation or contract; provided that, (i) the Borrower or such other Obligor shall be entitled to have its representatives and advisors present during any inspection of its books and records and during any discussion with its independent accountants and independent auditors and (ii) unless an Event of Default shall have occurred and be continuing, the Borrower's obligation to reimburse any costs and expenses incurred by the Issuing Bank in connection with any such inspections shall be limited to one inspection per calendar year.

SECTION 5.07. Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations, including the Investment Company Act, and orders of any Governmental Authority applicable to it or its property, except



where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Without limiting the generality of the foregoing, the Borrower will, and will cause its Subsidiaries to, conduct its business and other activities in compliance in all material respects with the provisions of the Investment Company Act and any applicable rules, regulations or orders issued by the SEC thereunder. The Borrower shall maintain in effect policies and procedures reasonably designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and investment advisors with Anti-Corruption Laws and applicable Sanctions in all material respects.

SECTION 5.08. Certain Obligations Respecting Subsidiaries; Further Assurances.

(a) Subsidiary Guarantors. The Borrower may elect for any Subsidiary (other than a Financing Subsidiary, a Foreign Subsidiary or a Subsidiary of a Foreign Subsidiary) to become a Subsidiary Guarantor at any time and, in the event that any Subsidiary (other than a Financing Subsidiary, a Foreign Subsidiary, an Immaterial Subsidiary or a Subsidiary of a Foreign Subsidiary) guarantees or otherwise becomes liable at any time, whether as a borrower or an additional or co-borrower or otherwise, for or in respect of any Material Indebtedness for which an Obligor is a borrower or guarantor, the Borrower will within thirty (30) days thereof (or such longer period as shall be reasonably agreed by the Issuing Bank) cause such Subsidiary to become a “Subsidiary Guarantor” (and, thereby, an “Obligor”) under the Guarantee and Security Agreement pursuant to a Guarantee Assumption Agreement and to deliver such proof of corporate or other action, incumbency of officers, opinions of counsel (unless waived by the Issuing Bank) and other documents as is consistent with those delivered by the Borrower pursuant to Section 4.01 upon the Effective Date or as the Issuing Bank shall have reasonably requested.

(b) Ownership of Subsidiaries. The Borrower will, and will cause each of its Subsidiaries that is an Obligor to, take such action from time to time as shall be necessary to ensure that such Subsidiary is a wholly owned Subsidiary; provided that the foregoing shall not prohibit any transaction permitted under Section 6.03 or 6.04, so long as after giving effect to such permitted transaction each of the remaining Subsidiaries of the Borrower is a wholly-owned Subsidiary.

(c) Further Assurances. The Borrower will, and will cause each of the Subsidiary Guarantors to, take such action from time to time as shall reasonably be requested by the Issuing Bank to effectuate the purposes and objectives of this Agreement. Without limiting the generality of the foregoing, the Borrower will, and will cause each of the Subsidiary Guarantors to, take such action from time to time (including filing appropriate Uniform Commercial Code financing statements and executing and delivering such assignments, security agreements and other instruments) as shall be reasonably requested by the Issuing Bank: (i) to create, in favor of the Issuing Bank, perfected security interests and Liens in the Collateral; provided that, any such security interest or Lien shall be subject to the relevant requirements of the Security Documents, (ii) in the case of any Investment consisting of a Bank Loan (as defined in Section 5.13) that is part of the Collateral that does not constitute all of the credit extended to the underlying borrower under the relevant underlying loan documents and a Financing Subsidiary holds any interest in the loans or other extensions of credit under such loan documents, (x) to cause such Financing Subsidiary to be party to such underlying loan documents as a “lender” having a direct interest (or a participation not acquired from an Obligor) in such underlying loan documents and the extensions of credit thereunder and (y) to ensure that all amounts owing to such Obligor or Financing Subsidiary by the underlying borrower or other obligated party are remitted by such borrower or obligated party directly to the administrative agent under such underlying loan

documents or separate accounts of such Obligor and such Financing Subsidiary, (iii) in the event that any Obligor is acting as an agent or administrative agent under any loan documents with respect to any Bank Loan that is part of the Collateral but does not constitute all of the credit extended to the underlying borrower under the relevant underlying loan documents, to ensure that all funds held by such Obligor in such capacity as agent or administrative agent is segregated from all other funds of such Obligor and clearly identified as being held in an agency capacity and (iv) to cause the closing sets and all executed amendments, consents, forbearances and other modifications and assignment agreements relating to any Investment in the Collateral Account and any other documents relating to any Investment in the Collateral Account requested by the Issuing Bank, in each case, to be held by the Issuing Bank or a custodian pursuant to the terms of a custodian agreement reasonably satisfactory to the Issuing Bank; provided that, for the avoidance of doubt, this clause (iv) shall not apply to any item of Collateral that is required to be Delivered (as such term is used in and to the extent required under Section 7.01(a) of the Guarantee and Security Agreement).

SECTION 5.09. Use of Proceeds. The Borrower will use the proceeds of the Letters of Credit to fund amounts due under the unfunded portion of committed Portfolio Investments; provided that, the Issuing Bank shall not have any responsibility as to the use of any of such proceeds. No part of the proceeds of any Letter of Credit will be used in violation of (a) applicable law or, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any Margin Stock in violation of applicable law or (b) Section 3.15. No Margin Stock shall be included in the Collateral Pool.

SECTION 5.10. Status of RIC and BDC. As of the Effective Date, the Borrower is treated as a RIC under the Code, the Borrower shall at all times thereafter, subject to applicable grace periods set forth in the Code, maintain its status as a RIC under the Code. The Borrower shall at all times maintain its status as a “business development company” under the Investment Company Act.

SECTION 5.11. Investment Policies. The Borrower shall at all times be in compliance in all material respects with its Investment Policies (after giving effect to any Permitted Policy Amendments).

SECTION 5.12. Portfolio Valuation and Diversification Etc.

(a) Industry Classification Groups. For purposes of this Agreement, the Borrower shall assign each Portfolio Investment to an Industry Classification Group. To the extent that the Borrower determined that any Portfolio Investment is not adequately correlated with the risks of other Portfolio Investments in an Industry Classification Group, such Portfolio Investment may be assigned by the Borrower to an Industry Classification Group that is more closely correlated to such Portfolio Investment. In the absence of any adequate correlation, the Borrower shall be permitted, upon prior notice to the Issuing Bank, to create up to three additional industry classification groups for purposes of this Agreement.

(b) Portfolio Valuation Etc.

(i) Settlement Date Basis. For purposes of this Agreement, all determinations of whether an investment is to be included as a Portfolio Investment shall be determined on a settlement-date basis (meaning that any investment that has been purchased will not be treated as a Portfolio Investment until such purchase has settled, and any Portfolio Investment which has been sold will not be excluded as a Portfolio Investment until such

sale has settled); provided that no such investment shall be included as a Portfolio Investment to the extent it has not been paid for in full.

(ii) Determination of Values. For the purposes of this Agreement and not to be required to be utilized for any other purpose (including, for the avoidance of doubt, the Borrower's financial statements, valuations required under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurement (ASC 820) or valuations required under the Investment Company Act), the Borrower will conduct reviews of the value to be assigned to each of its Portfolio Investments as follows:

(A) Quoted Investments - External Review. With respect to Portfolio Investments (including Cash Equivalents) for which market quotations are readily available (each, a "Quoted Investment"), the Borrower shall, not less frequently than once each calendar week (to the extent that there is any LC Exposure that is outstanding during such calendar week), determine the market value of such Quoted Investments which shall, in each case, be determined in accordance with one of the following methodologies (as selected by the Borrower):

(w) in the case of public and 144A securities, the average of the bid prices as determined by two Approved Dealers selected by the Borrower,

(x) in the case of bank loans, the bid price as determined by one Approved Dealer selected by the Borrower,

(y) in the case of any Quoted Investment traded on an exchange, the closing price for such Quoted Investment most recently posted on such exchange, and

(z) in the case of any other Quoted Investment, the fair market value thereof as determined by an Approved Pricing Service selected by the Borrower; and

(B) Unquoted Investments- External Review. With respect to Portfolio Investment for which market quotations are not readily available (each, an "Unquoted Investment"), the Board of Directors of the Borrower shall determine the fair market value of such Unquoted Investment; provided, however, that, as of the last day of the third fiscal quarter following the Effective Date and each fiscal quarter end thereafter (each, a "Testing Quarter") and to the extent that there is any LC Exposure that is outstanding during the relevant Testing Period, the Borrower shall have caused Approved Third-Party Appraisers, during the twelve month period ending on such day, to have assisted the Board of Directors of the Borrower in determining the fair market value of (x) Unquoted Investments that (I) are included in the Collateral Pool and (II) have an aggregate Value equal to 50% or more of the Collateral Pool, in each case, as of such day and (y) each Unquoted Investment with a Value that is equal to or greater than 5% of the Collateral Pool as of such day; provided that the Value of any such Unquoted Investment acquired during a Testing Quarter shall be deemed to be equal to the cost of such Unquoted Investment until such time as the fair market value of such Unquoted Investment is determined in accordance with the foregoing provisions of this sub-clause (B), as at the last day of such Testing Quarter with respect to such Portfolio Investment.

(C) Internal Review. To the extent that there is any LC Exposure that is outstanding during the relevant calendar week, the Borrower shall conduct internal reviews of all Portfolio Investments at least once each calendar week which shall take into account any events of which any Responsible Officer of the Borrower has knowledge that materially adversely affect the aggregate value of the Portfolio Investments. If the value of any Portfolio Investment as most recently determined by the Borrower pursuant to this Section 5.12(b)(ii)(C) is lower than the value of such Portfolio Investment as most recently determined pursuant to Sections 5.12(b)(ii)(A) and (B), such lower value shall be deemed to be the “Value” of such Portfolio Investment for purposes hereof; provided that, the Value of any Portfolio Investment of the Borrower and its Subsidiaries shall be increased by the net unrealized gain as at the date such Value is determined of any Hedging Agreement entered into to hedge risks associated with such Portfolio Investment and reduced by the net unrealized loss as at such date of any such Hedging Agreement (such net unrealized gain or net unrealized loss, on any date, to be equal to the aggregate amount receivable or payable under the related Hedging Agreement if the same were terminated on such date).

(D) Failure to Determine Values. If the Borrower shall fail to determine the value of any Portfolio Investment as at any date pursuant to the requirements of the foregoing sub-clause (A), (B) or (C), then the “Value” of such Portfolio Investment as at such date shall be deemed to be zero for purposes of the Borrowing Base and Aggregate Portfolio Balance until such time as the value of such Portfolio Investment is otherwise determined or reviewed, as applicable, in accordance herewith.

(E) Testing of Values.

(x) For the second calendar month immediately following the end of each fiscal quarter commencing with the quarter ending March 31, 2023 (the last such fiscal quarter is referred to herein as, the “Testing Period”) and to the extent that there is any LC Exposure that is outstanding during any such Testing Period, the Issuing Bank shall cause an Approved Third-Party Appraiser selected by the Issuing Bank to value such number of Unquoted Investments (selected by the Issuing Bank) that collectively have an aggregate Value approximately equal to the Calculation Amount; provided that, if SMBC or any of its Affiliates is the RCF Administrative Agent, (1) in no event shall an Approved Third-Party Appraiser selected by the Issuing Bank hereunder value any Unquoted Investment if such Unquoted Investment has been valued by an Approved Third-Party Appraiser (as defined in the RCF Credit Agreement) selected by the RCF Administrative Agent for the current Testing Period and (2) if an Unquoted Investment that is included in the Borrowing Base is valued by an Approved Third-Party selected by the RCF Administrative Agent Appraiser (as defined in the RCF Credit Agreement) under the RCF Credit Agreement, such Unquoted Investment shall be deemed valued by an Approved Third-Party Appraiser selected by the Issuing Bank hereunder for the purposes of determining the “Calculation Amount” hereunder. The Issuing Bank agrees to notify the Borrower of the Unquoted Investments selected by the Issuing Bank to be tested in each Testing Period. If there is a difference between the Borrower’s valuation and the Approved Third-Party Appraiser’s

valuation of any Unquoted Investment, the Value of such Unquoted Investment for Borrowing Base purposes shall be established as set forth in sub-clause (F) below.

(y) For the avoidance of doubt, the valuation of any Approved Third-Party Appraiser selected by the Issuing Bank would not be as of, or delivered at, the end of any fiscal quarter. Any such valuation would be as of the end of the second month immediately following any fiscal quarter and would be reflected in the Borrowing Base Certificate for such month (provided that, such Approved Third-Party Appraiser delivers such valuation at least seven Business Days before the 20<sup>th</sup> day after the end of the applicable monthly accounting period and, if such valuation is delivered after such time, it shall, subject to clause (E) below, be included in the Borrowing Base Certificate for the following monthly period and applied to the then applicable balance of the related Portfolio Investment). For illustrative purposes, if the given fiscal quarter is the fourth quarter ending on December 31, 2022, then (A) the Issuing Bank would initiate the testing of Values (using the December 31, 2022 Values) for purposes of determining the scope of the testing under clause (E)(x) during the month of February with the anticipation of receiving the valuations from the applicable Approved Third-Party Appraiser(s) on or after February 28, 2023 and (B)(xx) if such valuations were received before the seventh Business Day before March 20, 2023, such valuations would be included in the March 20, 2023 Borrowing Base Certificate covering the month of February, or (yy) if such valuations were received after such time, they would, subject to clause (E) below, be included in the April 20, 2023 Borrowing Base Certificate for the month of March.

For the avoidance of doubt, all calculations of value pursuant to this Section 5.12(b)(ii)(E) shall be determined without application of the Advance Rates.

(F) Valuation Dispute Resolution. Notwithstanding the foregoing, the Issuing Bank shall at any time have the right to request, in its reasonable discretion, any Unquoted Investment with a value determined pursuant to Section 5.12(b)(ii) to be independently valued by an Approved Third-Party Appraiser selected by the Issuing Bank. There shall be no limit on the number of such appraisals requested by the Issuing Bank in its reasonable discretion; provided that, (i) any appraisal shall be conducted in a manner that is not disruptive to the Borrower's business and (ii) the values determined by any appraisal shall be treated as confidential information by the Issuing Bank and shall be deemed to be "Information" hereunder and subject to Section 8.13 hereof. Subject to Section 8.03(a), the reasonable and documented out-of-pocket costs of any such valuation shall be at the expense of the Borrower. The Issuing Bank shall notify the Borrower of its receipt of results from an Approved Third-Party Appraiser of any appraisal and provide a copy of the results and any related reports to the Borrower. If the difference between the Borrower's valuation pursuant to Section 5.12(b)(ii)(B) and the valuation of any Approved Third-Party Appraiser selected by the Issuing Bank pursuant to Section 5.12(b)(ii)(E) or (F) is (1) less than 5% of the Borrower's value thereof, then the Borrower's valuation shall be used, (2) between 5% and 20% of the Borrower's value thereof, then the valuation of such Portfolio Investment shall be the average

of the value determined by the Borrower and the value determined by the Approved Third-Party Appraiser retained by the Issuing Bank and (3) greater than 20% of the Borrower's value thereof, then the Borrower and the Issuing Bank shall select an additional Approved Third-Party Appraiser and the valuation of such Portfolio Investment shall be the average of the three valuations (with the Issuing Bank's Approved Third-Party Appraiser's valuation to be used until the third valuation is obtained).

(iii) Generally Applicable Valuation Provisions.

(G) Each Approved Third-Party Appraiser (whether selected by the Borrower or the Issuing Bank) shall apply a recognized valuation methodology that is commonly accepted in the Borrower's industry for valuing Portfolio Investments of the type being valued and held by the Obligor. Other procedures relating to the valuation will be reasonably agreed upon by the Issuing Bank and the Borrower.

(H) For the avoidance of doubt, subject to Section 5.12(b)(ii)(B), the value of any Portfolio Investments determined in accordance with any provision of this Section 5.12 shall be the Value of such Portfolio Investment for purposes of this Agreement until a new Value for such Portfolio Investment is subsequently required to be determined in good faith in accordance with this Section 5.12.

(I) The foregoing valuation procedures shall only be required to be used for purposes of calculating the Borrowing Base and shall not be required to be utilized by the Borrower for any other purposes, including, without limitation, the delivery of financial statements or valuations required under ASC820 or the Investment Company Act or otherwise.

(J) The Issuing Bank shall notify the Borrower of its receipt of the final results of any such test promptly upon its receipt thereof and shall provide a copy of such results and the related report to the Borrower promptly upon the Borrower's request.

(K) The Issuing Bank acknowledges that it may be required to enter into a non-reliance letter, confidentiality agreement or similar agreement requested or required by a proposed appraiser to allow the Issuing Bank to review any written valuation report. Notwithstanding anything to the contrary contained herein, there shall be no requirement to disclose any portion of any report submitted by an Approved Third-Party Appraiser without such a non-reliance letter if such non-reliance letter is required by such Approved Third-Party Appraiser as a condition to such disclosure.

(c) RIC Diversification Requirements. The Borrower will, on a consolidated basis and at all times, subject to applicable grace periods set forth in the Code, comply with the portfolio diversification requirements set forth in the Code applicable to RICs, to the extent applicable.

SECTION 5.13. Calculation of Borrowing Base. For purposes of this Agreement, (i) the "Borrowing Base" shall be determined, as at any date of determination, as the sum of the Advance Rates of the Value of each Portfolio Investment in the Collateral Pool (excluding any Cash Collateral held by the Issuing Bank pursuant to Section 2.01(i)) and (ii) "Aggregate Portfolio Balance" shall, subject to the last sentence in Section 5.12(b)(ii)(E), be

determined, as at any date of determination, as the sum of the Advance Rates of the Value of each Portfolio Investment of the Obligors (excluding any Cash Collateral held by the Issuing Bank pursuant to Section 2.01(i)); provided that:

(a) the Advance Rate applicable to that portion of the aggregate Value of such Portfolio Investments in a consolidated group of corporations or other entities (collectively, a “Consolidated Group”), in accordance with GAAP, that exceeds 7.5% of the Borrowing Base or Aggregate Portfolio Balance, as applicable, shall be 50% of the Advance Rate otherwise applicable;

(b) the Advance Rate applicable to that portion of the aggregate Value of such Portfolio Investments of all issuers in a Consolidated Group exceeding 15% of the Borrowing Base or Aggregate Portfolio Balance, as applicable, shall be 0%;

(c) the Advance Rate applicable to that portion of the aggregate Value of such Portfolio Investments in any single Industry Classification Group that exceeds 25% of Shareholders’ Equity of the Borrower (which for purposes of this calculation shall exclude the aggregate amount of investments in, and advances to, Financing Subsidiaries) shall be 0%;

(d) solely in the case of the calculation of the “Borrowing Base”, no Portfolio Investment may be included in the Borrowing Base unless the Issuing Bank maintains a first priority, perfected Lien (subject to Permitted Liens) on such Portfolio Investment and such Portfolio Investment has been Delivered (as defined in the Guarantee and Security Agreement) to the Issuing Bank, and then only for so long as such Portfolio Investment continues to be Delivered as contemplated therein;

(e) the portion of the Aggregate Portfolio Balance attributable to Performing Non-Cash Pay High Yield Securities, Performing Non-Cash Pay Mezzanine Investments, Equity Interests and Non-Performing Portfolio Investments shall not exceed 15%;

(f) the portion of the Aggregate Portfolio Balance attributable to Equity Interests shall not exceed 10% (it being understood that in no event shall Equity Interests of Financing Subsidiaries be included in the Aggregate Portfolio Balance);

(g) the portion of the Aggregate Portfolio Balance attributable to Non-Performing Portfolio Investments shall not exceed 10% and the portion of the Aggregate Portfolio Balance attributable to Portfolio Investments that were Non-Performing Portfolio Investments at the time such Portfolio Investments were acquired shall not exceed 5%; and

(h) the portion of the Borrowing Base and Aggregate Portfolio Balance attributable to Portfolio Investments invested outside the United States, Canada, the United Kingdom, Ireland, Australia, Germany, France, Belgium, the Netherlands, Luxembourg, Switzerland, Denmark, Finland, Norway, Sweden and Israel shall not exceed 5% without the consent of the Issuing Bank.

To the extent any Portfolio Investment is required to be removed from the Borrowing Base or Aggregate Portfolio Balance, as applicable, to comply with any of the portfolio limitations set forth in this Section 5.13, the Borrower shall be permitted to choose the Portfolio Investments, or portions of such Portfolio Investments, to be so removed to effect such compliance.

Notwithstanding anything to the contrary contained herein, (i) for purposes of clauses (a), (b), (e), (f), (g) and (h) above, when determining specified baskets or thresholds not to exceed a percentage

of the Borrowing Base and/or Aggregate Portfolio Balance, the Borrowing Base and/or Aggregate Portfolio Balance (as applicable) shall be determined without taking into account Advance Rates and (ii) with respect to clauses (a), (b) and (c) above, (A) each Portfolio Investment with an Advance Rate of 0% under the Borrowing Base shall be excluded from such clause solely for purposes of calculating the Borrowing Base and (B) each Portfolio Investment with an Advance Rate of 0% under the Aggregate Portfolio Balance shall be excluded from such clause solely for purposes of calculating the Aggregate Portfolio Balance.

As used herein, the following terms have the following meanings:

“Advance Rate” means, (a) solely for the purpose of calculating the Borrowing Base, as to any Portfolio Investment and subject to adjustment as provided in this Section 5.13, the following percentages with respect to such Portfolio Investment:

<u>Portfolio Investment</u>	<u>Quoted</u>	<u>Unquoted</u>
Cash, Cash Equivalents and Short-Term U.S. Government Securities	100%	N/A
Long-Term U.S. Government Securities	95%	N/A
Performing First Lien Bank Loans (other than Performing Unitranche Loans)	85%	75%
Performing Unitranche Loans	80%	70%
Performing Second Lien Bank Loans	75%	65%
Non-Performing First Lien Bank Loans	0%	0%
Non-Performing Unitranche Loans	0%	0%
Non-Performing Second Lien Bank Loans	0%	0%
High Yield Securities	0%	0%
Mezzanine Investments	0%	0%
Common Equity (and zero cost or penny warrants with performing debt)	0%	0%
Structured Finance Obligations and Finance Leases	0%	0%

and (b) solely for the purpose of calculating the Aggregate Portfolio Balance, as to any Portfolio Investment and subject to adjustment as provided in this Section 5.13, the following percentages with respect to such Portfolio Investment:

<u>Portfolio Investment</u>	<u>Quoted</u>	<u>Unquoted</u>
Cash, Cash Equivalents and Short-Term U.S. Government Securities	100%	N/A
Long-Term U.S. Government Securities	95%	N/A
Performing First Lien Bank Loans (other than Performing Unitranche Loans)	85%	75%
Performing Unitranche Loans	80%	70%
Performing Second Lien Bank Loans	75%	65%
Performing Cash Pay High Yield Securities	70%	60%
Performing Cash Pay Mezzanine Investments	65%	55%
Performing Non-Cash Pay High Yield Securities	60%	50%
Performing Non-Cash Pay Mezzanine Investments	55%	45%
Non-Performing First Lien Bank Loans	45%	45%
Non-Performing Unitranche Loans	40%	40%
Non-Performing Second Lien Bank Loans	40%	30%
Non-Performing High Yield Securities	30%	30%



Non-Performing Mezzanine Investments	30%	25%
Performing Common Equity (and zero cost or penny warrants with performing debt)	30%	20%
Non-Performing Common Equity	0%	0%
Structured Finance Obligations and Finance Leases	0%	0%

“Bank Loans” means debt obligations (including term loans, notes, revolving loans, debtor-in-possession financings, the funded and unfunded portion of revolving credit lines and letter of credit facilities and other similar loans and investments including interim loans and senior subordinated loans) which are generally under a loan or credit facility (whether or not syndicated) or note purchase agreement or other similar financing arrangement facility for venture or other deals.

“Capital Stock” has the meaning assigned to such term in Section 1.01.

“Cash” has the meaning assigned to such term in Section 1.01.

“Cash Equivalents” has the meaning assigned to such term in Section 1.01.

“Finance Lease” means any transaction representing the obligation of a lessee to pay rent or other amounts under a lease which is required to be classified and accounted for as a capital lease on the balance sheet of such lessee under GAAP.

“First Lien Bank Loan” means a Bank Loan that is entitled to the benefit of a first lien and first priority perfected security interest (subject to Liens for “ABL” revolvers and customary encumbrances) on a substantial portion of the assets of the respective borrower and guarantors obligated in respect thereof; provided that any First Lien Bank Loan that is also a First Lien First Out Bank Loan shall be treated for purposes of determining the applicable Advance Rate as a Unitranche Loan; provided, further, that the Advance Rate of any First Lien Bank Loan that is also a Unitranche Loan shall be determined in accordance with the definition of Unitranche Loan.

“First Lien First Out Bank Loan” means a First Lien Bank Loan with a ratio of first lien debt to EBITDA (other than if such loan is a Recurring Revenue Loan) that exceeds 5.25 to 1.00, and where the underlying borrower does not also have a Second Lien Bank Loan outstanding.

“High Yield Securities” means debt Securities and Preferred Stock, in each case (a) issued by public or private issuers, (b) issued pursuant to an effective registration statement or pursuant to Rule 144A under the Securities Act (or any successor provision thereunder) or other exemption to the Securities Act and (c) that are not Cash Equivalents, Mezzanine Investments or Bank Loans.

“Long-Term U.S. Government Securities” means U.S. Government Securities maturing more than one year from the applicable date of determination.

“Mezzanine Investments” means debt Securities (including convertible debt Securities (other than the “in-the-money” equity component thereof)) and Preferred Stock, in each case (a) issued by public or private issuers, (b) issued without registration under the Securities Act, (c) not issued pursuant to Rule 144A under the Securities Act (or any successor provision thereunder), (d) that are not Cash Equivalents and (e) contractually subordinated in right of payment to other debt of the same issuer.

“Non-Performing Common Equity” means Common Equity of an issuer having any debt outstanding that is non-Performing.

“Non-Performing First Lien Bank Loans” means First Lien Bank Loans other than Performing First Lien Bank Loans.

“Non-Performing High Yield Securities” means High Yield Securities other than Performing High Yield Securities.

“Non-Performing Mezzanine Investments” means Mezzanine Investments other than Performing Mezzanine Investments.

“Non-Performing Portfolio Investment” means Portfolio Investments for which the issuer is, at the time of determination, in default of any payment obligations of principal or interest in respect thereof after the expiration of any applicable grace period.

“Non-Performing Second Lien Bank Loans” means Second Lien Bank Loans other than Performing Second Lien Bank Loans.

“Non-Performing Unitranche Loans” means Unitranche Loans other than Performing Unitranche Loans.

“Performing” means (a) with respect to any Portfolio Investment that is debt, the issuer of such Portfolio Investment is, at the time of determination, not in default of any payment obligations outstanding with respect to accrued and unpaid interest or principal in respect thereof after the receipt of any notice and/or expiration of any applicable grace period and (b) with respect to any Portfolio Investment that is Preferred Stock, the issuer of such Portfolio Investment has not failed to meet any scheduled redemption obligations or to pay its latest declared cash dividend, after the expiration of any applicable grace period.

“Performing Cash Pay High Yield Securities” means High Yield Securities (a) as to which, at the time of determination, not less than 2/3rds of the interest (including accretions and “pay-in-kind” interest) for the current monthly, quarterly, semiannual or annual period (as applicable) is payable in cash and (b) which are Performing.

“Performing Cash Pay Mezzanine Investments” means Mezzanine Investments (a) as to which, at the time of determination, not less than 2/3rds of the interest (including accretions and “pay-in-kind” interest) for the current monthly, quarterly, semi-annual or annual period (as applicable) is payable in cash and (b) which are Performing.

“Performing Common Equity” means Common Equity of an issuer all of whose outstanding debt is Performing.

“Performing First Lien Bank Loans” means First Lien Bank Loans which are Performing.

“Performing Non-Cash Pay High Yield Securities” means Performing High Yield Securities other than Performing Cash Pay High Yield Securities.

“Performing Non-Cash Pay Mezzanine Investments” means Performing Mezzanine Investments other than Performing Cash Pay Mezzanine Investments.

“Performing Second Lien Bank Loans” means Second Lien Bank Loans which are Performing.

“Performing Unitranche Loans” means Unitranche Loans which are Performing.

“Preferred Stock,” as applied to the Capital Stock of any Person, means Capital Stock of such Person of any class or classes (however designated) that ranks prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to any shares (or other interests) of other Capital Stock of such Person, and shall include, without limitation, cumulative preferred, non-cumulative preferred, participating preferred and convertible preferred Capital Stock.

“Recurring Revenue Loan” means, any transaction structured as a recurring revenue loan that is in a growth industry or industry that customarily has businesses with revenues from licenses, maintenance, service, support, hosting, subscription or other revenues identified by the Borrower (including, without limitation, software as a service subscription revenue), of the related issuer and any of its parents or subsidiaries that are obligated with respect to such Portfolio Investment pursuant to the relevant agreement (determined on a consolidated basis without duplication in accordance with GAAP) and does not include and would not customarily be expected to include (at the time of origination) a financial covenant based on EBITDA.

“Second Lien Bank Loan” means a Bank Loan (other than a First Lien Bank Loan) that is entitled to the benefit of a first and/or second lien and first and/or second priority perfected security interest (subject to customary encumbrances) on specified assets of the respective borrower and guarantors obligated in respect thereof.

“Securities” means common and preferred stock, units and participations, member interests in limited liability companies, partnership interests in partnerships, notes, bonds, debentures, trust receipts and other obligations, instruments or evidences of indebtedness, including debt instruments of public and private issuers and tax-exempt securities (including warrants, rights, put and call options and other options relating thereto, representing rights, or any combination thereof) and other property or interests commonly regarded as securities or any form of interest or participation therein, but not including Bank Loans.

“Securities Act” means the United States Securities Act of 1933, as amended.

“Short-Term U.S. Government Securities” means U.S. Government Securities maturing within one year of the applicable date of determination.

“Structured Finance Obligation” means any obligation issued by a special purpose vehicle and secured directly by, referenced to, or representing ownership of, a pool of receivables or other financial assets of any obligor, including collateralized debt obligations and mortgaged-backed securities. For the avoidance of doubt, if an obligation satisfies the definition of “Structured Finance Obligation”, such obligation shall not (a) qualify as any other category of Portfolio Investment and (b) be included in the Borrowing Base.

“U.S. Government Securities” has the meaning assigned to such term in Section 1.01.

“Unitranche Loan” means a Bank Loan that is a First Lien Bank Loan, a portion of which is, in effect, subject to debt subordination and superpriority rights of other lenders following an event of default (such portion, a “last out” portion); provided that, the aggregate principal

amount of the “last out” portion of such Bank Loan is at least 50% of the aggregate principal amount of any “first out” portion of such Bank Loan; provided, further, that the underlying obligor with respect to such Bank Loan shall have (except if such loan is a Recurring Revenue Loan) a ratio of first lien debt (including the “first out” portion of such Bank Loan, but excluding the “last out” portion of such Bank Loan) to EBITDA that does not exceed 3.25 to 1.00 and (except if such loan is Recurring Revenue Loan) a ratio of aggregate first lien debt (including both the “first out” portion and the “last out” portion of such Bank Loan) to EBITDA that does not exceed 5.25 to 1.00. An Obligor’s investment in (i) the “last out” portion of a Unitranche Loan shall be treated as a Unitranche Loan; (ii) the “first out” portion of a Unitranche Loan shall be treated as a First Lien Bank Loan; and (iii) any “last out” portion of a Unitranche Loan (except if such loan is a Recurring Revenue Loan) that does not meet the foregoing first lien debt to EBITDA criteria set forth in this definition shall be treated as a Second Lien Bank Loan, in each case, for purposes of determining the applicable Advance Rate for such Portfolio Investment under this Agreement.

“Value” means, with respect to any Portfolio Investment, the lower of:

- (i) the most recent internal market value as determined pursuant to Section 5.12(b)(i)(C) and
- (ii) the most recent external market value as determined pursuant to Sections 5.12(b)(i)(A) and (B).

## ARTICLE VI

### NEGATIVE COVENANTS

Until the Commitment has expired or terminated and all interest and fees payable hereunder have been paid in full and all Letters of Credit have expired, been terminated, Cash Collateralized or backstopped and all outstanding LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Issuing Bank that:

SECTION 6.01. Indebtedness. The Borrower will not, nor will it permit any of the Subsidiary Guarantors to, create, incur, assume or permit to exist any Indebtedness, except:

- (a) Indebtedness created hereunder or under any other Facility Document;
- (b) Unsecured Longer-Term Indebtedness so long as (i) no Default exists at the time of the incurrence thereof, (ii) the aggregate amount of such Unsecured Longer-Term Indebtedness (determined at the time of the incurrence thereof), taken together with other then-outstanding Indebtedness that constitutes senior securities, does not exceed the amount required to comply with the provisions of Section 6.07(b) and (iii) prior to and immediately after giving effect to the incurrence of any Unsecured Longer-Term Indebtedness, the Covered Debt Amount does not or would not exceed the Borrowing Base then in effect and the Aggregate Covered Debt Amount does not or would not exceed the Aggregate Portfolio Balance then in effect;
- (c) Other Permitted Indebtedness;
- (d) Guarantees of Indebtedness otherwise permitted hereunder;
- (e) Indebtedness of any Obligor owing to any other Obligor or, if such Indebtedness is subject to subordination terms and conditions that are satisfactory to the Issuing Bank, any other Subsidiary of the Borrower;

- Securities;
- (f) repurchase obligations arising in the ordinary course of business with respect to U.S. Government Securities;
  - (g) obligations payable or payments of margin or posting of margin collateral to clearing agencies, brokers, dealers or others in connection with the purchase or sale of securities or other Investments, credit default swaps or other derivative transactions, in each case, in the ordinary course of business;
  - (h) all obligations in respect of, under and in connection with, the RCF Credit Agreement;
  - (i) (x) obligations (including Guarantees) in respect of Standard Securitization Undertakings (other than SPE Subsidiary Recourse Obligations) and (y) SPE Subsidiary Recourse Obligations solely to the extent such debt is permitted under this Section 6.01;
  - (j) Permitted SBIC Guarantees;
  - (k) any SBIC Equity Commitment or analogous commitment;
  - (l) Unsecured Shorter-Term Indebtedness (other than Special Unsecured Indebtedness that would otherwise constitute Unsecured Shorter-Term Indebtedness) so long as (i) no Default exists at the time of the incurrence thereof, (ii) the aggregate amount (determined at the time of the incurrence of such Indebtedness) of such Indebtedness does not exceed \$500,000,000, (iii) the aggregate amount (determined at the time of the incurrence of such Indebtedness) of such Indebtedness, taken together with then-outstanding Special Unsecured Indebtedness incurred pursuant to Section 6.01(m), does not exceed \$1,000,000,000, (iv) the aggregate amount of such Indebtedness, taken together with other then-outstanding Indebtedness, does not exceed the amount required to comply with the provisions of Section 6.07(b), and (v) prior to and immediately after giving effect to the incurrence of any such Indebtedness, the Covered Debt Amount does not or would not exceed the Borrowing Base then in effect and the Aggregate Covered Debt Amount does not or would not exceed the Aggregate Portfolio Balance then in effect;
  - (m) Special Unsecured Indebtedness so long as (i) no Default exists at the time of the incurrence thereof, (ii) the aggregate amount (determined at the time of the incurrence of such Indebtedness) of such Indebtedness does not exceed \$1,000,000,000, (iii) the aggregate amount (determined at the time of the incurrence of such Indebtedness) of such Indebtedness, taken together with then-outstanding Unsecured Shorter-Term Indebtedness incurred pursuant to Section 6.01(l), does not exceed \$1,000,000,000, (iv) the aggregate amount of such Indebtedness, taken together with other then-outstanding Indebtedness, does not exceed the amount required to comply with the provisions of Section 6.07(b), and (v) prior to and immediately after giving effect to the incurrence of any such Indebtedness, the Covered Debt Amount does not or would not exceed the Borrowing Base then in effect;
  - (n) the Existing Notes and the other Indebtedness set forth Schedule 6.01 hereto;
  - (o) Indebtedness of any Obligor or any of its Subsidiaries under any Hedging Agreement so long as such Hedging Agreements are used solely as a part of its normal business operations as a risk management strategy or hedge against changes resulting from market operations and not as a means to speculate for investment purposes on trends and shifts in financial or commodities markets;

(p) Indebtedness incurred in the ordinary course of business under incentive, non-compete, consulting, deferred compensation, or other similar arrangements incurred by any Obligor or any of its Subsidiaries;

(q) Indebtedness incurred in the ordinary course of business with respect to the financing of insurance premiums;

(r) Indebtedness incurred by any Obligor or any of its Subsidiaries arising from agreements providing for customary indemnities, adjustment of purchase price or similar obligations in connection with acquisitions or dispositions of any business or assets permitted pursuant to Section 6.03 hereof;

(s) any Other Permitted LC Facility so long as (i) the aggregate amount (determined at the time of the incurrence of such Indebtedness) of such Indebtedness does not exceed the remainder of (x) \$400,000,000 minus (y) the LC Exposure under this Agreement, (ii) the aggregate amount of such Indebtedness, taken together with other then-outstanding Indebtedness, does not exceed the amount required to comply with the provisions of Section 6.07(b), and, (iii) solely to the extent the aggregate amount (determined at the time of incurrence of such Indebtedness) of such Indebtedness exceeds \$100,000,000, (x) no Default exists at the time of the incurrence thereof, and (y) prior to and immediately after giving effect to the incurrence of any such Indebtedness, the Covered Debt Amount does not or would not exceed the Borrowing Base then in effect and the Aggregate Covered Debt Amount does not or would not exceed the Aggregate Portfolio Balance then in effect; and

(t) other Indebtedness not to exceed \$100,000,000 at any time outstanding.

SECTION 6.02. Liens. The Borrower will not, nor will it permit any of the Subsidiary Guarantors to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof (which, for the avoidance of doubt, shall not include participations in Investments to the extent that the portion of such Investment represented by such participation is not treated as a Portfolio Investment), except:

(a) any Lien on any property or asset of the Borrower or any Subsidiary Guarantor existing on the Effective Date and set forth in Part B of Schedule 3.11 hereto; provided that, (i) no such Lien shall extend to any other property or asset of the Borrower or any of the Subsidiary Guarantors, and (ii) any such Lien shall secure only those obligations which it secures on the Effective Date and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(b) Liens created pursuant to this Agreement or any of the Security Documents;

(c) Liens on Special Equity Interests included in the Investments of the Borrower but only to the extent securing obligations in the manner provided in the definition of "Special Equity Interests" in Section 1.01;

(d) Liens securing Indebtedness or other obligations in an aggregate principal amount not exceeding \$50,000,000 at any one time outstanding (which may cover Investments, but only to the extent released from, or otherwise not covered by, the Lien in favor of the Issuing Bank pursuant to Section 10.03 of the Guarantee and Security Agreement), so long as at the time of incurrence of such Indebtedness or other obligations, the aggregate amount of Indebtedness permitted under clauses (a), (b), (h), (l) and (m) of Section 6.01, does not exceed the lesser of (i)

the Aggregate Portfolio Balance and (ii) the amount required to comply with the provisions of Section 6.07(b);

- (e) Permitted Liens;
- (f) (x) Liens on Equity Interests in any SBIC Subsidiary created in favor of the SBA or its designee and (y) Liens or Equity Interests in any SPE Subsidiary in favor of and required by any lender providing third party financing to such SPE Subsidiary;
- (g) Liens securing Hedging Agreements permitted under Section 6.02(g) of the RCF Credit Agreement;
- (h) Liens securing repurchase obligations arising in the ordinary course of business with respect to U.S. Government Securities;
- (i) Liens on assets (other than Collateral) created pursuant to the RCF Credit Agreement (including Section 2.18 thereof) or any of the RCF Security Documents;
- (j) Liens on assets (other than Collateral) securing any Other Permitted LC Facility; and
- (k) Liens securing Permitted Purchase Money Indebtedness.

SECTION 6.03. Fundamental Changes. The Borrower will not, nor will it permit any of the Subsidiary Guarantors to, enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve or divide itself (or suffer any liquidation, dissolution or division). The Borrower will not, nor will it permit any of the Subsidiary Guarantors to, acquire any business or property from, or Capital Stock of, or be a party to any acquisition of, any Person, except for purchases or acquisitions of Investments and other assets in the normal course of the day-to-day business activities of the Borrower and its Subsidiaries and not in violation of the terms and conditions of this Agreement or any other Facility Document. The Borrower will not, nor will it permit any of the Subsidiary Guarantors to, convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, any part of its assets, whether now owned or hereafter acquired, but excluding (w) any transaction permitted under Section 6.05 or 6.12, (x) assets (other than Investments) sold or disposed of in the ordinary course of business (including to make expenditures of cash and Cash Equivalents in the normal course of the day-to-day business activities of the Borrower and its Subsidiaries) and (y) subject to the provisions of clauses (d) and (e) below, Investments.

Notwithstanding the foregoing provisions of this Section 6.03:

- (a) any Subsidiary Guarantor may be merged or consolidated with or into the Borrower or any other Subsidiary Guarantor; provided that if any such transaction shall be between a Subsidiary Guarantor and a wholly owned Subsidiary Guarantor, the wholly owned Subsidiary Guarantor shall be the continuing or surviving entity;
- (b) any Subsidiary Guarantor of the Borrower may sell, lease, transfer (including a deemed transfer resulting from a division or plan of division) or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any wholly owned Subsidiary Guarantor of the Borrower;

(c) the Capital Stock of any Subsidiary of the Borrower may be sold, transferred (including a deemed transfer resulting from a division or plan of division) or otherwise disposed of (including by way of consolidating or merger) (i) to the Borrower or any wholly owned Subsidiary Guarantor of the Borrower or (ii) so long as such transaction results in an Obligor receiving the proceeds of such disposition, to any other Person provided that in the case of this clause (ii) if such Subsidiary is a Subsidiary Guarantor or holds any Portfolio Investments, the Borrower would not have been prohibited from disposing of any such Portfolio Investments to such other Person under any other term of this Agreement;

(d) the Obligors may sell, transfer (including a deemed transfer resulting from a division or plan of division) or otherwise Dispose of Investments (other than to a Financing Subsidiary) so long as after giving effect to such sale, transfer or other disposition (and any concurrent acquisitions of Investments, reimbursement of any LC Disbursements, reimbursement of any Other Permitted LC Facility LC Disbursements or payment of outstanding Aggregate Other Covered Indebtedness or any other Indebtedness that is included in the Covered Debt Amount or Aggregate Covered Debt Amount at such time) (I) in the case of any Investment (other than any Investment not held in the Collateral Account) (x) the Covered Debt Amount does not exceed the Borrowing Base or (y) if such sale, transfer or other disposition is made pursuant to, and in accordance with, a plan submitted and accepted in accordance with clause (e) of Article VII or, if the Issuing Bank otherwise consents in writing, the amount by which the Covered Debt Amount exceeds the Borrowing Base is reduced thereby and (II) in the case of any Investment (x) the Aggregate Covered Debt Amount does not exceed the Aggregate Portfolio Balance or (y) if such sale, transfer or other disposition is made pursuant to, and in accordance with, a plan submitted and accepted in accordance with clause (e) of Article VII or, if the Issuing Bank otherwise consents in writing, the amount by which the Aggregate Covered Debt Amount exceeds the Aggregate Portfolio Balance is reduced thereby;

(e) the Obligors may sell, transfer (including a deemed transfer resulting from a division or plan of division) or otherwise Dispose of Investments to a Financing Subsidiary so long as (i) after giving effect to such sale, transfer or other disposition (and any concurrent acquisitions of Investments, reimbursement of LC Disbursements, reimbursement of any Other Permitted LC Facility LC Disbursements or payment of outstanding Aggregate Other Covered Indebtedness or any other Indebtedness that is included in the Covered Debt Amount or Aggregate Covered Debt Amount at such time) (I) in the case of any Investment (other than any Investment not held in the Collateral Account), the Covered Debt Amount does not exceed the Borrowing Base and (II) in the case of any Investment, the Aggregate Covered Debt does not exceed the Aggregate Portfolio Balance and, in each case, the Borrower delivers to the Issuing Bank a certificate of a Financial Officer to such effect, (ii) in the case of any Investment (other than any Investment not held in the Collateral Account) either (x) the amount by which the Borrowing Base exceeds the Covered Debt Amount immediately prior to such sale, transfer or other disposition is not diminished as a result of such sale, transfer or other disposition or (y) the Borrowing Base immediately after giving effect to such sale, transfer or other disposition is at least 110% of the Covered Debt Amount and (iii) in the case of any Investment, the Aggregate Portfolio Balance immediately after giving effect to such sale, transfer or other disposition exceeds the Aggregate Covered Debt Amount;

(f) the Borrower may merge or consolidate with, or acquire all or substantially all of the assets of, any other Person (including any Subsidiary Guarantor) so long as (i) the Borrower is the continuing or surviving entity in such transaction and (ii) at the time thereof and after giving effect thereto, no Default shall have occurred or be continuing; provided that, in no event shall the Borrower enter in any transaction of merger or consolidation or amalgamation, or



effect any internal reorganization, if the surviving entity would be organized under any jurisdiction other than a jurisdiction of the United States;

(g) the Borrower and each of the Subsidiary Guarantors may sell, lease, transfer (including a deemed transfer resulting from a division or plan of division) or otherwise dispose of equipment or other property or assets that do not consist of Investments so long as the aggregate amount of all such sales, leases, transfer and dispositions does not exceed \$10,000,000 in any fiscal year;

(h) the Obligors may transfer assets to a Financing Subsidiary for the sole purpose of facilitating the transfer of assets from one Financing Subsidiary (or a Subsidiary that was a Financing Subsidiary immediately prior to such disposition) to another Financing Subsidiary, directly or indirectly through such Obligor (such assets, the "Transferred Assets"); and

(i) the Borrower may dissolve or liquidate any Subsidiary Guarantor so long as in connection with such dissolution or liquidation, any and all of the assets of such Subsidiary Guarantor shall be distributed or otherwise transferred to an Obligor.

SECTION 6.04. Investments. The Borrower will not, nor will it permit any of the Subsidiary Guarantors to, acquire, make or enter into, or hold, any Investments except:

(a) operating deposit accounts with banks;

(b) Investments by the Borrower and the Subsidiary Guarantors in the Borrower and the Subsidiary Guarantors;

(c) Hedging Agreements entered into in the ordinary course of any Obligor's financial planning and not for speculative purposes;

(d) Investments by the Obligors to the extent such Investments are permitted under the Investment Company Act (if applicable) and in compliance in all material respects with the Borrower's Investment Policies, in each case as in effect as of the date such Investments are acquired;

(e) Investments in Financing Subsidiaries or any other Subsidiary that is not a Subsidiary Guarantor so long as after giving effect to such Investments, (i) either (A) the amount by which the Borrowing Base exceeds the Covered Debt Amount immediately prior to such Investment is not diminished as a result of such Investment or (B) the Borrowing Base immediately after giving effect to such Investment is at least 110% of the Covered Debt Amount, (ii) the Aggregate Portfolio Balance immediately after giving effect to such Investment exceeds the Aggregate Covered Debt Amount and (iii) the Borrower is in compliance with Section 6.07(b);

(f) additional Investments up to \$50,000,000 so long as after giving effect to such Investments, the Borrower is in compliance with Section 6.07(b);

(g) Investments in Cash and Cash Equivalents;

(h) Investments described on Schedule 3.12(b) hereto;

(i) Investments in the form of Guarantees permitted pursuant to Section 6.01;

(j) Joint Venture Investments to the extent that such Joint Venture Investments are permitted under the Investment Company Act and the Borrower's Investment Policies as in effect as of the date such Joint Venture Investments are acquired; provided that, no Obligor shall be permitted to make an Investment in a Joint Venture Investment that is a Non-Performing Joint Venture Investment under this Section 6.04 unless, after giving effect to such Investment (and any concurrent acquisition of Portfolio Investments or payment of outstanding Indebtedness), the Covered Debt Amount does not exceed the Borrowing Base and the Aggregate Covered Debt Amount does not exceed the Aggregate Portfolio Balance;

(k) for the avoidance of a doubt, Investments by a Financing Subsidiary;

(l) Investments in any Retention Holder to the extent reasonably required to comply with U.S. risk retention rules, Subsidiaries (other than Subsidiary Guarantors and Financing Subsidiaries), registered investment advisors, private funds, seed vehicles or single managed accounts; provided that no Investment shall be made under this clause (l) unless (i) no Event of Default exists and (ii) both before and after giving effect to such Investment, the Covered Debt Amount does not exceed the Borrowing Base and the Aggregate Covered Debt Amount does not exceed the Aggregate Portfolio Balance;

(m) Investments permitted under Section 6.03; and

(n) (i) Investments in negotiable instruments for collection, (ii) advances made in connection with purchases of goods or services in the ordinary course of business, (iii) advances to officers, directors and employees of the Borrower and its Subsidiaries in an aggregate amount not to exceed \$5,000,000 at any time outstanding, for travel, entertainment, relocation and analogous ordinary business purposes, (iv) repurchases of Securities of the Borrower and its Subsidiaries from current and former directors, employees or limited partners of the Borrower and its Subsidiaries (including current and former directors and employees who are limited partners), (v) Investments in the form of loans or advances to officers, directors and employees of the Borrower or its Subsidiaries to acquire Securities of the Borrower or its Subsidiaries not to exceed \$5,000,000 at any time outstanding, (vi) acquisitions; provided that, both before and after giving pro forma effect to such acquisition, (x) the Borrower is in compliance with Section 6.07, (y) no Default has occurred and is continuing at the time such Investment is made or would result therefrom and (z) the Covered Debt Amount does not exceed the Borrowing Base and the Aggregate Covered Debt Amount does not exceed the Aggregate Portfolio Balance, (vii) Investments of any Person existing at the time such Person becomes a Subsidiary of the Borrower or consolidates or merges, in one transaction or a series of transactions, with the Borrower or any of the Subsidiaries (including in connection with an acquisition) so long as such Investments are not made in contemplation of such Person becoming a Subsidiary or of such consolidation or merger, (viii) Investments in the form of the issuance of Securities of the Borrower and (ix) advances to employees and other officers in respect of future compensation in an amount not to exceed \$5,000,000 at any time outstanding.

For purposes of clauses (e) and (f) of this Section 6.04, the aggregate amount of an Investment at any time shall be deemed to be equal to (A) the aggregate amount of cash, together with the aggregate fair market value of property, loaned, advanced, contributed, transferred or otherwise invested that gives rise to such Investment minus (B) the aggregate amount of the Return of Capital and dividends, distributions or other payments received in cash in respect of such Investment and the values (valued in accordance with Section 5.12(b)) of other Investments received in respect of such Investment; provided that, in no event shall the aggregate amount of such Investment be deemed to be less than zero; the amount of an Investment shall not in any event

be reduced by reason of any write-off of such Investment nor increased by any increase in the amount of earnings retained in the Person in which such Investment is made that have not been dividended, distributed or otherwise paid out.

SECTION 6.05. Restricted Payments. The Borrower will not, nor will it permit any of the Subsidiary Guarantors to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except that the Borrower may declare and pay:

(a) dividends with respect to the Capital Stock of the Borrower payable solely in additional shares of the Borrower's stock, which may include a combination of cash and stock; provided that, such cash dividend would otherwise be permitted pursuant to another clause of this Section 6.05;

(b) dividends and distributions with respect to any taxable year (or calendar year, as relevant) that do not exceed 115% of the amount that the Borrower would have been required to distribute to: (a) allow the Borrower to satisfy the minimum distribution requirements that would be imposed by Section 852(a) of the Code to maintain its eligibility to be taxed as a RIC for any such taxable year, (b) reduce to zero for any such taxable year the Borrower's liability for federal income taxes imposed on (i) its investment company taxable income pursuant to Section 852(b)(1) of the Code and (ii) its net capital gain pursuant to Section 852(b)(3) of the Code, and (c) reduce to zero the Borrower's liability for federal excise taxes for any such calendar year imposed pursuant to Section 4982 of the Code;

(c) dividends and distributions in each case in cash or other property (excluding for this purpose the Borrower's common stock) in addition to the dividends and distributions permitted under the foregoing clauses (a) and (b), so long as on the date of such Restricted Payment and after giving effect thereto:

(i) no Default shall have occurred and be continuing or would result therefrom; and

(ii) the aggregate amount of Restricted Payments made (after the Effective Date) during any taxable year (or for such year under Section 855 of the Code) of the Borrower ending after the Effective Date under this clause (c) shall not exceed the amount (not less than zero) equal to (x) an amount equal to 15% of the taxable income of the Borrower for such taxable year determined under section 852(b)(2) of the Code, but without regard to subparagraph (A), (B) or (D) thereof, minus (y) the amount, if any, by which dividends and distributions made during such taxable year (or for such year under Section 855 of the Code) pursuant to the foregoing clause (b) (whether in respect of such taxable year or the previous taxable year) based upon the Borrower's estimate of taxable income exceeded the actual amounts specified in subclauses (i) and (ii) of such foregoing clause (b) for such taxable year; and

(d) other Restricted Payments so long as (i) on the date of such other Restricted Payment and after giving effect thereto (x) the Covered Debt Amount does not exceed 90% of the Borrowing Base, (y) the Aggregate Covered Debt Amount does not exceed 90% of the Aggregate Portfolio Balance and (z) no Default shall have occurred and be continuing or would result therefrom and (ii) on the date of such other Restricted Payment (or such later date that the Issuing Bank may agree in its sole discretion) the Borrower delivers to the Issuing Bank a Borrowing Base Certificate as at such date demonstrating compliance with subclause (x) after giving effect to such Restricted Payment. For purposes of preparing such Borrowing Base Certificate, (A) the fair market value of Quoted Investments shall be the most recent quotation available for such Quoted

Investment and (B) the fair market value of Unquoted Investments shall be the Value set forth in the Borrowing Base Certificate most recently delivered by the Borrower to the Issuing Bank pursuant to Section 5.01(d); provided that, the Borrower shall reduce or increase, as applicable, the Value of any Unquoted Investment, in a manner consistent with the valuation methodology set forth in Section 5.12, to the extent necessary to take into account any events of which the Borrower has knowledge that adversely or positively, as applicable, affect the value of such Investment.

Nothing herein shall be deemed to prohibit the payment of Restricted Payments by any Subsidiary of the Borrower to the Borrower or to any other Subsidiary Guarantor.

SECTION 6.06. Certain Restrictions on Subsidiaries. The Borrower will not permit any of its Subsidiaries (other than Financing Subsidiaries or Foreign Subsidiaries) to enter into or suffer to exist any indenture, agreement, instrument or other arrangement (other than the Facility Documents) that prohibits or restrains, in each case in any material respect, or imposes materially adverse conditions upon, the incurrence or payment of Indebtedness, the declaration or payment of dividends, the making of loans, advances, guarantees or Investments or the sale, assignment, transfer or other disposition of property to the Borrower by any Subsidiary Guarantor (other than a Financing Subsidiary or Foreign Subsidiary); provided that, the foregoing shall not apply to (i) indentures, agreements, instruments or other arrangements pertaining to other Indebtedness permitted hereby (provided that, such restrictions would not adversely affect the exercise of rights or remedies of the Issuing Bank hereunder with respect to the Collateral or under the Security Documents or restrict any Subsidiary Guarantor with respect to the Collateral in any manner from performing its obligations under the Facility Documents) and (ii) indentures, agreements, instruments or other arrangements pertaining to any lease, sale or other disposition of any asset not prohibited by this Agreement or any Lien not prohibited by this Agreement on such asset so long as the applicable restrictions only apply to the assets subject to such lease, sale, other disposition or Lien.

SECTION 6.07. Certain Financial Covenants.

(a) Minimum Shareholders' Equity. The Borrower will not permit Shareholders' Equity at the last day of any fiscal quarter of the Borrower to be less than 65% of Shareholders' Equity as of the Effective Date, plus 50% of the net proceeds of the sale of Equity Interests by the Borrower and its Subsidiaries after the Effective Date (other than proceeds of (x) sales of Equity Interests by and among the Borrower and its Subsidiaries or (y) any distribution or dividend reinvestment plan).

(b) Consolidated Asset Coverage Ratio. The Borrower will not permit the Consolidated Asset Coverage Ratio at the last day of any fiscal quarter of the Borrower to be less than 150% at any time.

SECTION 6.08. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries (other than Financing Subsidiaries) to enter into any transactions with any of its Affiliates, even if otherwise permitted under this Agreement, except (a) transactions at prices and on terms and conditions, taken as a whole, not materially less favorable to the Borrower or such Subsidiary other than in good faith is believed to be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and its Subsidiaries not involving any other Affiliate, (c) Restricted Payments permitted by Section 6.05, (d) transactions described on Schedule 6.08 hereto (as amended, supplemented, restated or otherwise modified by notice from the Borrower to the Issuing Bank so long as (x) in the aggregate, payments by the Borrower and its Subsidiaries are not materially increased, or (y) such

amendment, supplement, restatement or other modification is not materially adverse to the Issuing Bank), (e) any Investment that results in the creation of an Affiliate, (f) transactions between or among the Obligors and any SBIC Subsidiary or any “downstream affiliate” (as such term is used under the rules promulgated under the Investment Company Act) company of an Obligor at prices and on terms and conditions, taken as a whole, not materially less favorable to the Obligors than in good faith is believed could be obtained at the time on an arm’s-length basis from unrelated third parties, (g) the Borrower may issue and sell Equity Interests to its Affiliates, (h) transactions with one or more Affiliates (including co-investments) permitted by an exemptive order granted by the SEC (as may be amended from time to time), any no action letter or as otherwise permitted by applicable law, rule or regulation and SEC staff interpretations thereof, (i) transactions between a Subsidiary that is not an Obligor and an Affiliate thereof that is not an Obligor, (j) transactions and documents governing transactions permitted under Section 6.03, (k) transactions approved by a majority of the independent members of the Board of Directors of the Borrower, (l) transactions with or among any Portfolio Investment, registered investment advisor, seed vehicle, separate managed account or private fund, (m) employment, severance, indemnification or compensation plan, agreement or arrangement and the payment of compensation (including bonuses) and any similar plans, agreements, arrangements or payments and (n) provision of benefits (including retirement, health, equity and other benefits plans) and indemnification to officers, directors, employees and consultants and all like and similar arrangements.

SECTION 6.09. Lines of Business. The Borrower will not, nor will it permit any of its Subsidiaries (other than Immaterial Subsidiaries) to, engage to any material extent in any business other than in accordance with its Investment Policies. The Borrower will not, nor will it permit any of its Subsidiaries to amend or modify the Investment Policies (other than a Permitted Policy Amendment).

SECTION 6.10. No Further Negative Pledge. The Borrower will not, and will not permit any of the Subsidiary Guarantors to, enter into any agreement, instrument, deed or lease which prohibits or limits in any material respect the ability of any Obligor to create, incur, assume or suffer to exist any Lien upon any of its properties, assets or revenues in the Collateral Account, whether now owned or hereafter acquired, or which requires the grant of any security for an obligation if security is granted for another obligation, except the following: (a) this Agreement, the other Facility Documents and documents with respect to Indebtedness permitted under Section 6.01(b), (l) or (m), the Existing Notes, any Other Permitted LC Facility, the RCF Indebtedness or any Hedging Agreement under and as defined in the RCF Credit Agreement; (b) covenants in documents creating Liens permitted by Section 6.02 prohibiting further Liens on the assets encumbered thereby; (c) (i) customary restrictions contained in leases, subleases, licenses or asset sale agreements otherwise permitted hereby so long as such restrictions relate solely to the assets subject thereto, (ii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Borrower or any of its Subsidiaries, (iii) customary provisions restricting assignment of any agreement entered into in the ordinary course of business, (iv) customary provisions restricting the creation of Liens on assets subject to any asset sale permitted under Section 6.03 or (v) customary provisions for the transfer of an asset pending the close of the sale of such asset; (d) any such agreement that imposes restrictions on investments or other interests in Financing Subsidiaries or Foreign Subsidiaries (but no other assets of any Obligor); (e) any such agreement that imposes restrictions on Liens in Joint Venture Investments (solely to the extent such restrictions relate to Joint Venture Investments); (f) any other agreement that does not restrict in any manner (directly or indirectly) Liens created pursuant to the Facility Documents on any Collateral securing the “Secured Obligations” under and as defined in the Guarantee and Security Agreement and does not require (other than pursuant to a grant of a Lien under the Facility Documents) the direct or indirect granting of any Lien securing any Indebtedness or other

obligation (other than such “Secured Obligations”) by virtue of the granting of Liens on or pledge of property of any Obligor to secure the “Secured Obligations” as defined in the Guarantee and Security Agreement; (g) for the avoidance of doubt, any such document, agreement or instrument that imposes customary restrictions on any Equity Interests or Portfolio Investments; and (h) the underlying governing agreements of any minority equity interest that impose such restrictions only on such equity interests.

SECTION 6.11. Modifications of Longer-Term Indebtedness Documents. The Borrower will not, and will not permit any other Obligor to, consent to any modification, supplement or waiver of any of the provisions of any agreement, instrument or other document evidencing or relating to any Unsecured Longer-Term Indebtedness that would result in such Indebtedness not meeting the requirements of the definition of “Unsecured Longer-Term Indebtedness”, as applicable, set forth in Section 1.01 of this Agreement, unless such Indebtedness would have been permitted to be incurred as Unsecured Shorter-Term Indebtedness or otherwise at the time of such modification, supplement or waiver and, if applicable, the Borrower so designates such Indebtedness as “Unsecured Shorter-Term Indebtedness” (whereupon such Indebtedness shall be deemed to constitute “Unsecured Shorter-Term Indebtedness” for all purposes of this Agreement).

SECTION 6.12. Payments of Longer-Term Indebtedness. The Borrower will not, nor will it permit any of the Subsidiary Guarantors to, purchase, redeem, retire or otherwise acquire for value, or set apart any money for a sinking, defeasance or other analogous fund for the purchase, redemption, retirement or other acquisition of or make any voluntary payment or prepayment of the principal of or interest on any other amount owing in respect of any RCF Indebtedness, Unsecured Longer-Term Indebtedness or Special Unsecured Indebtedness (other than the refinancing of Unsecured Longer-Term Indebtedness or Special Unsecured Indebtedness with Indebtedness permitted under Section 6.01) or the reimbursement of any amount owing in respect of any Other Permitted LC Facility, except for:

(a) regularly scheduled payments, prepayments or redemptions of principal and interest in respect thereof required pursuant to the instruments evidencing such Indebtedness and the payment when due of the types of fees and expenses that are customarily paid in connection with such Indebtedness (it being understood that: (w) the conversion features into Permitted Equity Interests under convertible notes; (x) the triggering of such conversion and/or settlement thereof solely with Permitted Equity Interests; and (y) any cash payment on account of interest or expenses on such convertible notes (or any cash payment on account of fractional shares issued upon conversion provisions of such convertible notes) made by the Borrower or any of its Subsidiaries in respect of such triggering and/or settlement thereof shall be permitted under this clause (a));

(b) so long as no Default shall exist or be continuing, any payment that, if treated as a Restricted Payment for purposes of Section 6.05(d), would be permitted to be made pursuant to the provisions set forth in Section 6.05(d);

(c) mandatory or voluntary payments, required prepayments or mandatory redemptions of Unsecured Longer-Term Indebtedness, RCF Indebtedness or Special Unsecured Indebtedness or any payments, prepayments or reimbursements of any amount or in connection with any Other Permitted LC Facility LC Disbursements, in each case, in Cash (including in connection with any convertible notes, any cash payment elected to be paid in connection with the settlement by the Borrower of any conversion at the option of any holder of such convertible notes pursuant to the conversion features thereunder), so long as both before and after giving effect to such payment (i) no Default shall exist or be continuing at the time of notice of payment or

redemption and (ii) the Covered Debt Amount does not exceed 90% of the Borrowing Base and the Aggregate Covered Debt Amount does not exceed 90% of the Aggregate Portfolio Balance;

(d) payments or prepayments of Unsecured Longer-Term Indebtedness or Special Unsecured Indebtedness prior to the Final Maturity Date solely from the proceeds of any issuance of Equity Interests, so long as both before and after giving effect to such payment (i) no Event of Default shall exist or be continuing and (ii) the Covered Debt Amount does not exceed the Borrowing Base;

(e) payments or prepayments of any amount of, or in connection with, any RCF Indebtedness from amounts that do not constitute Collateral hereunder; and

(f) payments, prepayments or reimbursements of any amount of, or in connection with, any Other Permitted LC Facility LC Disbursement from amounts that do not constitute Collateral hereunder.

SECTION 6.13. Accounting Changes. The Borrower will not, nor will it permit any of its Subsidiaries to, make any change in (a) accounting policies or reporting practices, except as permitted under GAAP or required by law or rule or regulation of any Governmental Authority, or (b) its fiscal year.

SECTION 6.14. SBIC Guarantee. The Borrower will not, nor will it permit any of its Subsidiaries to, cause or permit the occurrence of any event or condition that would result in any recourse to any Obligor under any Permitted SBIC Guarantee.

## ARTICLE VII

### EVENTS OF DEFAULT

If any of the following events (each, an “Event of Default”) shall occur and be continuing:

(a) the Borrower shall fail to pay any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for reimbursement thereof or otherwise (including, for the avoidance of doubt, any failure to reimburse all LC Disbursements in full on the Final Maturity Date);

(b) the Borrower shall fail to pay any interest on any LC Disbursement or any fee or any other amount (other than an amount referred to in clause (a) of this Article VII) payable under this Agreement or under any other Facility Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) or more Business Days;

(c) any representation, warranty or certification made or deemed made by or on behalf of the Borrower or any of its Subsidiaries in or in connection with this Agreement or any other Facility Document or any amendment or modification hereof or thereof, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Facility Document or any amendment or modification hereof or thereof, shall prove to have been incorrect when made or deemed made in any material respect as of the date on which such representation or warranty is made or deemed made, or when furnished, and if susceptible to cure, the failure of such representation or warranty to be true and accurate in any material respects, or the adverse effect of the failure of such representation or warranty shall not

have been cured within 30 days after the earlier of (i) written notice thereof given by the Issuing Bank to the Borrower and (ii) knowledge thereof by a Responsible Officer of the Borrower;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in (i) Section 5.03 (with respect to the Borrower's existence) or Sections 5.08(a) and (b), Section 5.09 or in Article VI or any Obligor shall default in the performance of any of its obligations contained in Sections 3 and 7 of the Guarantee and Security Agreement or (ii) Sections 5.01(e), (f) or (g) or Section 5.02 and such failure, in the case of this clause (ii), shall continue unremedied for a period of five or more Business Days after notice thereof by the Issuing Bank to the Borrower; it being acknowledged and agreed that a failure of an Obligor to "Deliver" (as defined in the Guarantee and Security Agreement) any particular Portfolio Investment to the extent required by Section 7.01 of the Guarantee and Security Agreement shall result in such Portfolio Investment not being included in the Borrowing Base but shall not (in and of itself) be, or result in, a Default or an Event of Default;

(e) a Borrowing Base Deficiency or Aggregate Portfolio Deficiency shall occur and continue unremedied for a period of five or more Business Days after delivery of a Borrowing Base Certificate demonstrating such Borrowing Base Deficiency or Aggregate Portfolio Deficiency pursuant to Section 5.01(e); provided that, it shall not be an Event of Default hereunder if the Borrower shall present the Issuing Bank with a reasonably feasible plan to enable such Borrowing Base Deficiency to be cured within 30 Business Days (which 30-Business Day period shall include the five Business Days permitted for delivery of such plan), so long as such Borrowing Base Deficiency or Aggregate Portfolio Deficiency is cured within such 30-Business Day period;

(f) the Borrower or any other Obligor, as applicable, shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b), (d), (e) or (p) of this Article VII) or any other Facility Document and such failure shall continue unremedied for a period of 30 or more days after notice thereof from the Issuing Bank to the Borrower;

(g) the Borrower or any of its Subsidiaries shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable, taking into account any applicable grace period;

(h) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity (for the avoidance of doubt, other than as permitted under Section 6.12 and that is not a result of a breach, default or other violation or failure in respect of such Material Indebtedness by the Borrower or any of its Subsidiaries after giving effect to any applicable grace period); provided that this clause (h) shall not apply to (1) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness; or (2) convertible debt that becomes due as a result of a conversion or redemption event, other than as a result of an "event of default" (as defined in the documents governing such convertible Material Indebtedness);

(i) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any of its Subsidiaries (other than Immaterial Subsidiaries) or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law



now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of its Subsidiaries (other than Immaterial Subsidiaries) or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed and unstayed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(j) the Borrower or any of its Subsidiaries (other than Immaterial Subsidiaries) shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (i) of this Article VII, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of its Subsidiaries (other than Immaterial Subsidiaries) or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(k) the Borrower or any of its Subsidiaries (other than Immaterial Subsidiaries) shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(l) one or more judgments for the payment of money in an aggregate amount in excess of \$40,000,000 shall be rendered against the Borrower or any of its Subsidiaries (other than Immaterial Subsidiaries) or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days following the entry of such judgment during which 30 day period such judgment shall not have been vacated, stayed, discharged or bonded pending appeal, or liability for such judgment amount shall not have been admitted by an insurer or reputable standing or execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any of its Subsidiaries (other than Immaterial Subsidiaries) to enforce any such judgment;

(m) an ERISA Event shall have occurred that when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(n) the Liens created by the Security Documents shall, at any time with respect to Portfolio Investments in the Collateral Pool having an aggregate Value in excess of 5% of the aggregate Value of all Portfolio Investments in the Collateral Pool, not be valid and perfected (to the extent perfection by filing, registration, recordation, possession or control is required herein or therein) in favor of the Issuing Bank, free and clear of all other Liens (other than Liens permitted under Section 6.02 or under the respective Security Documents) except to the extent that any such loss of perfection results from the failure of the Issuing Bank to maintain possession of the certificates representing the securities pledged under the Facility Documents; provided that, if such default is as a result of any action of the Issuing Bank or a failure of the Issuing Bank to take any action within their control, then there shall be no Default or Event of Default hereunder unless such default shall continue unremedied for a period of 10 consecutive Business Days after the Borrower receives written notice of such default thereof from the Issuing Bank unless the continuance thereof is a result of a failure of the Issuing Bank to take an action within their control;

(o) except for expiration or termination in accordance with its terms, any of the Facility Documents shall for whatever reason be terminated or cease to be in full force and effect in any material respect, or the enforceability thereof shall be contested by the Borrower or any other Obligor;

(p) the Obligors shall at any time, without the consent of the Issuing Bank, fail to comply with the covenant contained in Section 5.11, and such failure shall continue unremedied for a period of 30 or more days after the earlier of (i) written notice thereof given by the Issuing Bank to the Borrower and (ii) knowledge thereof by a Responsible Officer of the Borrower; or

(q) the Borrower or any of its Subsidiaries shall cause or permit the occurrence of any condition or event that would result in any recourse to any Obligor under any Permitted SBIC Guarantee;

then, and in every such event (other than an event with respect to the Borrower described in clause (i) or (j) of this Article VII), and at any time thereafter during the continuance of such event, the Issuing Bank may, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitment, and thereupon the Commitment shall terminate immediately, and (ii) declare the LC Disbursements then outstanding to be due and payable in whole (or in part, in which case any outstanding and unreimbursed LC Disbursement not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the outstanding LC Disbursements so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder and under the other Facility Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (i) or (j) of this Article VII, the Commitment shall automatically terminate and the LC Disbursements then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder and under the other Facility Documents, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

In the event that the LC Disbursements shall be declared, or shall become, due and payable pursuant to the immediately preceding paragraph then, upon notice from the Issuing Bank demanding the deposit of Cash Collateral pursuant to this paragraph, the Borrower shall immediately deposit into the Letter of Credit Collateral Account cash in an amount equal to the then-current LC Exposure (excluding any portion thereof attributable to outstanding and unreimbursed LC Disbursements) as of such date plus any accrued and unpaid interest on such LC Exposure (excluding any portion thereof attributable to outstanding and unreimbursed LC Disbursements); provided that the obligation to deposit such cash shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (i) or (j) of this Article VII. For the avoidance of doubt, the Borrower is not required to deposit into the Letter of Credit Collateral Account any amount with respect to the outstanding and unreimbursed LC Disbursements.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Notices; Electronic Communications.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to it at:

Hercules Capital, Inc.  
400 Hamilton Avenue, Suite 310  
Palo Alto, California 94301  
Attention: Seth Meyer, Chief Financial Officer  
Telephone: (857) 206-8966  
Email: smeyer@htgc.com

with a copy to (which shall not constitute a notice hereunder):

Dechert LLP  
1095 Avenue of the Americas  
New York, New York 10036  
Attention: Jay R. Alicandri, Esq.  
Telephone: (212) 698-3800  
Email: jay.alicandri@dechert.com

(ii) if to the Issuing Bank, to it at:

Sumitomo Mitsui Banking Corporation  
277 Park Avenue  
New York, NY 10172  
Attention: Trade Credit Services  
Fax: 212-224-4310  
Email: trade\_credit\_svc@smbcgroup.com

with a copy to (which shall not constitute a notice hereunder):

Sumitomo Mitsui Banking Corporation  
277 Park Avenue, 4<sup>th</sup> Floor  
New York, NY 10172  
Attention: Kevin Smith  
Fax: 212-224-4547  
Email: kevin\_smith@smbcgroup.com

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt. Notices delivered through electronic

communications to the extent provided in paragraph (b), below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. The Issuing Bank or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(i) Notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

Each party hereto understands that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution and agrees and assumes the risks associated with such electronic distribution, except to the extent caused by the willful misconduct, fraud or gross negligence of the Issuing Bank or its Related Parties, as determined by a final, non-appealable judgment of a court of competent jurisdiction.

SECTION 8.02. Waivers; Amendments.

(a) No Deemed Waivers Remedies Cumulative. No failure or delay by the Issuing Bank in exercising any right or power hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Issuing Bank hereunder are cumulative and are not exclusive of any rights or remedies that it would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 8.02, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Amendments to this Agreement. Except as provided in Section 2.14 and Section 5.01(k), neither (i) this Agreement or any provision hereof nor (ii) any Letter of Credit or any provision thereof, may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Issuing Bank.

SECTION 8.03. Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable and documented out-of-pocket costs and expenses incurred by the Issuing Bank and its Affiliates, including the reasonable and documented out-of-pocket fees, charges and disbursements of one outside counsel for the Issuing Bank in connection with the preparation and administration of this

Agreement and the other Facility Documents and any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, (iii) all reasonable documented out-of-pocket costs and expenses incurred by the Issuing Bank, including the reasonable and documented fees, charges and disbursements of one outside counsel for the Issuing Bank in connection with the enforcement or protection of its rights in connection with this Agreement and the other Facility Documents, including its rights under this Section 8.03, or in connection with the Letters of Credit issued hereunder and LC Disbursements, including all such documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect thereof and (iv) and all reasonable and documented out-of-pocket costs, expenses, taxes, assessments and other charges reasonably incurred in connection with any filing, registration, recording or perfection of any security interest contemplated by any Security Document or any other document referred to therein. Unless an Event of Default has occurred and is continuing the Borrower shall not be responsible for the reimbursement for any fees, costs and expenses of the Approved Third-Party Appraiser incurred pursuant to Section 5.12(b)(ii) (E) in excess of the greater of (x) \$100,000 and (y) 0.05% of the then-current Commitment in the aggregate incurred for all such fees, costs and expenses in any 12-month period (the “IVP Supplemental Cap”).

(b) Indemnification by the Borrower. The Borrower shall indemnify the Issuing Bank and each Related Party of the Issuing Bank (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable and documented out-of-pocket fees and disbursements of one outside counsel for all Indemnitees (and, if reasonably necessary, of one local counsel in any relevant jurisdiction for all Indemnitees) unless, in the reasonable opinion of an Indemnitee, representation of all Indemnitees by such counsel would be inappropriate due to the existence of an actual or potential conflict of interest) (collectively, “Losses”) in connection with any investigative, administrative or judicial proceeding or hearing commenced or threatened by any Person, whether or not any such Indemnitee shall be designated as a party or a potential party thereto, and any fees or expenses incurred by Indemnitees in enforcing this indemnity, whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations and laws, statutes, rules or regulations relating to environmental, occupational safety and health or land use matters), on common law or equitable cause or on contract or otherwise and related expenses or disbursements of any kind (other than Taxes or Other Taxes which shall only be indemnified by the Borrower to the extent provided in Section 2.11, other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim), including the fees, charges and disbursements of outside counsel for any such affected Indemnitee for the Indemnitees collectively as specified above, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit) or any LC Disbursement or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and whether brought by the Borrower or a third party and regardless of whether any Indemnitee is a party thereto; provided that, such indemnity shall not as to any Indemnitee, be available to the extent that such Losses (A) are determined by a court of competent jurisdiction by

final and nonappealable judgment to have resulted from (i) the fraud, willful misconduct or gross negligence of such Indemnitee or its Related Parties or (ii) a claim brought by the Borrower or any other Obligor against such Indemnitee for breach in bad faith of such Indemnitee's obligations under this Agreement or the other Facility Documents, if the Borrower or such other Obligor has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction, (B) result from the settlement of any such claim, investigation, litigation or other proceedings described in clause (iii) above unless the Borrower has consented to such settlement (which consent shall not be unreasonably withheld, delayed or conditioned (provided that, nothing in this clause (B) shall restrict the right of any person to settle any claim for which it has waived its right of indemnity by the Borrower)) or (C) result from disputes solely among Indemnitees and not involving any act or omission of an Obligor or any of its Affiliates. Notwithstanding the foregoing, it is understood and agreed that indemnification for Taxes is subject to the provisions of Section 2.11, other than any Taxes that represent losses, claims, damages, liabilities and related expenses arising from any non-Tax claim.

The Borrower shall not be liable to any Indemnitee for any special, indirect, consequential or punitive damages (as opposed to direct or actual damages (which may include special, indirect, consequential or punitive damages asserted against any such party hereto by a third party)) arising out of, in connection with, or as a result of this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Letter of Credit or the use of proceeds thereof or any LC Disbursement, asserted by an Indemnitee against the Borrower or any other Obligor; provided that, the foregoing limitation shall not be deemed to impair or affect the obligations of the Borrower under the preceding provisions of this subsection with respect to damages not expressly described in the foregoing limitation.

(c) Waiver of Consequential Damages, Etc. To the extent permitted by applicable law, no party hereto shall assert, and each party hereto hereby waives, any claim against any other party (or any Related Party to such party), on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Letter of Credit or the use of the proceeds thereof. Provided that such Indemnitee has complied with its obligations under Section 8.13, no Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Facility Documents or the transactions contemplated hereby or thereby, except to the extent caused by the fraud, willful misconduct or gross negligence of such Indemnitee or its Related Parties, as determined by a final, non-appealable judgment of a court of competent jurisdiction.

(d) Payments. All amounts due under this Section 8.03 shall be payable promptly after written demand therefor.

#### SECTION 8.04. Successors and Assigns.

(a) Assignments Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Issuing Bank (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) the Issuing Bank may not assign or otherwise transfer its rights or obligations hereunder except in accordance with

this Section 8.04 (and any attempted assignment or transfer by the Issuing Bank which is not in accordance with this Section 8.04 shall be treated as provided in the second sentence of Section 8.04(b)(iii)). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit) and, to the extent expressly contemplated hereby, the Related Parties of the Issuing Bank any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by the Issuing Bank.

(i) Assignments Generally. Subject to the conditions set forth in clause (ii) below, the Issuing Bank may assign to one or more assignees (other than any natural persons (or a holding company, investments vehicle, investment vehicle or trust for, or owned and operated by or for the primary benefit of a natural Person), Defaulting Issuing Bank, Defaulting Lender (under and as defined in the RCF Credit Agreement) or any Competitor) all or a portion of its rights and obligations under this Agreement (including all or a portion of the Commitment and the LC Exposure at the time owing to it) with the prior written consent of the Borrower; provided that, no consent of the Borrower shall be required for an assignment to an Affiliate of the Issuing Bank with credit ratings at least as good as the Issuing Bank, or, if an Event of Default under clause (a), (b), (i), (j) or (k) of Article VII has occurred and is continuing, any other assignee; provided, further, that the Borrower shall be deemed to have consented to any such assignment unless it shall have objected thereto by written notice to the Issuing Bank within ten Business Days after having received notice thereof.

(ii) Certain Conditions to Assignments. Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to an Affiliate of the Issuing Bank or an assignment of the entire remaining amount of the Issuing Bank's Commitment and LC Exposure, the amount of the Commitment and LC Exposure of the Issuing Bank subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is executed by the parties thereto) shall not be less than U.S. \$5,000,000 unless the Borrower otherwise consents; provided that, no such consent of the Borrower shall be required if an Event of Default under clause (a), (b), (i), (j) or (k) of Article VII has occurred and is continuing;

(B) each partial assignment of the Commitment and LC Exposure shall be made as an assignment of a proportionate part of all the Issuing Bank's rights and obligations under this Agreement in respect of the Commitment and LC Exposure;

(C) the parties to each assignment shall execute an Assignment and Assumption (or any other form approved by the Issuing Bank and the Borrower); and

(D) the assignee shall deliver to the Borrower any tax forms or certifications required by Section 2.11(e).

(iii) Effectiveness of Assignments. From and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the

extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of the Issuing Bank under this Agreement, and the assigning Issuing Bank shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Issuing Bank's rights and obligations under this Agreement, such Issuing Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.09, 2.10, 2.11 and 8.03 with respect to facts and circumstances occurring prior to the effective date of such assignment). Any assignment or transfer by the Issuing Bank of rights or obligations under this Agreement that does not comply with this Section 8.04 shall be treated for purposes of this Agreement as a sale by the Issuing Bank of a participation in such rights and obligations in accordance with paragraph (d) of this Section 8.04 (but only to the extent such assignment or other transfer otherwise complies with the provisions of such paragraph). Notwithstanding anything to the contrary herein, if the Issuing Bank becomes a Defaulting Issuing Bank, no assignment of rights and obligations of the Issuing Bank shall be effective unless and until, in addition to the other conditions set forth in Section 8.04(b)(ii) or otherwise, the parties to the assignment shall make such additional payments to the Borrower in an aggregate amount sufficient, upon distribution thereof as appropriate, to acquire (and fund as appropriate) the Defaulting Issuing Bank's share of the outstanding LC Exposure hereunder. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Issuing Bank hereunder shall become effective under applicable law without compliance with the provisions of this paragraph (iii), then the assignee of such interest shall be deemed to be a Defaulting Issuing Bank for all purposes of this Agreement until such compliance occurs.

(c) Maintenance of Registers by Issuing Bank. SMBC, to the extent that it is the Issuing Bank, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in New York City a copy of each Assignment and Assumption and a register for the recordation of the names and addresses of the Issuing Bank (including any assignees or successors thereof), and the Commitment of, and principal amount (and stated interest) of the LC Disbursements owing to, the Issuing Bank (including any assignees or successors thereof) pursuant to the terms hereof from time to time (the "Registers" and each individually, a "Register"). The entries in the Registers shall be conclusive absent manifest error, and the Borrower may treat each Person whose name is recorded in the Registers pursuant to the terms hereof as the Issuing Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Registers shall be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. The Issuing Bank may, with the consent of the Borrower (such consent not to be unreasonably withheld or delayed), sell participations to one or more banks or other entities (other than any Defaulting Issuing Bank, Defaulting Lender (under and as defined in the RCF Credit Agreement), Competitor or any natural persons (or a holding company, investments vehicle, investment vehicle or trust for, or owned and operated by or for the primary benefit of a natural Person)) (a "Participant") in all or a portion of the Issuing Bank's rights and obligations under this Agreement and the other Facility Documents (including all or a portion of the Commitment and LC Disbursements owing to it); provided that, (i) the consent of the Borrower shall not be required so long as an Event of Default under clause (a), (b), (i), (j) or (k) of Article VII has occurred and is continuing, (ii) the Issuing Bank's obligations under this Agreement and the other Facility Documents shall remain unchanged, (iii) the Issuing Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iv) the Borrower shall continue to deal solely and directly with the Issuing Bank in connection with the



Issuing Bank's rights and obligations under this Agreement and the other Facility Documents. Any agreement or instrument pursuant to which the Issuing Bank sells such a participation shall provide that the Issuing Bank shall retain the sole right to enforce this Agreement and the other Facility Documents and to approve any amendment, modification or waiver of any provision of this Agreement or any other Facility Document. Subject to paragraph (e) of this Section 8.04, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.09, 2.10 and 2.11, subject to the requirements and limitations therein, to the same extent as if it were an Issuing Bank and had acquired its interest by assignment pursuant to paragraph (b) of this Section 8.04; provided that, such Participant agrees that it (i) shall be subject to the provisions of Section 2.13 as if it were an assignee and (ii) shall not be entitled to receive any greater payment under Section 2.09, 2.10 or 2.11, with respect to any participation, than its participating Issuing Bank would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation; provided, further, that no Participant shall be entitled to the benefits of Section 2.11 unless the Borrower is notified of the participation granted to such Participant and such Participant shall have complied with the requirements of Section 2.11 as if such Participant is the Issuing Bank. To the extent the Issuing Bank sells a participation, the Issuing Bank agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.13 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 8.08 as though it were the Issuing Bank. To the extent the Issuing Bank sells a participation, the Issuing Bank shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Commitment, LC Exposure or other obligations under the Facility Documents (the "Participant Register"); provided that, the Issuing Bank shall not have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any other information relating to a Participant's interest in the Commitment, LC Exposure or its other obligations under any Facility Document) to any person except to the extent that such disclosures are necessary to establish that the Commitment, LC Exposure or other obligation is in registered form under Section 163 of the Code and any related United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and the Issuing Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Limitations on Rights of Participants. A Participant shall not be entitled to receive any greater payment under Section 2.09, 2.10 or 2.11 than the Issuing Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Person if it were the Issuing Bank shall not be entitled to the benefits of Section 2.11 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with paragraphs (e) and (f) of Section 2.11 as though it were the Issuing Bank and in the case of a Participant claiming exemption for portfolio interest under Section 871(h) or 881(c) of the Code, the Issuing Bank shall provide the Borrower with satisfactory evidence that the participation is in registered form and shall permit the Borrower to review such register as reasonably needed for the Borrower to comply with its obligations under applicable laws and regulations.

(f) Certain Pledges. The Issuing Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of the Issuing Bank, including any such pledge or assignment to a Federal Reserve Bank or any other central bank having jurisdiction over the Issuing Bank, and this Section 8.04 shall not apply to any such

pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release the Issuing Bank from any of its obligations hereunder or substitute any such assignee for the Issuing Bank as a party hereto.

SECTION 8.05. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Issuing Bank may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any LC Disbursement or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitment has not expired or terminated. The provisions of Sections 2.09, 2.10, 2.11 and 8.03 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the reimbursement of the LC Disbursements, the expiration or termination, Cash Collateralization or backstop of the Letters of Credit and the Commitment or the termination of this Agreement or any provision hereof.

SECTION 8.06. Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Issuing Bank constitute the entire contract between and among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Issuing Bank and when the Issuing Bank shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or electronically (e.g., pdf) shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Facility Documents. The words “execution,” “signed,” “signature,” and words of like import in this Agreement and the other Facility Documents including any Assignment and Assumption shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 8.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality

and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 8.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, the Issuing Bank and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by the Issuing Bank or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by the Issuing Bank, irrespective of whether or not the Issuing Bank shall have made any demand under this Agreement and although such obligations may be unmaturing. The rights of the Issuing Bank under this Section 8.08 are in addition to other rights and remedies (including other rights of setoff) which the Issuing Bank may have. The Issuing Bank agrees to notify the Borrower promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 8.09. Governing Law; Jurisdiction; Etc.

(a) Governing Law. This Agreement and, unless otherwise specified therein, each other Facility Document shall be construed in accordance with and governed by the law of the State of New York.

(b) Submission to Jurisdiction. Each party to this Agreement hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement and any other Facility Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Issuing Bank may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section 8.09. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each party to this Agreement (i) irrevocably consents to service of process in the manner provided for notices in Section 8.01 and (ii) agrees that service as provided in the manner provided for notices in Section 8.01 is sufficient to confer personal jurisdiction over such party in any proceeding in any court and otherwise constitutes effective and binding service in every respect. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 8.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER FACILITY DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.10.

SECTION 8.11. Judgment Currency. This is an international transaction in which the specification of Dollars or any Foreign Currency, as the case may be (the "Specified Currency"), and payment in New York City or the country of the Specified Currency, as the case may be (the "Specified Place"), is of the essence, and the Specified Currency shall be the currency of account in all events relating to Letters of Credit denominated in the Specified Currency. The payment obligations of the Borrower under this Agreement shall not be discharged or satisfied by an amount paid in another currency or in another place, whether pursuant to a judgment or otherwise, to the extent that the amount so paid on conversion to the Specified Currency and transfer to the Specified Place under normal banking procedures does not yield the amount of the Specified Currency at the Specified Place due hereunder. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in the Specified Currency into another currency (the "Second Currency"), the rate of exchange that shall be applied shall be the rate at which in accordance with normal banking procedures the Issuing Bank could purchase the Specified Currency with the Second Currency on the Business Day next preceding the day on which such judgment is rendered. The obligation of the Borrower in respect of any such sum due from it to the Issuing Bank hereunder or under any other Facility Document (in this Section 8.11 called an "Entitled Person") shall, notwithstanding the rate of exchange actually applied in rendering such judgment be discharged only to the extent that on the Business Day following receipt by such Entitled Person of any sum adjudged to be due hereunder in the Second Currency such Entitled Person may in accordance with normal banking procedures purchase and transfer to the Specified Place the Specified Currency with the amount of the Second Currency so adjudged to be due; and the Borrower hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify such Entitled Person against, and to pay such Entitled Person on demand, in the Specified Currency, the amount (if any) by which the sum originally due to such Entitled Person in the Specified Currency hereunder exceeds the amount of the Specified Currency so purchased and transferred.

SECTION 8.12. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 8.13. Treatment of Certain Information; No Fiduciary Duty; Confidentiality.

(a) Treatment of Certain Information; No Fiduciary Duty; No Conflicts. The Borrower acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Borrower or one or more of its Subsidiaries (in

connection with this Agreement or otherwise) by the Issuing Bank or by one or more subsidiaries or affiliates of the Issuing Bank and the Borrower hereby authorizes the Issuing Bank to share any information delivered to the Issuing Bank by the Borrower and its Subsidiaries pursuant to this Agreement, or in connection with the decision of the Issuing Bank to enter into this Agreement, to any such subsidiary or affiliate, it being understood that any such subsidiary or affiliate receiving such information shall be bound by the provisions of paragraph (b) of this Section 8.13 as if it were the Issuing Bank hereunder. Such authorization shall survive the reimbursement of the LC Disbursements, the expiration or termination of the Letters of Credit and the Commitment or the termination of this Agreement or any provision hereof. The Issuing Bank shall use all information delivered to the Issuing Bank by the Borrower and its Subsidiaries pursuant to this Agreement, or in connection with the decision of the Issuing Bank to enter into this Agreement, in connection with providing services to the Borrower. The Issuing Bank and its Affiliates (collectively, solely for purposes of this paragraph (a), the “Issuing Bank”), may have economic interests that conflict with those of the Borrower or any of its Subsidiaries, their stockholders and/or their affiliates. The Borrower, on behalf of itself and each of its Subsidiaries, agrees that nothing in the Facility Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between the Issuing Bank, on the one hand, and the Borrower or any of its Subsidiaries, its stockholders or its affiliates, on the other. The Borrower and each of its Subsidiaries each acknowledges and agrees that (i) the transactions contemplated by this Agreement and the other Facility Documents (including the exercise of rights and remedies hereunder and thereunder) are arm’s-length commercial transactions between the Issuing Bank, on the one hand, and the Borrower and its Subsidiaries, on the other, and (ii) in connection therewith and with the process leading thereto, (x) the Issuing Bank has not assumed an advisory or fiduciary responsibility in favor of the Borrower or any of its Subsidiaries, any of their stockholders or affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether the Issuing Bank has advised, is currently advising or will advise the Borrower or any of its Subsidiaries, their stockholders or their affiliates on other matters) or any other obligation to the Borrower or any of its Subsidiaries except the obligations expressly set forth in the Facility Documents and (y) the Issuing Bank is acting solely as principal and not as the agent or fiduciary of the Borrower or any of its Subsidiaries, their management, stockholders, creditors or any other Person. The Borrower and each of its Subsidiaries each acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower and each of its Subsidiaries each agrees that it will not claim that the Issuing Bank has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower or any of its Subsidiaries, in connection with such transaction or the process leading thereto.

(b) Confidentiality. The Issuing Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its Affiliates and to its and its Affiliates’ respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential on terms consistent with this clause (b)), (ii) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority), (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (provided that, except in the case of any ordinary course examination by a regulatory, self-regulatory or governmental agency, it will use commercially reasonable efforts to notify the Borrower of any such disclosure prior to making such disclosure to the extent legally permitted and timely practicable), (iv) to any other party hereto, (v) in connection with the exercise

of any remedies hereunder or under any other Facility Document or any action or proceeding relating to this Agreement or any other Facility Document or the enforcement of rights hereunder or thereunder, (vi) other than to any Defaulting Issuing Bank, Defaulting Lender (under and as defined in the RCF Credit Agreement) or any Competitor, subject to an agreement containing provisions substantially the same as those of this Section 8.13(b), to (x) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (y) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (vii) with the written consent of the Borrower, (viii) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section 8.13(b) or (y) becomes available to the Issuing Bank or any of its Affiliates on a nonconfidential basis from a source other than the Borrower or (ix) on a confidential basis to (x) any rating agency in connection with rating the Borrower or its Subsidiaries or the credit facility provided hereunder or (y) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit facility provided hereunder.

For purposes of this Section 8.13(b), “Information” means all information received from or on behalf of the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses or any Portfolio Investment, other than any such information that is available to the Issuing Bank on a nonconfidential basis prior to disclosure by the Borrower or any of its Subsidiaries; provided that, in the case of Information received from the Borrower or any of its Subsidiaries after the Effective Date, such Information shall be deemed confidential at the time unless clearly identified as nonconfidential. Any Person required to maintain the confidentiality of Information as provided in this Section 8.13(b) shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 8.14. USA PATRIOT Act. The Issuing Bank hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), it is required to obtain, verify and record information that identifies the Borrower, each other Obligor and each beneficiary of a Letter of Credit, which information includes the name and address of the Borrower, each other Obligor and each beneficiary of a Letter of Credit and other information that will allow the Issuing Bank to identify the Borrower, each other Obligor and each beneficiary of a Letter of Credit in accordance with said Act.

SECTION 8.15. Issuing Bank Information Reporting. The Issuing Bank shall use commercially reasonable efforts to deliver to the Borrower not later than one Business Day after the last day of each calendar month, a notice summarizing in reasonable detail the amount of interest, fees and (if any) other expenses under this Agreement or the other Facility Documents accrued for the month then ended (and noting amounts paid/unpaid); provided that, the failure of the Issuing Bank to deliver this report shall not excuse the Borrower from paying interest, fees and (if any) other expenses in accordance with the terms of this Agreement or the other Facility Documents.

SECTION 8.16. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Solely to the extent Issuing Bank is an Affected Financial Institution and notwithstanding anything to the contrary in any Facility Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Facility Document, to the extent

such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by the Issuing Bank to the extent that it is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Facility Document; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

SECTION 8.17. Acknowledgement Regarding Any Supported QFCs. To the extent that the Facility Documents provide support, through a guarantee or otherwise, for Hedging Agreements or any other agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties hereto acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Facility Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

- (a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Facility Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Facility Documents were governed by the laws of the United States or a state of the United States.

(b) As used in this Section 8.17, the following terms have the following meanings:

(i) “BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

(ii) “Covered Entity” means any of the following:

(A) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(B) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(C) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

(iii) “Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

(iv) “QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(e)(8)(D).

SECTION 8.18. Termination. Promptly following the later of the termination of the Commitment and the date on which all Secured Obligations as defined in the Guarantee and Security Agreement (other than unasserted contingent indemnities and similar obligations that survive the termination thereof) have been paid in full in cash and the Termination Date, the Issuing Bank shall deliver to the Borrower such termination statements and releases and other documents necessary or appropriate to evidence the release of the Borrower from this Agreement, the other Facility Documents to which the Borrower is a party and each of the documents securing the Secured Obligations (as defined in the Guarantee and Security Agreement) as the Borrower may reasonably request, all at the sole cost and expense of the Borrower.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

HERCULES CAPITAL, INC.

By: /s/ Seth H. Meyer  
Name: Seth H. Meyer  
Title: Chief Financial Officer



By: /s/ Shane Klein  
Name: Shane Klein  
Title: Managing Director

**SCHEDULE 1.01(a)**

**Approved Dealers and Approved Pricing Services**

**Approved Dealers:**

1. Markit Group Ltd.
2. Duff & Phelps, LLC
3. Murray, Devine & Co., Inc.
4. Houlihan Lokey Inc.
5. ABN
6. Antares Capital Advisors, LLC
7. Bank of America Merrill Lynch
8. Bank of America N.A.
9. Bank of New York Mellon
10. Bank of NY Mellon (BNYM Capital Markets)
11. Barclays Bank PLC
12. Barclays Capital Inc.
13. BMO Capital Markets
14. BNP Paribas SA
15. BNP Paribas Securities Corp.
16. BofA Distributors, Inc.
17. BTIG LLC
18. Cantor Fitzgerald
19. Cantor Fitzgerald & Co.
20. Citicorp Securities Services, Inc.
21. Citigroup Global Markets Inc.
22. Citigroup, Inc.
23. CommerzBank AG
24. Credit Agricole
25. Credit Suisse AG
26. Credit Suisse Securities (USA) LLC
27. Daiwa Capital Markets America Inc.
28. Deutsche Bank
29. Deutsche Bank AG
30. Deutsche Bank Securities Inc.
31. FRB Capital Markets & Co.
32. Fidelity Brokerage Services LLC
33. Fidelity Capital Markets
34. Global Hunter Securities LLC
35. Goldman Sachs

36. Goldman, Sachs & Co.
37. Guggenheim Securities LLC
38. HSBC
39. HSBC Securities (USA) Inc.
40. Imperial Capital
41. Imperial Capital LLC
42. ING Financial Markets LLC
43. J.P. Morgan Securities Inc.
44. Jefferies
45. Jefferies & Company, Inc.
46. JP Morgan Chase & Co.
47. Key Bank
48. Lazard Freres & Co. LLC
49. Macquarie Capital USA Inc.
50. Merrill Lynch & Co., Inc.
51. Merrill Lynch Government Securities Inc.
52. Merrill Lynch, Pierce, Fenner & Smith Incorporated
53. Mitsubishi UFJ Securities USA Inc.
54. Mizuho Securities USA Inc.
55. Morgan Stanley
56. Morgan Stanley & Co. Incorporated
57. Natixis Global Asset Management
58. Nomura Securities International, Inc.
59. Oppenheimer & Co Inc.
60. RBC Capital Markets
61. Robert W. Baird
62. Royal Bank of Canada
63. RW Baird
64. Scotia Bank
65. Scotiabank
66. Societe General
67. Societe Generale SA
68. State Street Bank
69. Stifel Financial Corp
70. Truist Banks
71. TD Securities
72. UBS AG
73. UBS Securities LLC
74. US Bancorp
75. Wells Fargo & Company
76. Wells Fargo Advisors, LLC
77. Wells Fargo Investments, LLC
78. Wells Fargo Securities, LLC

**Approved Pricing Services:**

1. Markit Group Ltd.
2. Duff & Phelps, LLC
3. Murray, Devine & Co., Inc.
4. Houlihan Lokey Inc.
5. Bloomberg

- 6.FT Interactive Data Corporation
- 7.International Data Corporation
- 8.Loan Pricing Corporation
- 9.Markit
- 10.Thomson Reuters
- 11.TRACE trades

**SCHEDULE 1.01(b)**

<b><u>Issuing Bank</u></b>	<b><u>Commitment</u></b>	<b><u>Applicable Percentage</u></b>
<u>Sumitomo Mitsui Banking Corporation</u>	\$100,000,000	100%
<b><u>Total</u></b>	<b>\$100,000,000</b>	<b>100%</b>

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## FIRST OMNIBUS AMENDMENT TO REVOLVING CREDIT AGREEMENT AND GUARANTEE AND SECURITY AGREEMENT

THIS FIRST OMNIBUS AMENDMENT TO REVOLVING CREDIT AGREEMENT AND GUARANTEE AND SECURITY AGREEMENT, dated as of January 13, 2023 (this "Amendment"), is among HERCULES CAPITAL, INC., a Maryland corporation (the "Borrower"), the LENDERS party hereto, SUMITOMO MITSUI BANKING CORPORATION ("SMBC"), as Administrative Agent (in such capacity, the "Administrative Agent") and SMBC, as Collateral Agent (in such capacity, the "Collateral Agent").

WITNESSETH:

WHEREAS, the Borrower, the Lenders and Issuing Banks party thereto and the Administrative Agent, are parties to the Revolving Credit Agreement, dated as of November 9, 2021 (as amended by the First Amendment to Revolving Credit Agreement, dated as of December 31, 2021 and the Second Amendment to Revolving Credit Agreement, dated as of June 14, 2022, the "Existing Credit Agreement"), and as amended by this Amendment and as the same may be further amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, the Borrower, the Subsidiary Guarantors party thereto, the Administrative Agent and the Collateral Agent are parties to the Guarantee and Security Agreement, dated as of November 9, 2021 (the "Existing Guarantee and Security Agreement"), and as amended by this Amendment and as the same may be further amended, supplemented, amended and restated or otherwise modified from time to time, the "Guarantee and Security Agreement");

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent agree to amend the Existing Credit Agreement, and the Lenders party hereto, representing the Required Lenders, and the Administrative Agent are willing, on the terms and subject to the conditions hereinafter set forth, to agree to the amendment set forth below and the other terms hereof; and

WHEREAS, the Borrower has requested that the Collateral Agent amend the Existing Guarantee and Security Agreement and the Collateral Agent is willing, with the consent of the Secured Parties representing the Required Secured Parties (as such terms are defined in the Existing Guarantee and Security Agreement), on the terms and subject to the conditions hereinafter set forth, to agree to the amendment set forth below and the other terms hereof.

NOW, THEREFORE, the parties hereto hereby covenant and agree as follows:

ARTICLE I  
DEFINITIONS

SECTION 1.1. Certain Definitions. The following terms when used in this Amendment shall have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

“Administrative Agent” is defined in the preamble.

“Amendment” is defined in the preamble.

“Amendment Effective Date” is defined in Section 5.1.

“Borrower” is defined in the preamble.

“Collateral Agent” is defined in the preamble.

“Credit Agreement” is defined in the first recital.

“Existing Credit Agreement” is defined in the first recital.

SECTION 1.2. Other Definitions. Capitalized terms for which meanings are provided in the Existing Credit Agreement are, unless otherwise defined herein or the context otherwise requires, used in this Amendment with such meanings.

ARTICLE II  
AMENDMENT TO EXISTING CREDIT AGREEMENT

SECTION 2.1. Subject to the occurrence of the Amendment Effective Date, each of the parties hereto (other than the Collateral Agent) hereby agree that the Existing Credit Agreement (excluding the Exhibits and Schedules thereto) is amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages attached as Exhibit A hereto.

ARTICLE III  
AMENDMENT TO EXISTING GUARANTEE AND SECURITY AGREEMENT

SECTION 3.1. Subject to the occurrence of the Amendment Effective Date, each of the parties hereto hereby agree that the Existing Guarantee and Security Agreement (excluding the Exhibits and Schedules thereto) is amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages attached as Exhibit B hereto.

ARTICLE IV

LIEN ACKNOWLEDGMENT AGREEMENT

SECTION 4.1. The Lenders hereby consent to, and instruct the Collateral Agent to enter into the Permitted LC Facility Lien Acknowledgment Agreement, substantially in the form of Exhibit C attached hereto.

ARTICLE V

CONDITIONS TO EFFECTIVENESS

SECTION 5.1. Effective Date. This Amendment shall become effective on the date (the "Amendment Effective Date") when the Administrative Agent shall have received the following:

(a) from each party hereto either (i) a counterpart of this Amendment signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page to this Amendment) that such party has signed a counterpart of this Amendment;

(b) for the benefit of the Administrative Agent, the Collateral Agent and each of the Lenders party hereto, as applicable, (i) all fees required to be paid by the Borrower in connection with this Amendment and (ii) all reasonable and documented out-of-pocket costs and expenses due and owing by the Borrower in connection with the preparation, due diligence and documentation of this Amendment as of the date hereof, in each case of this clause (ii), to the extent invoiced two (2) Business Days prior to the Amendment Effective Date (it being understood and agreed that such invoice may include Administrative Agent's reasonable estimate of out-of-pocket costs and expenses incurred or to be incurred by it through the closing proceedings).

ARTICLE VI

MISCELLANEOUS

SECTION 6.1. Representations. The Borrower hereby represents and warrants that (i) this Amendment constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by (x) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (y) the applicable of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), (ii) no Default or Event of Default has occurred and is continuing on the Amendment Effective Date or after giving effect to this Amendment and (iii) its representations and warranties as set forth in the other Loan Documents, as applicable, are true and correct in all material respects (except those representations and warranties (or any portion thereof) qualified by materiality or by reference to a material adverse effect, which are complete and correct in all respects) on and as of the date hereof as though made on and as of the date hereof (unless such representations and warranties specifically refer to a specific day, in which case, they shall be complete and correct in all material respects (or, with respect to such representations or warranties (or such portion thereof) qualified by

materiality or by reference to a material adverse effect, complete and correct in all respects) on and as of such specific day).

SECTION 6.2. Loan Document Pursuant to Existing Credit Agreement. This Amendment is a Loan Document executed pursuant to the Existing Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with all of the terms and provisions of the Existing Credit Agreement, as amended hereby, including Article IX thereof.

SECTION 6.3. Successors and Assigns. The provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

SECTION 6.4. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or electronically (e.g., pdf) shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6.5. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 6.6. Full Force and Effect; Limited Amendment. Except as expressly amended hereby, all of the representations, warranties, terms, covenants, conditions and other provisions of the Existing Credit Agreement, the Existing Guarantee and Security Agreement and the other Loan Documents shall remain unchanged and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms. The amendment set forth herein shall be limited precisely as provided for herein to the provisions expressly amended herein and shall not be deemed to be an amendment to, waiver of, consent to or modification of any other terms or provisions of the Existing Credit Agreement, the Existing Guarantee and Security Agreement or any other Loan Document or of any transaction or further or future action on the part of the Borrower. Upon and after the execution of this Amendment by each of the parties hereto, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified hereby. Upon and after the execution of this Amendment by each of the parties hereto, each reference in the Guarantee and Security Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Guarantee and Security Agreement, and each reference in the other Loan Documents to “the Guarantee and Security Agreement”, “thereunder”, “thereof” or words of like import referring to the Guarantee and Security Agreement, shall mean and be a reference to the Guarantee and Security Agreement as modified hereby. This Amendment does not constitute a novation or termination of the Credit Agreement Obligations (as defined in the Guarantee and Security Agreement) under the Existing Credit Agreement and which remain outstanding.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

**Borrower:**        **HERCULES CAPITAL, INC.**

By: /s/ Seth H. Meyer  
Name: Seth H. Meyer  
Title: Chief Financial Officer

**Administrative Agent, Collateral**  
**Agent and Lender:**    **SUMITOMO MITSUI BANKING**  
**CORPORATION**

By: /s/ Shane Klein  
Name: Shane Klein  
Title: Managing Director

**Lender:**        **SYNOVUS BANK**

By: /s/ Daniel Lourchesne  
Name: Daniel Lourchesne  
Title: Authorized Signatory

**Lender:**        **CUSTOMERS BANK**

By: /s/ Lyle P. Cunningham  
Name: Lyle P. Cunningham  
Title: Executive Vice President



**THIRD AMENDMENT**  
**TO**  
**LOAN AND SECURITY AGREEMENT**

This **THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT** (this "**Amendment**") is entered into as of January 13, 2023, by and among **HERCULES FUNDING IV LLC**, a Delaware limited liability company ("**Borrower**"), the lenders identified on the signature pages hereof (such lenders, together with their respective successors and assigns, are referred to hereinafter each individually as a "**Lender**" and collectively as the "**Lenders**"), **GOLDMAN SACHS BANK USA**, as a Lender and a Joint Lead Arranger, **UMPQUA BANK**, as a Lender and a Documentation Agent, **ZIONS BANCORPORATION, N.A., dba California Bank & Trust**, as a Lender and a Documentation Agent, and **MUFG BANK, LTD.** (as successor to MUFG Union Bank, N.A., in accordance with the Agency Assignment Agreement (as defined herein), "**MUFG**"), as the administrative agent for the Lenders, as a Lender, the Swingline Lender, a Joint Lead Arranger and the Sole Bookrunner, with reference to the following facts, which shall be construed as part of this Amendment:

**RECITALS**

A. Borrower, Lenders and MUFG, as administrative agent for the Lenders, have entered into that certain Loan and Security Agreement, dated as of February 20, 2020 (as amended by that certain First Amendment to Loan and Security Agreement, dated as of June 18, 2021, by and among the Borrower, MUFG Union Bank, N.A. and the Lenders party thereto, as further amended by that certain Second Amendment to Loan and Security Agreement, dated as of June 10, 2022, by and among the Borrower, MUFG Union Bank, N.A., MUFG and the Lenders and as may be further amended, restated, supplemented, replaced, renewed or otherwise modified from time to time, the "**Existing Loan Agreement**", as amended by this Amendment, the "**Loan Agreement**"), pursuant to which Lenders and Agent are providing financial accommodations to or for the benefit of Borrower upon the terms and conditions contained therein.

B. Pursuant to that certain Agency Resignation, Appointment, Assumption and Waiver Agreement, dated as of June 10, 2022 (the "**Agency Assignment Agreement**"), among MUFG Union Bank, N.A., in its capacity as Agent under the Existing Loan Agreement (in such capacity, "**Resigning Agent**"), and MUFG, in its capacity as Successor Agent (in such capacity, "**Successor Agent**"), Borrower and Lenders, the Resigning Agent resigned as administrative agent under the Loan Agreement and the Successor Agent was appointed by the Required Lenders as Agent under the Loan Agreement (in such capacity, "**Agent**").

C. Borrower has requested that Lenders and Agent agree to amend certain provisions of the Existing Loan Agreement, subject to the terms and conditions set forth herein.

D. Lenders and Agent are willing to amend certain provisions of the Existing Loan Agreement, subject to the terms and conditions set forth herein.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the continued performance by Borrower of its promises and obligations under the Loan Agreement and the other Loan Documents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, Lenders and Agent hereby agree as follows:

**SECTION 1. Defined Terms.** Unless otherwise defined herein, capitalized terms or matters of construction defined or established in the Loan Agreement shall be applied herein as defined or established therein.

**SECTION 2. Amendments to Loan Agreement.**

(a) As of the date hereof, the Existing Loan Agreement and Schedule C-1 thereto are hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in Annex A attached hereto.

(b) As of the date hereof, Schedule 5.29 to the Existing Loan Agreement is hereby amended and restated in its entirety as set forth in Annex B attached hereto.

**SECTION 3. Conditions Precedent.** Notwithstanding any other provision of this Amendment, this Amendment shall be of no force or effect, and Lenders and Agent shall not have any obligations hereunder, unless and until each of the following conditions have been satisfied:

(a) Each of Borrower, Lenders, and Agent shall have executed (as applicable) and delivered to Agent this Amendment and such other documents (including, but not limited to, that certain First Amendment to Sale and Servicing Agreement, dated as of the date hereof, by and among Borrower, HCI (as Originator and initial Servicer) and Agent, the Collateral Custodian Agreements, the Custody Agreements, the Control Agreements with respect to the Borrower Collection Account, Custodial Account and, subject to Section 6.23 of the Loan Agreement, all other Deposit Accounts and Securities Accounts existing on the date hereof, the Disbursement Letter, the Officers' Certificates and any legal opinions) as Agent may reasonably request.

(b) All legal matters incidental to the transactions contemplated hereby shall be completed in a manner reasonably satisfactory to counsel for Agent.

**SECTION 4. Representations and Warranties Regarding Loan Agreement.** Borrower hereby represents and warrants to the Lenders and Agent as of the date hereof that:

(a) the representations and warranties contained in the Loan Agreement and the other outstanding Loan Documents are true and correct in all material respects at and as of the date hereof as though made on and as of the date hereof, except (i) to the extent that any representations and warranties are qualified by materiality, in which case, such representations or warranties shall be true and correct in all respects, (ii) to the extent specifically made with regard to a particular date, and (iii) for such changes as are a result of any act or omission specifically permitted under the Loan Agreement (or under any Loan Document), or as otherwise specifically permitted by the Lender Group;

(b) as of the date hereof and after giving effect to this Amendment, no Default or Event of Default will have occurred and be continuing;

(c) the execution, delivery and performance of this Amendment have been duly authorized by all necessary action on the part of, and duly executed and delivered by Borrower, and this Amendment is a legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as the enforcement thereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law); and

(d) the execution, delivery and performance of this Amendment do not conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation of Borrower.

**SECTION 5. Execution in Counterparts.** This Amendment may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment.

**SECTION 6. Costs and Expenses.** Borrower hereby affirms its obligation under the Loan Agreement to reimburse Agent for all Lender Group Expenses paid or incurred by Agent in connection with the preparation, negotiation, execution and delivery of this Amendment, including but not limited to the attorneys' fees and expenses of attorneys for Agent with respect thereto, in each case in accordance with Section 17.8 of the Loan Agreement; provided, however, that the reasonable and documented out-of-pocket fees and expenses of DLA Piper LLP incurred in connection with this Amendment and the transactions contemplated herewith shall not exceed \$75,000 in the aggregate.

**SECTION 7. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUCTED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE INTERNAL CONFLICTS OF LAWS PROVISIONS THEREOF.**

**SECTION 8. Effect of Amendment; Reaffirmation of Loan Documents.**

(a) The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Loan Agreement and the other Loan Documents, and, except as expressly modified and superseded by this Amendment, the terms and provisions of the Loan Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Borrower, Agent, and Lenders agree that the Loan Agreement and the other Loan Documents, as amended hereby, shall continue to be legal, valid, binding and enforceable in accordance with their respective terms. Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof",

“herein” or words of similar import shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Borrower confirms that all of its obligations under the Loan Documents (as amended by this Amendment) are in full force and effect and are performable in accordance with their respective terms without setoff, defense, counter-claim or claims in recoupment. Borrower further confirms that the term “Obligations”, as used in the Loan Agreement, shall include all Obligations of Borrower under the Loan Agreement, and each other Loan Document.

(c) Execution of this Amendment by the Lenders and Agent (i) shall not constitute a waiver of any Default or Event of Default that may currently exist or hereafter arise under the Loan Agreement, (ii) shall not impair, restrict or limit any right or remedy of the Lenders or Agent with respect to any Default or Event of Default that may now exist or hereafter arise under the Loan Agreement or any of the other Loan Documents, and (iii) shall not constitute any course of dealing or other basis for altering any obligation of the Borrower or any right, privilege or remedy of the Lenders and Agent under the Loan Agreement or any of the other Loan Documents.

**SECTION 9. Termination of Exiting Lender Commitments.** Upon payment in full of any outstanding Obligations due and payable to TIAA, FSB, Royal Bank of Canada, HSBC Bank USA, N.A. and First-Citizens Bank & Trust Company (each, an “Exiting Lender” and collectively, the “Exiting Lenders”), the Commitment of each such Exiting Lender shall be terminated, and the rights of each Exiting Lender under the Loan Agreement and other Loan Documents shall be terminated (except for those rights that expressly survive termination thereof), and each Exiting Lender shall be released from its obligations under the Loan Agreement and any other Loan Document (except for those obligations that expressly survive termination thereof). Agent hereby acknowledges that each Exiting Lender has received payment in full of the Obligations (other than any contingent indemnification obligations for which no claim has been made) owing to such Exiting Lender under the Loan Documents.

**SECTION 10. Headings.** Section headings in this Amendment are included herein for convenience of any reference only and shall not constitute a part of this Amendment for any other purposes.

*[Remainder of page intentionally left blank with signature pages immediately to follow]*

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment to the Loan Agreement as of the day and year first above written.

**BORROWER:**

**HERCULES FUNDING IV LLC,**  
a Delaware limited liability company, as Borrower

By  
Name:  
Title:

**MUFG BANK, LTD.,**  
as Agent, a Lender, Swingline Lender, a Joint Lead Arranger and Sole Bookrunner

By  
Name:  
Title:

**GOLDMAN SACHS BANK USA,**  
as a Lender and a Joint Lead Arranger

By  
Name:  
Title:

**UMPQUA BANK,**  
as a Lender and a Documentation Agent

By  
Name:  
Title:



**ZIONS BANCORPORATION, N.A., dba California Bank & Trust,**  
as a Lender and Documentation Agent

By  
Name:  
Title:

**CITY NATIONAL BANK, A NATIONAL BANKING ASSOCIATION,**  
as a Lender

By  
Name:  
Title:

**MITSUBISHI HC CAPITAL AMERICA, INC.,**  
as a Lender

By  
Name:  
Title:

**ANNEX A**

**LOAN AND SECURITY AGREEMENT**

**ANNEX B**

**SCHEDULE 5.29 TO LOAN AGREEMENT**

**FIRST AMENDMENT**  
**TO**  
**SALE AND SERVICING AGREEMENT**

This **FIRST AMENDMENT TO SALE AND SERVICING AGREEMENT** (this "Amendment") is entered into as of January 13, 2023, by and among **HERCULES FUNDING IV LLC**, a Delaware limited liability company ("Borrower"), **HERCULES CAPITAL, INC.**, a Maryland corporation ("Hercules"), as Originator (in such capacity, "Originator") and as initial Servicer (in such capacity, "Servicer") and **MUFG BANK, LTD.** (as successor to MUFG Union Bank, N.A., in accordance with the Agency Assignment Agreement (as defined herein), "MUFG"), as the Agent for the Lenders under the Loan Agreement (as hereinafter defined), with reference to the following facts, which shall be construed as part of this Amendment:

**RECITALS**

A. Borrower, Lenders and MUFG, as administrative agent for the Lenders, have entered into that certain Loan and Security Agreement, dated as of February 20, 2020 (as amended by that certain First Amendment to Loan and Security Agreement, dated as of June 18, 2021, by and among the Borrower, MUFG Union Bank, N.A. and the Lenders party thereto, as further amended by that certain Second Amendment to Loan and Security Agreement, dated as of June 10, 2022, by and among the Borrower, MUFG Union Bank, N.A., MUFG and the Lenders, as further amended by that certain Third Amendment to Loan and Security Agreement, dated as of the date hereof, by and among the Borrower, MUFG and the Lenders and as may be further amended, restated, amended and restated, supplemented, replaced, renewed or otherwise modified from time to time, the "Loan Agreement"), pursuant to which Lenders and Agent are providing financial accommodations to or for the benefit of Borrower upon the terms and conditions contained therein.

B. Borrower, Originator, Servicer and MUFG, as administrative agent for the Lenders, have entered into that certain Sale and Servicing Agreement, dated as of February 20, 2020 (the "Existing Sale and Servicing Agreement", as amended by this Amendment, the "Sale and Servicing Agreement").

C. Pursuant to that certain Agency Resignation, Appointment, Assumption and Waiver Agreement, dated as of June 10, 2022 (the "Agency Assignment Agreement"), among MUFG Union Bank, N.A., in its capacity as Agent under the Loan Agreement prior to the date thereof (in such capacity, "Resigning Agent"), and MUFG, in its capacity as Successor Agent (in such capacity, "Successor Agent"), Borrower and Lenders, the Resigning Agent resigned as agent under the Loan Agreement and the Successor Agent was appointed by the Required Lenders as Agent under the Loan Agreement (in such capacity, "Agent").

D. Borrower, Originator and Servicer have requested that Agent agree to amend certain provisions of the Existing Sale and Servicing Agreement, subject to the terms and conditions set forth herein.

E. Agent is willing to amend certain provisions of the Existing Sale and Servicing Agreement, subject to the terms and conditions set forth herein.

## AGREEMENT

**NOW, THEREFORE**, in consideration of the continued performance by Borrower, Originator and Servicer of their respective promises and obligations under the Sale and Servicing Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, Originator, Servicer and Agent hereby agree as follows:

**SECTION 1. Defined Terms.** Unless otherwise defined herein, capitalized terms or matters of construction defined or established in the Sale and Servicing Agreement shall be applied herein as defined or established therein.

**SECTION 2. Amendments to Sale and Servicing Agreement.** As of the date hereof, the Existing Sale and Servicing Agreement and Exhibits thereto are hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in Annex A attached hereto.

**SECTION 3. Conditions Precedent.** Notwithstanding any other provision of this Amendment, this Amendment shall be of no force or effect, and Agent shall not have any obligations hereunder, unless and until each of the following conditions have been satisfied:

(a) Each of Borrower, Originator, Servicer and Agent shall have executed (as applicable) and delivered to Agent this Amendment and such other documents as Agent may reasonably request.

(b) All legal matters incidental to the transactions contemplated hereby shall be completed in a manner reasonably satisfactory to counsel for Agent.

**SECTION 4. Representations and Warranties Regarding Sale and Servicing Agreement.** Each of Borrower, Originator and Servicer hereby represents and warrants, as applicable, to Agent as of the date hereof that:

(a) the representations and warranties of Borrower and Originator set forth in Sections 3.01, 3.02 and 3.03 of the Sale and Servicing Agreement are true and correct in all material respects at and as of the date hereof as though made on and as of the date hereof, except (i) to the extent that any representations and warranties are qualified by materiality, in which case, such representations or warranties shall be true and correct in all respects, (ii) to the extent specifically made with regard to a particular date, and (iii) for such changes as are a result of any act or omission specifically permitted under the Sale and Servicing Agreement, or as otherwise specifically permitted by Agent;

(b) as of the date hereof and after giving effect to this Amendment, no Default or Servicer Default will have occurred and be continuing;

(c) the execution, delivery and performance of this Amendment have been duly authorized by all necessary action on the part of, and duly executed and delivered by Borrower, Originator and Servicer and this Amendment is a legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, except as such enforcement

thereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law); and

(d) the execution, delivery and performance of this Amendment do not conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation of Borrower, Originator or Servicer in each case, to the extent such violation would reasonably be expected to result in a Material Adverse Change.

**SECTION 5. Execution in Counterparts.** This Amendment may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment.

**SECTION 6. GOVERNING LAW.** THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUCTED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE INTERNAL CONFLICTS OF LAWS PROVISIONS THEREOF.

**SECTION 7. Effect of Amendment; Reaffirmation of Sale and Servicing Agreement.**

(a) The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Sale and Servicing Agreement, and, except as expressly modified and superseded by this Amendment, the terms and provisions of the Sale and Servicing Agreement are ratified and confirmed and shall continue in full force and effect. Borrower, Originator, Servicer and Agent agree that the Sale and Servicing Agreement, as amended hereby, shall continue to be legal, valid, binding and enforceable in accordance with its terms. Upon the effectiveness of this Amendment, each reference in the Sale and Servicing Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of similar import shall mean and be a reference to the Sale and Servicing Agreement as amended hereby.

(b) Borrower confirms that all of its obligations under the Sale and Servicing Agreement (as amended by this Amendment) are in full force and effect and are performable in accordance with their respective terms without setoff, defense, counter-claim or claims in recoupment.

(c) Execution of this Amendment by Agent (i) shall not constitute a waiver of any Default or Servicer Default that may currently exist or hereafter arise under the Sale and Servicing Agreement, (ii) shall not impair, restrict or limit any right or remedy of Agent with respect to any Default or Servicer Default that may now exist or hereafter arise under the Sale and Servicing Agreement, and (iii) shall not constitute any course of dealing or other basis for altering any obligation of the Borrower, Originator or Servicer or any right, privilege or remedy of Agent under the Sale and Servicing Agreement.

**SECTION 8. Headings.** Section headings in this Amendment are included herein for convenience of any reference only and shall not constitute a part of this Amendment for any other purposes.

*[Remainder of page intentionally left blank with signature pages immediately to follow]*

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment to the Sale and Servicing Agreement as of the day and year first above written.

**HERCULES FUNDING IV LLC**, as Borrower

By  
Name:  
Title:



**HERCULES CAPITAL, INC.**, as Originator and Servicer

By  
Name:  
Title:

**MUFG BANK, LTD., as Agent**

By  
Name:  
Title:

**ANNEX A**

**SALE AND SERVICING AGREEMENT**



**Hercules Capital, Inc.**  
**Amended and Restated 2018 Equity Incentive Plan**

Long Term Restricted Stock Unit Award Agreement

[ ] (the "Participant") (i) acknowledges receipt of an award (the "Award") of long term restricted stock units from Hercules Capital, Inc. (the "Company") under the Amended and Restated 2018 Equity Incentive Plan (the "Plan"), subject to the terms set forth below and in the Plan; (ii) further acknowledges receipt of a copy of the Plan as in effect on the date hereof and the currently effective prospectus relating to such Plan; and (iii) agrees with the Company as follows:

1. Effective Date. This LTRSU Award Agreement (the "Agreement") shall take effect as of [ ], which is the date of grant of the Award as specified in Section 14 of the Plan and as approved by the Securities and Exchange Commission in the applicable Exemptive Order.
2. Long Term Restricted Stock Unit. The Participant has been granted [ ] long term restricted stock units ("LTRSUs").
3. Settlement of Award. Except as otherwise provided in this Agreement, and subject to the Participant's Continuous Service, as defined in the Plan, with the Company or an Affiliate ("Affiliate(s)"), the Company will settle the vested portion of the Award by delivering to the Participant a number of shares of common stock of the Company (the "Shares") equal to the number of LTRSUs subject to the Award as soon as reasonably practicable, and in no event later than thirty (30) days following, the applicable and related Vesting Date (as defined in Section 7 below).
4. Meaning of Certain Terms; Plan Controls. The Award is subject to the applicable terms and conditions of the Plan, which are incorporated herein by reference with the same effect as if set forth herein in full, and in the event of any contradiction, distinction or difference between this letter and the terms of the Plan, the terms of the Plan will control. The Award is subject to the restrictions described in this Agreement and the Plan in addition to such other restrictions, if any, as may be imposed by law. Unless otherwise stated herein, capitalized terms used herein have the meanings set forth in the Plan. The term "vest" as used herein with respect to any Share means the lapsing of the forfeiture restrictions described herein with respect to such Share.
5. Nontransferability of LTRSUs. The LTRSUs acquired by the Participant pursuant to this Agreement shall not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of.
6. Forfeiture Risk. If the Participant ceases to be an employee of the Company and its Affiliates for any reason, other than as provided in Section 7 below, any then outstanding

and unvested LTRSUs shall be automatically and immediately forfeited with no compensation due to the Participant.

7. Vesting of LTRSUs. The LTRSUs shall vest, subject to the terms of this Agreement, in accordance with the provisions of this Section 7. The Company's Board of Directors (the "Board") or Compensation Committee (the "Committee") will determine the vesting dates at the time of grant (each such date, a "Vesting Date"), as set forth on Schedule A hereto.

Notwithstanding the foregoing, no LTRSUs shall vest on any Vesting Date if the Participant terminates Continuous Service prior to such Vesting Date; provided, however, that upon the death or disability (as defined in Treasury Regulation Section 1.409A-3(i)(4)) of the Participant or the consummation of a Covered Transaction, as defined in the Plan, the Award shall vest in full. In the event of a Covered Transaction, but only to the extent permissible under Code Section 409A and the regulations promulgated thereunder, the Company may require that any settlement in respect of outstanding LTRSUs be placed in escrow or otherwise made subject to such restrictions or other provisions as the Company deems appropriate to carry out the intent of the Plan, provided, that any such escrow or other restrictions or provisions shall not cause the LTRSUs, or the settlement thereof, to be out of compliance with Code Section 409A and the regulations promulgated thereunder or not be exempt from Code Section 409A and the regulations promulgated thereunder. References in this Agreement to the Shares shall refer, *mutatis mutandis*, to any such restricted amounts.

8. No Dividends. The Participant shall not be entitled to receive any dividends or dividend equivalents on any outstanding LTRSUs acquired by the Participant pursuant to this Agreement.
9. Sale of Vested Shares. The Participant shall be free to sell any Share once it has been transferred to the Participant in settlement of any vested LTRSUs, subject to (i) satisfaction of any applicable tax withholding requirements with respect to the settlement of such LTRSUs; (ii) the completion of any administrative steps (for example, but without limitation, the transfer of certificates) that the Company may reasonably impose; and (iii) applicable requirements of federal and state securities laws.
10. Unsecured Creditor. The Award represents an unfunded and unsecured promise on behalf of the Company. The right of any Participant to receive settlement of the Award from the Company shall be no greater than the right of any general unsecured creditor of the Company or any Affiliate.
11. Code Section 409A. Awards under the Plan are intended either to qualify for an exemption from Code Section 409A or to comply with the requirements thereof, and shall be construed accordingly. Notwithstanding anything in the Plan or any Award or agreement thereunder to the contrary, any settlement, payments or benefits due under the Plan or any Award or agreement thereunder that constitute non-exempt "deferred compensation" (as defined in Code Section 409A) that are otherwise payable by reason of a termination of Continuous Service will not be settled, paid or provided until a Participant has undergone a "separation from service" (as defined in Code Section 409A) and if a settlement, payment or benefit provided for in the Plan or any Award or agreement thereunder would be subject to additional tax under Code Section 409A if settled, paid or provided within six (6) months after a Participant's separation from service, then such

settlement, payment or benefit shall not be settled, paid or provided during the six-month period immediately following such Participant's separation from service except as provided in the immediately following sentence. In such an event, any settlement, payment or benefits that otherwise would have been made or provided during such six-month period and that would have incurred such additional tax under Code Section 409A shall instead be settled, paid or provided in a lump sum payment on the first day following the termination of such six-month period or, if earlier, within ten days following the date of the Participant's death. A Participant's right to receive any installment settlements or payments under the Plan shall be treated as a right to receive a series of separate payments and accordingly, each such installment shall at all times be considered a separate and distinct payment as permitted under Code Section 409A. None of the Company, its Affiliates or their respective directors, officers, employees or advisors will be held liable for any taxes, interest or other amounts owed by any Participant as a result of the application of Code Section 409A. To the extent that any Participant is entitled to any reimbursement of expenses or in-kind benefits that are includable in the Participant's federal gross taxable income, the amount of such expenses reimbursable or in-kind benefits provided in any one calendar year shall not affect the expenses eligible for reimbursement or the in-kind benefits to be provided in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. A Participant's right to reimbursement of expenses or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

12. Certain Tax Matters. The Participant expressly acknowledges the vesting or settlement of the LTRSUs acquired hereunder may give rise to "wages" subject to withholding. The Participant expressly acknowledges and agrees that the rights hereunder are subject to the Participant promptly paying to the Company in cash (or by such other means as may be acceptable to the Committee in its discretion, including by the delivery of previously acquired Shares or by the withholding of Shares from the settlement of any LTRSU hereunder) all taxes required to be withheld in connection with the settlement of the Award.
13. Investment Company Act of 1940. The Participant hereby acknowledges and agrees that, pursuant to Sections 4(F) and 15 of the Plan, the Award of LTRSUs hereunder may be cancelled or modified by the Company if such Award, at any time and for any reason, would cause the Company to violate or contravene any applicable provision of the Investment Company Act of 1940, as amended (and/or the applicable rules and regulations promulgated thereunder). Any such cancellation or modification shall be effective and binding on the Participant immediately upon notification thereof.
14. Certain Changes: Rights as a Stockholder. The number and class of shares of Stock or other securities which are distributable to the Participant with respect to any LTRSU covered by this Award shall be adjusted proportionately or as otherwise appropriate to reflect any increase or decrease in the number of issued shares of Stock resulting from a stock split, spin-off, split-off, recapitalization, capital reorganization, reclassification of shares of Stock, merger or consolidation, or any like capital adjustment, or the payment of any Stock dividend, and/or to reflect a change in the character or class of shares covered by the Plan arising from a readjustment or recapitalization of the Company's capital stock, in each case as determined by the Board or the Committee.

15. *Additional Restrictions; Amendments; No Right to Continuous Service.* The Company may impose additional conditions or restrictions on the Award as it deems necessary or advisable to ensure that all rights granted under the Plan satisfy the requirements of applicable securities laws. The Company shall not be obligated to issue or deliver any Stock if such action violates any provision of any law or regulation of any governmental authority or national securities exchange. The Company may amend the terms of this Award to the extent that it deems appropriate to carry out the terms of the Plan. The construction and interpretation of any provision of this Award or the Plan shall be final and conclusive when made by the Board or the Committee. Nothing in this Award shall confer on the Participant the right, express or implied, to continued Continuous Service or interfere in any way with the absolute right of the Company or its Affiliates to terminate the Participant's Continuous Service at any time for any reason.
16. *Cooperation Following Termination of Continuous Service.* The Participant agrees to cooperate with the Company and its Affiliates following the termination of the Participant's Continuous Service for any reason by making himself/herself reasonably available to testify on behalf of the Company and its Affiliates in any action, suit or proceeding, whether civil, criminal, administrative or investigative, and to assist the Company and its Affiliates in any such action, suit or proceeding by providing information and meeting and consulting with the Company's and its Affiliates' representatives or counsel as requested; provided, however, that such cooperation or participation does not materially interfere with the Participant's then current professional activities. The Company agrees to reimburse the Participant, on an after-tax basis, for all reasonable expenses actually incurred in connection with his or her provision of testimony or assistance.

Schedule A  
to the Hercules Capital, Inc.  
Amended and Restated 2018 Equity Incentive Plan  
Long Term Restricted Stock Unit Award Agreement

Vesting: [ ]

**List of Subsidiaries**  
(as of December 31, 2022)

<u>Name</u>	<u>Jurisdiction of Organization</u>
Hercules Capital IV, L.P.	Delaware
Hercules Funding IV, LLC	Delaware
Hercules Capital Funding 2022-1 LLC	Delaware
Hercules Capital Funding Trust 2022-1	Delaware
Hercules Technology Management LLC	Delaware
Hercules Technology Management Co II, Inc.	Delaware
Hercules Technology Management Co IV LLC	Delaware
Hercules Technology SBIC Management, LLC	Delaware
HTGC UK Limited	United Kingdom
<b><u>Unconsolidated Subsidiaries</u></b>	
Gibraltar Business Capital LLC	Delaware
Gibraltar Acquisition LLC	Delaware
HercGBC LLC	Delaware
Hercules Capital Management LLC	Delaware
Hercules Adviser LLC	Delaware
Hercules Private Credit Fund 1 L.P.	Delaware
Hercules Private Fund One LLC	Delaware
Hercules Private Global Venture Growth Fund GP I LLC	Delaware
Hercules Private Global Venture Growth Fund I L.P.	Delaware

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-229435) and N-2 (No. 333-261732) of Hercules Capital, Inc. of our report dated February 16, 2023 relating to the financial statements, financial statement schedule, senior securities table and the effectiveness of internal control over financial reporting, which appears in this Form 10-K. We also consent to the reference to us under the heading "Senior Securities" in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
San Francisco, California  
February 16, 2023

## CERTIFICATION PURSUANT TO

RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS AMENDED

I, Scott Bluestein, Director, President, Chief Executive Officer, and Chief Investment Officer of the Company, certify that:

1. I have reviewed this annual report on Form 10-K of Hercules Capital, Inc. (the “registrant”) for the year ended December 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 16, 2023

By: \_\_\_\_\_ /S/ SCOTT BLUESTEIN  
Scott Bluestein  
Director, President, Chief Executive Officer, and  
Chief Investment Officer (Principal Executive Officer)

## CERTIFICATION PURSUANT TO

RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS AMENDED

I, Seth H. Meyer, Chief Financial Officer, and Chief Accounting Officer certify that:

1. I have reviewed this annual report on Form 10-K of Hercules Capital, Inc. (the “registrant”) for the year ended December 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 16, 2023

By: \_\_\_\_\_ /S/ SETH H. MEYER  
Seth H. Meyer  
Chief Financial Officer, and  
Chief Accounting Officer (Principal Accounting and Financial Officer)

**CERTIFICATION PURSUANT TO  
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Annual Report of Hercules Capital, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, Scott Bluestein, Director, President, Chief Executive Officer and Chief Investment Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 16, 2023

By: \_\_\_\_\_ /S/ SCOTT BLUESTEIN  
Scott Bluestein  
Director, President, Chief Executive Officer, and  
Chief Investment Officer (Principal Executive Officer)

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**CERTIFICATION PURSUANT TO  
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Annual Report of Hercules Capital, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, Seth H. Meyer, the Chief Financial Officer, and Chief Accounting Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 16, 2023

By: \_\_\_\_\_ /S/ SETH H. MEYER  
Seth H. Meyer  
Chief Financial Officer, and  
Chief Accounting Officer (Principal Accounting and Financial Officer)

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