UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For The Quarterly Period Ended March 31, 2022

OR

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

Commission File Number: 814-00702

HERCULES CAPITAL, INC.
(Exact Name of Registrant as Specified in its Charter)

Maryland **(State or Jurisdiction of Incorporation or Organization)**	**74-3113410** **(IRS Employer Identification Number)**
400 Hamilton Ave., Suite 310 **Palo Alto, California** **(Address of Principal Executive Offices)**	**94301** **(Zip Code)**

(650) 289-3060
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

Large accelerated filer	☒	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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On May 2, 2022, there were 123,879,248 shares outstanding of the Registrant's common stock, $0.001 par value.

HERCULES CAPITAL, INC.

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PART I: FINANCIAL INFORMATION

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

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

HERCULES CAPITAL, INC.
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

(in thousands, except per share data)

	March 31, 2022 (unaudited)		December 31, 2021	
Assets				
Investments, at fair value:				
Non-control/Non-affiliate investments (cost of $2,492,877 and $2,293,398, respectively)	$	2,511,227	$	2,351,560
Control investments (cost of $85,358 and $84,039, respectively)		76,277		73,504
Affiliate investments (cost of $8,167 and $13,547, respectively)		4,830		9,458
Total investments, at fair value (cost of $2,586,402 and $2,390,984, respectively)		2,592,334		2,434,522
Cash and cash equivalents		59,330		133,115
Restricted cash		3,127		3,150
Interest receivable		19,648		17,365
Right of use asset		6,142		6,761
Other assets		10,966		5,100
Total assets	$	2,691,547	$	2,600,013
Liabilities				
Debt (net of debt issuance costs - Note 5)	$	1,323,995	$	1,236,303
Accounts payable and accrued liabilities		27,228		47,781
Operating lease liability		6,876		7,382
Total liabilities	$	1,358,099	$	1,291,466
Net assets consist of:				
Common stock, par value	$	124	$	117
Capital in excess of par value		1,178,019		1,091,907
Total distributable earnings		155,305		216,523
Total net assets	$	1,333,448	$	1,308,547
Total liabilities and net assets	$	2,691,547	$	2,600,013
Shares of common stock outstanding ($0.001 par value and 200,000,000 authorized)		123,194		116,619
Net asset value per share	$	10.82	$	11.22

See notes to consolidated financial statements

HERCULES CAPITAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share data)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Investment income:		
Interest income		
Non-control/Non-affiliate investments	$ 60,090	$ 62,982
Control investments	1,115	799
Affiliate investments	1,047	1
Total interest income	62,252	63,782
Fee income		
Non-control/Non-affiliate investments	2,889	4,969
Control investments	16	8
Total fee income	2,905	4,977
Total investment income	65,157	68,759
Operating expenses:		
Interest	11,647	14,750
Loan fees	1,842	2,800
General and administrative	3,818	3,596
Tax expenses	712	1,438
Employee compensation		
Compensation and benefits	8,329	9,804
Stock-based compensation	4,424	2,744
Total employee compensation	12,753	12,548
Total gross operating expenses	30,772	35,132
Expenses allocated to the Adviser Subsidiary	(1,402)	(933)
Total net operating expenses	29,370	34,199
Net investment income	35,787	34,560
Net realized gain (loss) and net change in unrealized appreciation (depreciation):		
Net realized gain (loss)		
Non-control/Non-affiliate investments	(2,467)	7,770
Affiliate investments	3,772	—
Loss on debt extinguishment	(3,686)	—
Total net realized gain (loss)	(2,381)	7,770
Net change in unrealized appreciation (depreciation)		
Non-control/Non-affiliate investments	(38,949)	18,022
Control investments	1,454	1,702
Affiliate investments	753	2,109
Total net change in unrealized appreciation (depreciation)	(36,742)	21,833
Total net realized gain (loss) and net change in unrealized appreciation (depreciation)	(39,123)	29,603
Net increase (decrease) in net assets resulting from operations	$ (3,336)	$ 64,163
Net investment income before investment gains and losses per common share:		
Basic	$ 0.30	$ 0.30
Change in net assets resulting from operations per common share:		
Basic	$ (0.03)	$ 0.56
Diluted	$ (0.03)	$ 0.55
Weighted average shares outstanding		
Basic	118,296	114,304
Diluted	118,296	114,803
Distributions paid per common share:		
Basic	$ 0.48	$ 0.37

See notes to consolidated financial statements

HERCULES CAPITAL, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(unaudited)
(dollars and shares in thousands)

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

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

For the Three Months Ended March 31, 2021	Common Stock Shares	Common Stock Par Value	Capital in excess of par value	Distributable Earnings (loss)	Net Assets
Balance as of December 31, 2020	114,726	$ 115	$ 1,158,198	$ 133,391	$ 1,291,704
Net increase (decrease) in net assets resulting from operations	—	—	—	64,163	64,163
Public offering, net of offering expenses	—	—	(195)	—	(195)
Issuance of common stock due to stock option exercises	222	—	2,745	—	2,745
Retired shares from net issuance	(50)	—	(603)	—	(603)
Issuance of common stock under restricted stock plan	924	1	(1)	—	—
Retired shares for restricted stock vesting	(121)	—	(3,181)	—	(3,181)
Distributions reinvested in common stock	67	—	1,040	—	1,040
Distributions	—	—	—	(42,795)	(42,795)
Stock-based compensation (1)	—	—	2,516	—	2,516
Balance as of March 31, 2021	115,768	$ 116	$ 1,160,519	$ 154,759	$ 1,315,394

(1) Stock-based compensation includes $25 of restricted stock and option expense related to director compensation for the three months ended March 31, 2021.

See notes to consolidated financial statements

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

	For the Three Months Ended March 31,	
	2022	2021
Cash flows used in operating activities:		
Net increase (decrease) in net assets resulting from operations	$ (3,336)	$ 64,163
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchases of investments	(351,601)	(355,333)
Fundings allocated to Adviser Funds	61,081	48,353
Principal and fee payments received on investments	96,311	209,747
Proceeds from the sale of investments	8,816	12,973
Net unrealized (appreciation) depreciation	36,742	(21,833)
Net realized (gain) loss	(1,305)	(7,770)
Accretion of paid-in-kind principal	(4,976)	(2,475)
Accretion of loan discounts	(972)	(1,176)
Accretion of loan discount on convertible notes	112	168
Accretion of loan exit fees	(5,709)	(5,744)
Change in loan income, net of collections	3,535	13,414
Unearned fees related to unfunded commitments	1,037	(1,505)
Loss on debt extinguishment	3,686	—
Amortization of debt issuance costs	1,371	2,156
Depreciation and amortization	54	94
Stock-based compensation and amortization of restricted stock grants [1]	3,117	2,516
Change in operating assets and liabilities:		
Interest receivable	(2,289)	(1,520)
Other assets	(13,229)	1,849
Accrued liabilities	(21,067)	(8,496)
Net cash provided by (used in) operating activities	(188,622)	(50,419)
Cash flows used in investing activities:		
Purchases of capital equipment	(50)	(12)
Net cash used in investing activities	(50)	(12)
Cash flows provided by (used in) financing activities:		
Issuance of common stock	86,184	—
Offering expenses	(935)	(195)
Retirement of employee shares, net	(3,272)	(1,039)
Distributions paid	(56,857)	(41,755)
Issuance of debt	535,500	342,218
Repayment of debt	(441,000)	(397,727)
Debt issuance costs	(4,140)	(1,842)
Fees paid for credit facilities and debentures	(616)	(35)
Net cash provided by (used in) financing activities	114,864	(100,375)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(73,808)	(150,806)
Cash, cash equivalents, and restricted cash at beginning of period	136,265	237,622
Cash, cash equivalents, and restricted cash at end of period	$ 62,457	$ 86,816
Supplemental disclosures of cash flow information and non-cash investing and financing activities:		
Interest paid	$ 19,010	$ 17,359
Income tax, including excise tax, paid	$ 7,119	$ 3,488
Distributions reinvested	$ 1,025	$ 1,040

(1) Stock-based compensation includes $40 and $25 of restricted stock and option expense related to director compensation for the three months ended March 31, 2022 and 2021, 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:

	For the Three Months Ended March 31,	
(Dollars in thousands)	2022	2021
Cash and cash equivalents	$ 59,330	$ 74,987
Restricted cash	3,127	11,829
Total cash, cash equivalents, and restricted cash presented in the Consolidated Statements of Cash Flows	$ 62,457	$ 86,816

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

See notes to consolidated financial statements

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

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor [1]	Principal Amount	Cost [2]	Value	Footnotes
Debt Investments							
Communications & Networking							
1-5 Years Maturity							
Cytracom Holdings LLC	Senior Secured	February 2025	3-month LIBOR + 9.31% or Floor rate of 10.31%	$ 8,978	$ 8,793	$ 8,678	(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	$ 88,819	88,839	90,873	(13)(15)
Subtotal: 1-5 Years Maturity					97,632	99,551	
Subtotal: Communications & Networking (7.47%)*					**97,632**	**99,551**	
Consumer & Business Products							
1-5 Years Maturity							
Grove Collaborative, Inc.	Senior Secured	April 2025	PRIME + 5.50% or Floor rate of 8.75%, 6.75% Exit Fee	$ 23,520	23,351	25,813	(18)
Subtotal: 1-5 Years Maturity					23,351	25,813	
Subtotal: Consumer & Business Products (1.94%)*					**23,351**	**25,813**	
Diversified Financial Services							
1-5 Years Maturity							
Gibraltar Business Capital, LLC	Unsecured	September 2026	FIXED 14.50%	$ 15,000	14,674	13,628	(7)
	Unsecured	September 2026	FIXED 11.50%	$ 10,000	9,830	9,329	(7)
Total Gibraltar Business Capital, LLC				$ 25,000	24,504	22,957	
Hercules Adviser LLC	Unsecured	May 2023	FIXED 5.00%	$ 10,150	10,150	10,150	(7)
Subtotal: 1-5 Years Maturity					34,654	33,107	
Subtotal: Diversified Financial Services (2.48%)*					**34,654**	**33,107**	
Drug Discovery & Development							
Under 1 Year Maturity							
Chemocentryx, Inc.	Senior Secured	December 2022	PRIME + 3.30% or Floor rate of 8.05%, 6.25% Exit Fee	$ 18,951	20,083	20,083	(10)
Subtotal: Under 1 Year Maturity					20,083	20,083	
1-5 Years Maturity							
Albireo Pharma, Inc.	Senior Secured	July 2024	PRIME + 5.90% or Floor rate of 9.15%, 6.95% Exit Fee	$ 10,000	10,277	10,325	(10)(11)
Aldeyra Therapeutics, Inc.	Senior Secured	October 2023	PRIME + 3.10% or Floor rate of 8.60%, 6.95% Exit Fee	$ 15,000	15,697	15,633	
Applied Genetic Technologies Corporation	Senior Secured	April 2024	PRIME + 6.50% or Floor rate of 9.75%, 6.95% Exit Fee	$ 20,000	20,564	20,421	
Aveo Pharmaceuticals, Inc.	Senior Secured	September 2024	PRIME + 6.40% or Floor rate of 9.65%, 6.95% Exit Fee	$ 40,000	41,037	40,882	(11)(14)
Axsome Therapeutics, Inc.	Senior Secured	October 2026	PRIME + 5.70% or Floor rate of 8.95%, 5.82% Exit Fee	$ 50,000	49,669	49,204	(10)(12)
Bicycle Therapeutics PLC	Senior Secured	October 2024	PRIME + 5.60% or Floor rate of 8.85%, 5.00% Exit Fee	$ 24,000	24,352	24,568	(5)(10)(11)(12)
BiomX, INC	Senior Secured	September 2025	PRIME + 5.70% or Floor rate of 8.95%, 6.55% Exit Fee	$ 9,000	9,028	8,930	(5)(10)(11)
BridgeBio Pharma, Inc.	Senior Secured	November 2026	FIXED 9.00%, 2.00% Exit Fee	$ 38,149	37,663	37,663	(13)(16)
Cellarity, Inc.	Senior Secured	June 2026	PRIME + 5.70% or Floor rate of 8.95%, 3.75% Exit Fee	$ 30,000	29,524	29,524	(14)
Center for Breakthrough Medicines Holdings, LLC	Senior Secured	May 2024	PRIME + 5.50% or Floor rate of 8.75%, 7.50% Exit Fee	$ 5,000	5,097	5,097	
Century Therapeutics, Inc.	Senior Secured	April 2024	PRIME + 6.30% or Floor rate of 9.55%, 3.95% Exit Fee	$ 10,000	10,117	10,343	(11)
Chemocentryx, Inc.	Senior Secured	February 2025	PRIME + 3.25% or Floor rate of 8.50%, 7.15% Exit Fee	$ 5,000	5,178	5,076	(10)
Codiak Biosciences, Inc.	Senior Secured	October 2025	PRIME + 5.00% or Floor rate of 8.25%, 5.50% Exit Fee	$ 25,000	25,531	25,191	(11)

See notes to consolidated financial statements

(dollars in thousands)

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor [1]		Principal Amount		Cost [2]		Value	Footnotes
Corium, Inc.	Senior Secured	September 2026	PRIME + 5.70% or Floor rate of 8.95%, 7.75% Exit Fee	$	132,675	$	132,127	$	133,126	(15)
Eloxx Pharmaceuticals, Inc.	Senior Secured	April 2025	PRIME + 6.25% or Floor rate of 9.50%, 6.55% Exit Fee	$	12,500		12,518		12,329	(14)
enGene, Inc.	Senior Secured	July 2025	PRIME + 5.00% or Floor rate of 8.25%, 6.35% Exit Fee	$	7,000		6,909		6,909	(5)(10)
G1 Therapeutics, Inc.	Senior Secured	November 2026	PRIME + 5.90% or Floor rate of 9.15%, 9.86% Exit Fee	$	58,125		58,070		58,070	(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		32,896		32,852	(10)(12)
Hibercell, Inc.	Senior Secured	May 2025	PRIME + 5.40% or Floor rate of 8.65%, 4.95% Exit Fee	$	17,000		17,107		17,036	(14)
Humanigen, Inc.	Senior Secured	March 2025	PRIME + 5.50% or Floor rate of 8.75%, 6.75% Exit Fee	$	20,000		20,333		19,972	(9)(10)
Kaleido Biosciences, Inc.	Senior Secured	January 2024	PRIME + 6.10% or Floor rate of 9.35%, 7.55% Exit Fee	$	5,776		6,937		1,880	(12)
Locus Biosciences, Inc.	Senior Secured	July 2025	PRIME + 6.10% or Floor rate of 9.35%, 4.95% Exit Fee	$	8,000		8,012		7,956	(14)
Nabriva Therapeutics	Senior Secured	June 2023	PRIME + 4.30% or Floor rate of 9.80%, 6.95% Exit Fee	$	5,000		5,544		5,499	(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	$	87,848		87,147		85,646	(10)(12)(13)(14)(15)(16)
Redshift Bioanalytics, Inc.	Senior Secured	April 2025	PRIME + 4.25% or Floor rate of 7.50%, 3.80% Exit Fee	$	1,500		1,472		1,472	(14)
Scynexis, Inc.	Senior Secured	March 2025	PRIME + 5.80% or Floor rate of 9.05%, 3.95% Exit Fee	$	18,667		18,431		18,349	(12)
Seres Therapeutics, Inc.	Senior Secured	October 2024	Prime + 6.40% or Floor rate of 9.65%, 4.98% Exit Fee	$	37,500		38,263		38,263	(12)
Syndax Pharmaceutics Inc.	Senior Secured	April 2024	PRIME + 6.00% or Floor rate of 9.25%, 4.99% Exit Fee	$	20,000		20,695		20,661	(12)(16)
Tarsus Pharmaceuticals, Inc.	Senior Secured	February 2027	PRIME + 5.20% or Floor rate of 8.45%, 4.75% Exit Fee	$	8,250		8,218		8,218	(10)(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	$	51,751		50,980		50,980	(10)(12)(13)
uniQure B.V.	Senior Secured	December 2025	PRIME + 4.70% or Floor rate of 7.95%, 7.28% Exit Fee	$	77,500		79,086		79,086	(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	$	20,000		20,807		20,983	
Valo Health, LLC	Senior Secured	May 2024	PRIME + 6.45% or Floor rate of 9.70%, 3.85% Exit Fee	$	11,500		11,606		11,541	(11)
X4 Pharmaceuticals, Inc.	Senior Secured	July 2024	PRIME + 3.75% or Floor rate of 8.75%, 8.80% Exit Fee	$	32,500		33,392		33,262	(11)(12)
Subtotal: 1-5 Years Maturity							954,284		946,947	
Subtotal: Drug Discovery & Development (72.52%)*							**974,367**		**967,030**	
Healthcare Services, Other										
1-5 Years Maturity										
Better Therapeutics, Inc.	Senior Secured	August 2025	PRIME + 5.70% or Floor rate of 8.95%, 5.95% Exit Fee	$	8,000		8,007		7,932	(14)(16)
Blue Sprig Pediatrics, Inc.	Senior Secured	November 2026	1-Month LIBOR + 5.00% or Floor rate of 6.00%, PIK Interest 4.45%	$	25,301		24,946		24,946	(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		46,099		46,099	(12)(16)(18)
Equality Health, LLC	Senior Secured	February 2026	PRIME + 6.25% or Floor rate of 9.50%, PIK Interest 1.55%	$	35,582		35,254		35,176	(12)(13)(16)
Subtotal: 1-5 Years Maturity							114,306		114,153	
Subtotal: Healthcare Services, Other (8.56%)*							**114,306**		**114,153**	

See notes to consolidated financial statements

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

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor [1]		Principal Amount		Cost [2]		Value	Footnotes
Information Services										
1-5 Years Maturity										
Capella Space Corp.	Senior Secured	November 2024	PRIME + 5.00% or Floor rate of 8.25%, PIK Interest 1.10%, 4.00% Exit Fee	$	20,080	$	19,903	$	19,469	(13)(14)(18)
Yipit, LLC	Senior Secured	September 2026	1-month LIBOR + 9.08% or Floor rate of 10.08%	$	31,875		31,291		30,730	(16)(17)
Subtotal: 1-5 Years Maturity							51,194		50,199	
Subtotal: Information Services (3.76%)*							**51,194**		**50,199**	
Internet Consumer & Business Services										
Under 1 Year Maturity										
Nextroll, Inc.	Senior Secured	June 2022	1-month LIBOR + 9.28% or Floor rate of 10.28%, 3.50% Exit Fee	$	21,715		22,377		22,377	(12)(13)(18)
Subtotal: Under 1 Year Maturity							22,377		22,377	
1-5 Years Maturity										
AppDirect, Inc.	Senior Secured	August 2024	PRIME + 5.90% or Floor rate of 9.15%, 7.95% Exit Fee	$	30,790		31,592		32,371	
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		28,846		28,005	(5)(10)(13)
Convoy, Inc.	Senior Secured	March 2026	PRIME + 3.20% or Floor rate of 6.45%, PIK Interest 1.95%, 4.55% Exit Fee	$	78,000		76,210		76,210	(15)(18)
ePayPolicy Holdings, LLC	Senior Secured	December 2024	3-month LIBOR + 8.50% or Floor rate of 9.50%	$	8,117		7,971		8,117	(11)
Rhino Labs, Inc.	Senior Secured	March 2024	PRIME + 5.50% or Floor rate of 8.75%, PIK Interest 2.25%	$	16,219		15,892		15,998	(13)(14)
RVShare, LLC	Senior Secured	December 2026	1-month LIBOR + 5.50% or Floor rate of 6.50%, PIK Interest 4.00%	$	18,116		17,771		17,771	(13)(14)(16)
SeatGeek, Inc.	Senior Secured	June 2023	PRIME + 5.00% or Floor rate of 10.50%, PIK Interest 0.50%	$	60,683		60,160		60,765	(13)
Skyword, Inc.	Senior Secured	September 2024	PRIME + 3.88% or Floor rate of 9.38%, PIK Interest 1.90%, 4.00% Exit Fee	$	12,486		12,749		12,590	(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)
	Senior Secured	July 2024	PIK Interest 5.00%	$	13,023		13,023		97	(7)(8)(13)
Total Tectura Corporation				$	31,953		21,513		8,347	
Thumbtack, Inc.	Senior Secured	April 2026	PRIME + 4.95% or Floor rate of 8.20%, PIK Interest 1.50%, 3.95% Exit Fee	$	10,000		9,863		9,863	(12)(16)
Veem, Inc.	Senior Secured	March 2025	PRIME + 4.00% or Floor rate of 7.25%, PIK Interest 1.25%	$	5,000		4,882		4,882	(16)
Worldremit Group Limited	Senior Secured	February 2025	1-month LIBOR + 9.25% or Floor rate of 10.25%, 3.00% Exit Fee	$	103,000		101,970		100,214	(5)(10)(12)(15)(18)
Subtotal: 1-5 Years Maturity							389,419		375,133	
Greater than 5 Years Maturity										
Houzz, Inc.	Convertible Debt	May 2028	PIK Interest 5.50%	$	20,960		20,960		20,725	(9)(13)
Subtotal: Greater than 5 Years Maturity							20,960		20,725	
Subtotal: Internet Consumer & Business Services (31.36%)*							**432,756**		**418,235**	
Manufacturing Technology										
Under 1 Year Maturity										
Bright Machines, Inc.	Senior Secured	November 2022	PRIME + 5.70% or Floor rate of 8.95%, 6.95% Exit Fee	$	15,000		15,138		15,138	(11)(18)
Subtotal: Under 1 Year Maturity							15,138		15,138	
1-5 Years Maturity										
MacroFab, Inc.	Senior Secured	March 2026	PRIME + 4.35% or Floor rate of 7.60%, PIK Interest 1.25%, 4.50% Exit Fee	$	10,000		9,630		9,630	(16)
Subtotal: 1-5 Years Maturity							9,630		9,630	
Subtotal: Manufacturing Technology (1.86%)*							**24,768**		**24,768**	

See notes to consolidated financial statements

(dollars in thousands)

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor (1)	Principal Amount	Cost (2)	Value	Footnotes
Medical Devices & Equipment							
1-5 Years Maturity							
Lucira Health, Inc.	Senior Secured	February 2026	PRIME + 5.50% or Floor rate of 8.75%, 5.25% Exit Fee	$ 15,000	$ 14,803	$ 14,803	
Subtotal: 1-5 Years Maturity					14,803	14,803	
Subtotal: Medical Devices & Equipment (1.11%)*					**14,803**	**14,803**	
Semiconductors							
1-5 Years Maturity							
Fungible, Inc.	Senior Secured	December 2024	PRIME + 5.00% or Floor rate of 8.25%, 4.95% Exit Fee	$ 20,000	19,208	19,208	(14)(18)
Subtotal: 1-5 Years Maturity					19,208	19,208	
Subtotal: Semiconductors (1.44%)*					**19,208**	**19,208**	
Software							
Under 1 Year Maturity							
Delphix Corp.	Senior Secured	February 2023	PRIME + 5.50% or Floor rate of 10.25%, 7.00% Exit Fee	$ 60,000	62,177	62,177	(12)(15)(18)
Khoros (p.k.a Lithium Technologies)	Senior Secured	October 2022	6-month LIBOR + 8.00% or Floor rate of 9.00%	$ 56,208	55,953	55,953	(16)
Pymetrics, Inc.	Senior Secured	October 2022	PRIME + 5.50% or Floor rate of 8.75%, PIK Interest 1.75%, 4.00% Exit Fee	$ 9,509	9,760	9,846	(13)
Subtotal: Under 1 Year Maturity					127,890	127,976	
1-5 Years Maturity							
3GTMS, LLC	Senior Secured	February 2025	6-month LIBOR + 9.28% or Floor rate of 10.28%	$ 10,833	10,658	10,465	(16)(17)
Agilence, Inc.	Senior Secured	October 2026	1-Month LIBOR + 9.00% or Floor rate of 10.00%	$ 9,377	9,125	9,125	(16)
Annex Cloud	Senior Secured	February 2027	BSBY + 9.00% or Floor rate of 10.00%	$ 8,500	8,263	8,263	(16)
Brain Corporation	Senior Secured	April 2025	PRIME + 3.70% or Floor rate of 6.95%, PIK Interest 1.00%, 3.95% Exit Fee	$ 15,041	14,953	14,953	(13)(14)(16)
Campaign Monitor Limited	Senior Secured	November 2025	6-month LIBOR + 8.90% or Floor rate of 9.9%	$ 33,000	32,488	33,000	(18)
Ceros, Inc.	Senior Secured	September 2026	6-month LIBOR + 8.89% or Floor rate of 9.89%	$ 17,978	17,495	17,154	(16)(17)
CloudBolt Software, Inc.	Senior Secured	October 2024	PRIME + 6.70% or Floor rate of 9.95%, 2.95% Exit Fee	$ 10,000	9,966	10,040	(11)(12)(18)
Copper CRM, Inc	Senior Secured	March 2025	Prime + 4.50% or Floor rate of 8.25%, PIK Interest 1.95%, 4.50% Exit Fee	$ 10,000	9,884	9,884	
Cybermaxx Intermediate Holdings, Inc.	Senior Secured	August 2026	6-month LIBOR + 9.28% or Floor rate of 10.28%	$ 8,000	7,809	7,670	(16)
Dashlane, Inc.	Senior Secured	July 2025	PRIME + 3.05% or Floor rate of 7.55%, PIK Interest 1.10%, 7.10% Exit Fee	$ 20,776	21,909	21,751	(11)(13)(16)(18)
Demandbase, Inc.	Senior Secured	August 2025	PRIME + 5.25% or Floor rate of 8.50%, 2.33% Exit Fee	$ 22,500	22,088	21,941	(16)(18)
Enmark Systems, Inc.	Senior Secured	September 2026	6-month LIBOR + 6.83% or Floor rate of 7.83%, PIK Interest 2.19%	$ 8,088	7,894	7,740	(11)(13)(16)(17)
Esentire, Inc.	Senior Secured	May 2024	3-month LIBOR + 9.96% or Floor rate of 10.96%	$ 21,000	20,728	20,687	(5)(10)(11)(17)
Esme Learning Solutions, Inc.	Senior Secured	February 2025	PRIME + 5.50% or Floor rate of 8.75%, PIK Interest 1.50%, 3.00% Exit Fee	$ 5,007	4,775	4,770	(13)
Gryphon Networks Corp.	Senior Secured	January 2026	3-month LIBOR + 9.69% or Floor rate of 10.69%	$ 5,232	5,112	5,124	(11)(16)
Ikon Science Limited	Senior Secured	October 2024	3-month LIBOR + 9.00% or Floor rate of 10.00%	$ 6,825	6,648	6,663	(5)(10)(16)(17)

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

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor (1)	Principal Amount	Cost (2)	Value	Footnotes
Imperva, Inc.	Senior Secured	January 2027	3-month LIBOR + 7.75% or Floor rate of 8.75%	$ 20,000	$ 19,857	$ 19,997	(18)
Kazoo, Inc. (p.k.a. YouEarnedIt, Inc.)	Senior Secured	July 2023	3-month SOFR + 10.15% or Floor rate of 11.15%	$ 10,957	10,751	10,711	(17)
Logicworks	Senior Secured	January 2024	PRIME + 7.50% or Floor rate of 10.75%	$ 12,000	11,878	11,979	(12)
Mixpanel, Inc.	Senior Secured	August 2024	PRIME + 4.70% or Floor rate of 7.95%, PIK Interest 1.80%, 3.00% Exit Fee	$ 20,523	20,443	21,172	(12)(13)(18)
Mobile Solutions Services	Senior Secured	December 2025	6-month LIBOR + 9.87% or Floor rate of 10.87%	$ 5,500	5,359	5,292	(16)(17)
	Senior Secured	December 2025	6-month LIBOR + 9.06% or Floor rate of 10.06%	$ 12,168	11,875	11,821	(16)(17)
Total Mobile Solutions Services				$ 17,668	17,234	17,113	
Nuvolo Technologies Corporation	Senior Secured	July 2025	PRIME + 5.25% or Floor rate of 8.50%, 2.04% Exit Fee	$ 17,500	17,454	17,460	(12)(16)(18)
Pollen, Inc.	Senior Secured	November 2023	PRIME + 4.75% or Floor rate of 8.00%, PIK Interest 0.50%, 4.50% Exit Fee	$ 7,467	7,570	7,412	(13)
	Senior Secured	November 2023	PRIME + 5.25% or Floor rate of 8.50%, PIK Interest 1.35%, 4.50% Exit Fee	$ 13,085	13,124	13,257	(13)(14)
Total Pollen, Inc.				$ 20,552	20,694	20,669	
ShadowDragon, LLC	Senior Secured	December 2026	3-month LIBOR + 9.00% or Floor rate of 10.00%	$ 6,000	5,835	5,835	(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	$ 5,211	5,359	5,297	(13)
ThreatConnect, Inc.	Senior Secured	May 2026	3-month LIBOR + 9.00% or Floor rate of 10.00%	$ 11,116	10,817	10,777	(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	$ 51,150	51,037	52,112	(12)(13)
VideoAmp, Inc.	Senior Secured	February 2025	PRIME + 3.70% or Floor rate of 6.95%, PIK Interest 1.25%, 5.25% Exit Fee	$ 62,587	60,917	60,917	(13)(14)(18)
Zimperium, Inc.	Senior Secured	July 2024	6-month LIBOR + 8.95% or Floor rate of 9.95%	$ 17,452	17,151	17,111	(12)(17)
Subtotal: 1-5 Years Maturity					479,222	480,380	
Subtotal: Software (45.62%)*					**607,112**	**608,356**	
Sustainable and Renewable Technology							
Under 1 Year Maturity							
Impossible Foods, Inc.	Senior Secured	July 2022	PRIME + 3.95% or Floor rate of 8.95%, 9.00% Exit Fee	$ 8,714	13,133	13,133	(12)
Subtotal: Under 1 Year Maturity					13,133	13,133	
1-5 Years Maturity							
Pineapple Energy LLC	Senior Secured	December 2024	PIK Interest 10.00%	$ 3,000	3,000	2,986	(6)(13)
Subtotal: 1-5 Years Maturity					3,000	2,986	
Subtotal: Sustainable and Renewable Technology (1.21%)*					**16,133**	**16,119**	
Total: Debt Investments (179.34%)*					**$ 2,410,284**	**$ 2,391,342**	

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

Portfolio Company	Type of Investment	Acquisition Date (4)	Series (3)	Shares	Cost (2)	Value	Footnotes
Equity Investments							
Communications & Networking							
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	
Subtotal: Communications & Networking (0.47%)*					**1,230**	**6,260**	
Consumer & Business Products							
TechStyle, Inc. (p.k.a. Just Fabulous, Inc.)	Equity	4/30/2010	Common Stock	42,989	128	362	
Subtotal: Consumer & Business Products (0.03%)*					**128**	**362**	
Diversified Financial Services							
Gibraltar Business Capital, LLC	Equity	3/1/2018	Common Stock	830,000	1,884	1,169	(7)
	Equity	3/1/2018	Preferred Series A	10,602,752	26,122	18,496	(7)
Total Gibraltar Business Capital, LLC				11,432,752	28,006	19,665	
Hercules Adviser LLC	Equity	3/26/2021	Member Units	1	35	14,544	(7)
Newfront Insurance Holdings, Inc.	Equity	9/30/2021	Preferred Series D-2	210,282	403	538	
Subtotal: Diversified Financial Services (2.61%)*					**28,444**	**34,747**	
Drug Delivery							
AcelRx Pharmaceuticals, Inc.	Equity	12/10/2018	Common Stock	176,730	1,329	51	(4)
Aytu BioScience, Inc.	Equity	3/28/2014	Common Stock	13,600	1,500	15	(4)
BioQ Pharma Incorporated	Equity	12/8/2015	Preferred Series D	165,000	500	120	
PDS Biotechnology Corporation (p.k.a. Edge Therapeutics, Inc.)	Equity	4/6/2015	Common Stock	2,498	309	15	(4)
Subtotal: Drug Delivery (0.02%)*					**3,638**	**201**	
Drug Discovery & Development							
Albireo Pharma, Inc.	Equity	9/14/2020	Common Stock	25,000	1,000	746	(4)(10)
Applied Molecular Transport	Equity	4/6/2021	Common Stock	1,000	42	8	(4)(10)
Avalo Therapeutics, Inc.	Equity	8/19/2014	Common Stock	119,087	1,000	86	(4)
Aveo Pharmaceuticals, Inc.	Equity	7/31/2011	Common Stock	190,179	1,715	1,063	(4)
Bicycle Therapeutics PLC	Equity	10/5/2020	Common Stock	98,100	1,871	4,304	(4)(5)(10)
BridgeBio Pharma, Inc.	Equity	6/21/2018	Common Stock	231,329	2,255	2,348	(4)
Chemocentryx, Inc.	Equity	6/15/2020	Common Stock	17,241	1,000	432	(4)(10)
Concert Pharmaceuticals, Inc.	Equity	2/13/2019	Common Stock	70,796	1,367	239	(4)(10)
Dare Biosciences, Inc.	Equity	1/8/2015	Common Stock	13,550	1,000	20	(4)
Dynavax Technologies	Equity	7/22/2015	Common Stock	20,000	550	217	(4)(10)
Genocea Biosciences, Inc.	Equity	11/20/2014	Common Stock	27,933	2,000	35	(4)
Hibercell, Inc.	Equity	5/7/2021	Preferred Series B	3,466,840	4,250	3,078	(14)
Humanigen, Inc.	Equity	3/31/2021	Common Stock	43,243	800	130	(4)(10)
Kaleido Biosciences, Inc.	Equity	2/10/2021	Common Stock	86,585	1,000	-	(4)
NorthSea Therapeutics	Equity	12/15/2021	Preferred Series C	983	2,000	1,873	(5)(10)
Paratek Pharmaceuticals, Inc.	Equity	2/26/2007	Common Stock	76,362	2,744	227	(4)
Rocket Pharmaceuticals, Ltd.	Equity	8/22/2007	Common Stock	944	1,500	15	(4)
Savara, Inc.	Equity	8/11/2015	Common Stock	11,119	203	15	(4)
Sio Gene Therapies, Inc.	Equity	2/2/2017	Common Stock	16,228	1,269	11	(4)(10)
Tricida, Inc.	Equity	2/28/2018	Common Stock	68,816	863	566	(4)
uniQure B.V.	Equity	1/31/2019	Common Stock	17,175	332	310	(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	4,977	
X4 Pharmaceuticals, Inc.	Equity	11/26/2019	Common Stock	198,277	1,641	347	(4)
Subtotal: Drug Discovery & Development (1.58%)*					**33,402**	**21,047**	
Electronics & Computer Hardware							
Skydio, Inc.	Equity	3/8/2022	Preferred Series E	248,900	1,500	1,563	
Subtotal: Electronics & Computer Hardware (0.12%)*					**1,500**	**1,563**	
Healthcare Services, Other							
23andMe, Inc.	Equity	3/11/2019	Common Stock	825,732	5,094	3,162	(4)
Carbon Health Technologies, Inc.	Equity	3/30/2021	Preferred Series C	217,880	1,687	1,267	
Subtotal: Healthcare Services, Other (0.33%)*					**6,781**	**4,429**	

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HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
March 31, 2022
(unaudited)
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Portfolio Company	Type of Investment	Acquisition Date [4]	Series [3]	Shares	Cost [2]	Value	Footnotes
Information Services							
Planet Labs, Inc.	Equity	6/21/2019	Common Stock	547,880	$ 615	$ 2,783	(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	-	3,592	(4)(19)
Subtotal: Information Services (0.76%)*					**4,440**	**10,200**	
Internet Consumer & Business Services							
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	634	(5)(10)
Contentful Global, Inc.	Equity	12/22/2020	Preferred Series C	41,000	138	315	(5)(10)
	Equity	11/20/2018	Preferred Series D	108,500	500	875	(5)(10)
Total Contentful Global, Inc.				149,500	638	1,190	
DoorDash, Inc.	Equity	12/20/2018	Common Stock	81,996	945	9,609	(4)
Lyft, Inc.	Equity	12/26/2018	Common Stock	100,738	5,263	3,868	(4)
Nerdy Inc.	Equity	9/17/2021	Common Stock	100,000	1,000	444	(4)(19)
Nextdoor.com, Inc.	Equity	8/1/2018	Common Stock	1,019,255	4,854	5,783	(4)(19)
OfferUp, Inc.	Equity	10/25/2016	Preferred Series A	286,080	1,663	649	
	Equity	10/25/2016	Preferred Series A-1	108,710	632	246	
Total OfferUp, Inc.				394,790	2,295	895	
Oportun	Equity	6/28/2013	Common Stock	48,365	577	695	(4)
Reischling Press, Inc.	Equity	7/31/2020	Common Stock	1,163	15	-	
Rhino Labs, Inc.	Equity	1/24/2022	Preferred Series B-2	7,063	1,000	734	
Savage X Holding, LLC	Equity	4/30/2010	Class A Units	42,137	13	238	
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	188	
Uber Technologies, Inc.	Equity	12/1/2020	Common Stock	32,991	317	1,177	(4)
Subtotal: Internet Consumer & Business Services (2.13%)*					**22,150**	**28,455**	
Medical Devices & Equipment							
Coronado Aesthetics, LLC	Equity	10/15/2021	Common Units	180,000	-	28	(7)
	Equity	10/15/2021	Preferred Series A-2	5,000,000	250	586	(7)
Total Coronado Aesthetics, LLC				5,180,000	250	614	
Flowonix Medical Incorporated	Equity	11/3/2014	Preferred Series AA	221,893	1,500	-	
Gelesis, Inc.	Equity	11/30/2009	Common Stock	1,716,107	1,002	6,661	(4)(19)
ViewRay, Inc.	Equity	12/16/2013	Common Stock	36,457	333	143	(4)
Subtotal: Medical Devices & Equipment (0.56%)*					**3,085**	**7,418**	
Semiconductors							
Achronix Semiconductor Corporation	Equity	7/1/2011	Preferred Series C	277,995	160	437	
Subtotal: Semiconductors (0.03%)*					**160**	**437**	
Software							
3GTMS, LLC.	Equity	8/9/2021	Common Stock	1,000,000	1,000	920	
CapLinked, Inc.	Equity	10/26/2012	Preferred Series A-3	53,614	51	12	
Docker, Inc.	Equity	11/29/2018	Common Stock	20,000	4,284	-	
Druva Holdings, Inc.	Equity	10/22/2015	Preferred Series 2	458,841	1,000	2,513	
	Equity	8/24/2017	Preferred Series 3	93,620	300	538	
Total Druva Holdings, Inc.				552,461	1,300	3,051	
HighRoads, Inc.	Equity	1/18/2013	Common Stock	190	307	-	
Lightbend, Inc.	Equity	12/4/2020	Common Stock	38,461	265	6	
Palantir Technologies	Equity	9/23/2020	Common Stock	1,418,337	8,669	19,474	(4)
SingleStore, Inc.	Equity	11/25/2020	Preferred Series E	580,983	2,000	1,516	
	Equity	8/12/2021	Preferred Series F	52,956	280	171	
Total SingleStore, Inc.				633,939	2,280	1,687	
Sprinklr, Inc.	Equity	3/22/2017	Common Stock	700,000	3,749	8,330	(4)
Verana Health, Inc.	Equity	7/8/2021	Preferred Series E	952,562	2,000	1,218	
Subtotal: Software (2.60%)*					**23,905**	**34,698**	

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HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
March 31, 2022
(unaudited)
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Portfolio Company	Type of Investment	Acquisition Date [(4)]	Series [(3)]	Shares	Cost [(2)]	Value	Footnotes
Surgical Devices							
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	-	
Subtotal: Surgical Devices (0.00%)*					**1,941**	**-**	
Sustainable and Renewable Technology							
Impossible Foods, Inc.	Equity	5/10/2019	Preferred Series E-1	188,611	2,000	2,770	
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	498,978	5,167	1,844	(4)(6)(19)
Pivot Bio, Inc.	Equity	6/28/2021	Preferred Series D	593,080	4,500	2,310	
Proterra, Inc.	Equity	5/28/2015	Common Stock	457,841	543	3,443	(4)
Subtotal: Sustainable and Renewable Technology (0.78%)*					**12,812**	**10,367**	
Total: Equity Investments (12.01%)					**$ 143,616**	**$ 160,184**	
Warrant Investments							
Communications & Networking							
Spring Mobile Solutions, Inc.	Warrant	4/19/2013	Common Stock	2,834,375	$ 418	$ -	
Subtotal: Communications & Networking (0.00%)*					**418**	**-**	
Consumer & Business Products							
Grove Collaborative, Inc.	Warrant	4/30/2021	Common Stock	83,625	433	311	
Penumbra Brands, LLC	Warrant	6/3/2014	Common Stock	1,662,441	228	-	
TechStyle, Inc.	Warrant	7/16/2013	Preferred Series B	206,185	1,101	1,928	
The Neat Company	Warrant	8/13/2014	Common Stock	54,054	365	-	
Whoop, Inc.	Warrant	6/27/2018	Preferred Series C	686,270	18	1,364	
Subtotal: Consumer & Business Products (0.27%)*					**2,145**	**3,603**	
Drug Delivery							
Aerami Therapeutics Holdings, Inc.	Warrant	9/30/2015	Common Stock	110,882	74	-	
BioQ Pharma Incorporated	Warrant	10/27/2014	Common Stock	459,183	1	-	
PDS Biotechnology Corporation	Warrant	8/28/2014	Common Stock	3,929	390	-	(4)
Subtotal: Drug Delivery (0.00%)*					**465**	**-**	
Drug Discovery & Development							
Acacia Pharma Inc.	Warrant	6/29/2018	Common Stock	201,330	304	1	(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	61	(4)(10)
Axsome Therapeutics, Inc.	Warrant	9/25/2020	Common Stock	15,541	681	157	(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	207	(14)
Century Therapeutics, Inc.	Warrant	9/14/2020	Common Stock	16,112	37	39	(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	256	(10)(12)
enGene, Inc.	Warrant	12/30/2021	Preferred Series 3	84,714	64	29	(5)(10)
Evofem Biosciences, Inc.	Warrant	6/11/2014	Common Stock	7,806	267	-	(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	181	(4)(10)
Paratek Pharmaceuticals, Inc.	Warrant	6/27/2017	Common Stock	432,240	546	127	(4)
Phathom Pharmaceuticals, Inc.	Warrant	9/17/2021	Common Stock	64,687	848	125	(4)(10)(14)(15)
Redshift Bioanalytics, Inc.	Warrant	3/23/2022	Preferred Series E	142,653	6	6	(14)
Scynexis, Inc.	Warrant	5/14/2021	Common Stock	106,035	296	110	(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	767	(4)(10)(12)
Tricida, Inc.	Warrant	3/27/2019	Common Stock	31,352	280	12	(4)
Valo Health, LLC	Warrant	6/15/2020	Common Units	102,216	256	453	
X4 Pharmaceuticals, Inc.	Warrant	3/18/2019	Common Stock	108,334	673	30	(4)
Yumanity Therapeutics, Inc.	Warrant	12/20/2019	Common Stock	15,414	110	-	(4)
Subtotal: Drug Discovery & Development (0.19%)*					**7,507**	**2,566**	

See notes to consolidated financial statements

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

Portfolio Company	Type of Investment	Acquisition Date (4)	Series (3)	Shares	Cost (2)	Value	Footnotes
Electronics & Computer Hardware							
908 Devices, Inc.	Warrant	3/15/2017	Common Stock	49,078	$ 101	$ 370	(4)
Skydio, Inc.	Warrant	11/8/2021	Common Stock	622,255	557	2,424	
Subtotal: Electronics & Computer Hardware (0.21%)*					**658**	**2,794**	
Healthcare Services, Other							
Vida Health, Inc.	Warrant	3/28/2022	Common Stock	100,618	114	110	
Subtotal: Healthcare Services, Other (0.01%)*					**114**	**110**	
Information Services							
Capella Space Corp.	Warrant	10/21/2021	Common Stock	176,200	207	-	(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	449	
Subtotal: Information Services (0.03%)*					**645**	**449**	
Internet Consumer & Business Services							
Aria Systems, Inc.	Warrant	5/22/2015	Preferred Series G	231,535	74	-	
Carwow LTD	Warrant	12/14/2021	Common Stock	174,163	164	187	(5)(10)
Cloudpay, Inc.	Warrant	4/10/2018	Preferred Series B	6,763	54	240	(5)(10)
Convoy, Inc.	Warrant	3/30/2022	Common Stock	165,456	974	962	(15)
First Insight, Inc.	Warrant	5/10/2018	Preferred Series B	75,917	96	102	
Houzz, Inc.	Warrant	10/29/2019	Common Stock	529,661	20	53	
Interactions Corporation	Warrant	6/16/2015	Preferred Series G-3	68,187	204	389	
Landing Holdings Inc.	Warrant	3/12/2021	Common Stock	11,806	116	-	(14)
Lendio, Inc.	Warrant	3/29/2019	Preferred Series D	127,032	39	87	
Rhino Labs, Inc.	Warrant	3/12/2021	Common Stock	13,106	470	287	(14)
RumbleON, Inc.	Warrant	4/30/2018	Common Stock	5,139	87	20	(4)
Savage X Holding, LLC	Warrant	6/27/2014	Class A Units	206,185	-	1,163	
SeatGeek, Inc.	Warrant	6/12/2019	Common Stock	1,379,761	842	3,664	
ShareThis, Inc.	Warrant	12/14/2012	Preferred Series C	493,502	547	-	
Skyword, Inc.	Warrant	8/23/2019	Preferred Series B	444,444	83	2	
Snagajob.com, Inc.	Warrant	4/20/2020	Common Stock	600,000	16	114	(12)
	Warrant	6/30/2016	Preferred Series A	1,800,000	782	206	(12)
	Warrant	8/1/2018	Preferred Series B	1,211,537	62	119	(12)
Total Snagajob.com, Inc.				3,611,537	860	325	
TFG Holding, Inc.	Warrant	6/27/2014	Common Stock	206,185	-	90	
The Faction Group LLC	Warrant	11/3/2014	Preferred Series AA	8,076	234	543	
Thumbtack, Inc.	Warrant	5/1/2018	Common Stock	267,225	844	783	
Veem, Inc.	Warrant	3/31/2022	Common Stock	98,428	126	126	
Worldremit Group Limited	Warrant	2/11/2021	Preferred Series D	77,215	129	704	(5)(10)(15)
	Warrant	8/27/2021	Preferred Series E	1,868	26	11	(5)(10)(15)
Total Worldremit Group Limited				79,083	155	715	
Subtotal: Internet Consumer & Business Services (0.74%)*					**5,989**	**9,852**	
Manufacturing Technology							
Bright Machines, Inc.	Warrant	3/31/2022	Common Stock	196,335	151	151	
MacroFab, Inc.	Warrant	3/23/2022	Common Stock	1,111,111	528	525	
Xometry, Inc.	Warrant	5/9/2018	Common Stock	87,784	47	2,088	(4)
Subtotal: Manufacturing Technology (0.21%)*					**726**	**2,764**	
Media/Content/Info							
Zoom Media Group, Inc.	Warrant	12/21/2012	Preferred Series A	1,204	348	-	
Subtotal: Media/Content/Info (0.00%)*					**348**	**-**	
Medical Devices & Equipment							
Aspire Bariatrics, Inc.	Warrant	1/28/2015	Common Stock	22,572	456	-	
Flowonix Medical Incorporated	Warrant	11/3/2014	Preferred Series AA	155,325	362	-	(12)
	Warrant	9/21/2018	Preferred Series BB	725,806	351	-	(12)
Total Flowonix Medical Incorporated				881,131	713	-	
Intuity Medical, Inc.	Warrant	12/29/2017	Preferred Series B-1	3,076,323	294	90	
Lucira Health, Inc.	Warrant	2/4/2022	Common Stock	59,642	110	27	(4)
Outset Medical, Inc.	Warrant	9/27/2013	Common Stock	62,794	401	1,769	(4)
Tela Bio, Inc.	Warrant	3/31/2017	Common Stock	15,712	61	5	(4)
Subtotal: Medical Devices & Equipment (0.14%)*					**2,035**	**1,891**	
Semiconductors							
Achronix Semiconductor Corporation	Warrant	6/26/2015	Preferred Series D-2	750,000	99	1,173	
Fungible, Inc.	Warrant	12/16/2021	Common Stock	800,000	751	164	(14)
Subtotal: Semiconductors (0.10%)*					**850**	**1,337**	

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

Portfolio Company	Type of Investment	Acquisition Date [4]	Series [3]	Shares	Cost [2]	Value	Footnotes
Software							
Bitsight Technologies, Inc.	Warrant	11/18/2020	Common Stock	29,691	$ 284	$ 665	
Brain Corporation	Warrant	10/4/2021	Common Stock	194,629	165	90	(14)
CloudBolt Software, Inc.	Warrant	9/30/2020	Common Stock	211,342	117	47	
Cloudian, Inc.	Warrant	11/6/2018	Common Stock	477,454	71	18	
Couchbase, Inc.	Warrant	4/25/2019	Common Stock	105,350	462	806	(4)
Dashlane, Inc.	Warrant	3/11/2019	Common Stock	453,641	353	471	
Delphix Corp.	Warrant	10/8/2019	Common Stock	718,898	1,594	4,659	(15)
Demandbase, Inc.	Warrant	8/2/2021	Common Stock	579,898	480	448	
DNAnexus, Inc.	Warrant	3/21/2014	Preferred Series C	909,091	97	55	
Esme Learning Solutions, Inc.	Warrant	1/27/2022	Common Stock	56,765	198	121	
Evernote Corporation	Warrant	9/30/2016	Common Stock	62,500	106	26	
Lightbend, Inc.	Warrant	2/14/2018	Preferred Series D	89,685	131	-	
Mixpanel, Inc.	Warrant	9/30/2020	Common Stock	82,362	252	452	
Nuvolo Technologies Corporation	Warrant	3/29/2019	Common Stock	70,000	172	288	
Poplicus, Inc.	Warrant	5/28/2014	Common Stock	132,168	-	-	
Pymetrics, Inc.	Warrant	9/15/2020	Common Stock	150,943	77	165	
RapidMiner, Inc.	Warrant	11/28/2017	Preferred Series C-1	4,982	24	24	
Reltio, Inc.	Warrant	6/30/2020	Common Stock	69,120	215	335	
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	367	
Tact.ai Technologies, Inc.	Warrant	2/13/2020	Common Stock	1,041,667	206	116	
Udacity, Inc.	Warrant	9/25/2020	Common Stock	486,359	218	246	
VideoAmp, Inc.	Warrant	1/21/2022	Common Stock	152,048	1,275	756	(14)
ZeroFox, Inc.	Warrant	5/7/2020	Preferred Series C-1	648,350	101	512	
Zimperium, Inc.	Warrant	7/2/2021	Common Stock	20,563	72	49	
Subtotal: Software (0.80%)*					**7,087**	**10,716**	
Surgical Devices							
Gynesonics, Inc.	Warrant	12/5/2012	Preferred Series C	33,670	13	-	
TransMedics Group, Inc.	Warrant	11/7/2012	Common Stock	64,440	139	831	(4)
Subtotal: Surgical Devices (0.06%)*					**152**	**831**	
Sustainable and Renewable Technology							
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	784	
Halio, Inc.	Warrant	4/22/2014	Preferred Series A	325,000	155	149	
	Warrant	4/7/2015	Preferred Series B	131,883	63	51	
Total Halio, Inc.				456,883	218	200	
Polyera Corporation	Warrant	12/11/2012	Preferred Series C	311,609	338	-	
Subtotal: Sustainable and Renewable Technology (0.07%)*					**950**	**984**	
Total: Warrant Investments (2.84%)*					**30,089**	**37,897**	
Total Investments in Securities (14.85%)*					**$ 173,705**	**$ 198,081**	
Investment Funds & Vehicles Investments							
Drug Discovery & Development							
Forbion Growth Opportunities Fund I C.V.	Investment Funds & Vehicles	11/16/2020			2,413	2,911	(5)(10)(16)
Total: Investment Funds & Vehicles Investments (0.22%)*					**$ 2,413**	**$ 2,911**	
Total: Investments (194.41%)*					**$ 2,586,402**	**$ 2,592,334**	

See notes to consolidated financial statements

* 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 3.50% as of March 31, 2022. 1-month LIBOR, 3-month LIBOR and 6-month LIBOR represent 0.45%, 0.96%, and 1.47%, respectively, as of March 31, 2022.

(2) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized appreciation for federal income tax purposes totaled $101.4 million, $93.6 million and $7.8 million, respectively. The tax cost of investments is $2.6 billion.

(3) Preferred and common stock, warrants, and equity interest are generally non-income producing.

(4) Except for warrants in 27 publicly traded companies and common stock in 38 publicly traded companies, all investments are restricted as of March 31, 2022 and were valued at fair value using Level 3 significant unobservable inputs as determined in good faith by the Company's board of directors (the "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 Investment Company Act of 1940, as amended, (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 March 31, 2022, and is therefore considered non-income producing. Note that as of March 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 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 Hercules Capital IV, L.P., the Company's wholly owned small business investment company.

(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 March 31, 2022.

(16) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company as of March 31, 2022. 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 for Black Crow AI, Inc., subject to release upon repayment of the outstanding balance of the notes. As of March 31, 2022, 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.
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2021
(dollars in thousands)

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor [1]	Principal Amount	Cost [2]	Value	Footnotes
Debt Investments							
Communications & Networking							
1-5 Years Maturity							
Cytracom 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)
Subtotal: 1-5 Years Maturity					97,088	99,230	
Subtotal: Communications & Networking (7.58%)*					**97,088**	**99,230**	
Consumer & Business Products							
1-5 Years Maturity							
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)
Subtotal: 1-5 Years Maturity					23,162	23,298	
Subtotal: Consumer & Business Products (1.78%)*					**23,162**	**23,298**	
Diversified Financial Services							
Under 1 Year Maturity							
Newfront Insurance Holdings, Inc.	Convertible Note	August 2022	PIK Interest 0.19% or Floor rate of 0.19%	$ 403	403	403	(9)
Subtotal: Under 1 Year Maturity					403	403	
1-5 Years Maturity							
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)
Subtotal: 1-5 Years Maturity					33,335	32,062	
Subtotal: Diversified Financial Services (2.48%)*					**33,738**	**32,465**	
Drug Discovery & Development							
Under 1 Year Maturity							
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)
Subtotal: Under 1 Year Maturity					20,036	20,036	
1-5 Years Maturity							
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)

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 (1)		Principal Amount		Cost (2)		Value	Footnotes
Chemocentryx, Inc.	Senior Secured	February 2025	PRIME + 3.25% or Floor rate of 8.50%, 7.15% Exit Fee	$	5,000	$	5,161	$	5,070	(10)
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)
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 Pharmaceutics 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)
Yumanity 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	
Subtotal: 1-5 Years Maturity							916,421		915,928	
Subtotal: Drug Discovery & Development (71.53%)*							**936,457**		**935,964**	
Healthcare Services, Other										
1-5 Years Maturity										
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)
Subtotal: 1-5 Years Maturity							113,724		113,639	
Subtotal: Healthcare Services, Other (8.68%)*							**113,724**		**113,639**	
Information Services										
1-5 Years Maturity										
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)
Subtotal: 1-5 Years Maturity							64,773		64,446	
Subtotal: Information Services (4.93%)*							**64,773**		**64,446**	

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HERCULES CAPITAL, INC.
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(dollars in thousands)

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor [1]		Principal Amount		Cost [2]		Value	Footnotes
Internet Consumer & Business Services										
Under 1 Year Maturity										
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)
Subtotal: Under 1 Year Maturity							22,164		22,164	
1-5 Years Maturity										
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)
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)
Total Tectura Corporation				$	31,953		21,513		8,269	
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)
Subtotal: 1-5 Years Maturity							341,001		327,799	
Subtotal: Internet Consumer & Business Services (26.74%)*							**363,165**		**349,963**	
Manufacturing Technology										
Under 1 Year Maturity										
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)
Subtotal: Under 1 Year Maturity							14,995		14,995	
Subtotal: Manufacturing Technology (1.15%)*							**14,995**		**14,995**	
Semiconductors										
1-5 Years Maturity										
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)
Subtotal: 1-5 Years Maturity							19,072		19,072	
Subtotal: Semiconductors (1.46%)*							**19,072**		**19,072**	
Software										
Under 1 Year Maturity										
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)
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)
Subtotal: Under 1 Year Maturity							68,743		68,287	
1-5 Years Maturity										
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)

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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)
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)
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	
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)
Subtotal: 1-5 Years Maturity							437,659		441,115	
Greater than 5 Years Maturity										
Imperva, Inc.	Senior Secured	January 2027	3-month LIBOR + 7.75% or Floor rate of 8.75%	$	20,000		19,851		20,000	(18)
Subtotal: Greater than 5 Years Maturity							19,851		20,000	
Subtotal: Software (40.46%)*							**526,253**		**529,402**	

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Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor (1)	Principal Amount	Cost (2)	Value	Footnotes
Sustainable and Renewable Technology							
Under 1 Year Maturity							
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)
Subtotal: Under 1 Year Maturity					19,659	19,625	
1-5 Years Maturity							
Pineapple Energy LLC	Senior Secured	December 2023	PIK Interest 10.00%	$ 7,500	7,500	7,500	(6)(8)(13)(16)
Subtotal: 1-5 Years Maturity					7,500	7,500	
Subtotal: Sustainable and Renewable Technology (2.07%)*					**27,159**	**27,125**	
Total: Debt Investments (168.86%)*					**$ 2,219,586**	**$ 2,209,599**	

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HERCULES CAPITAL, INC.
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(dollars in thousands)

Portfolio Company	Type of Investment	Acquisition Date (4)	Series (3)	Shares	Cost (2)	Value	Footnotes
Equity Investments							
Communications & Networking							
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	
Subtotal: Communications & Networking (0.48%)*					**1,230**	**6,260**	
Consumer & Business Products							
TechStyle, Inc. (p.k.a. Just Fabulous, Inc.)	Equity	4/30/2010	Common Stock	42,989	128	447	
Subtotal: Consumer & Business Products (0.03%)*					**128**	**447**	
Diversified Financial Services							
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)
Subtotal: Diversified Financial Services (2.49%)*					**28,041**	**32,608**	
Drug Delivery							
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)
Subtotal: Drug Delivery (0.02%)*					**3,638**	**305**	
Drug Discovery & Development							
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)
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)
Genocea 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)
Subtotal: Drug Discovery & Development (1.90%)*					**33,401**	**24,860**	
Healthcare Services, Other							
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	
Subtotal: Healthcare Services, Other (0.56%)*					**6,781**	**7,364**	
Information Services							
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)
Subtotal: Information Services (0.72%)*					**4,440**	**9,414**	

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(dollars in thousands)

Portfolio Company	Type of Investment	Acquisition Date [4]	Series [3]	Shares	Cost [2]	Value	Footnotes
Internet Consumer & Business Services							
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)
Subtotal: Internet Consumer & Business Services (2.70%)*					**22,151**	**35,331**	
Medical Devices & Equipment							
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	
Flowonix 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)
Subtotal: Medical Devices & Equipment (0.81%)*					**3,991**	**10,538**	
Semiconductors							
Achronix Semiconductor Corporation	Equity	7/1/2011	Preferred Series C	277,995	160	725	
Subtotal: Semiconductors (0.06%)*					**160**	**725**	
Software							
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	

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Portfolio Company	Type of Investment	Acquisition Date [4]	Series [3]	Shares	Cost [2]	Value	Footnotes
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	
Subtotal: Software (3.45%)*					**23,905**	**45,087**	
Surgical Devices							
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	
Subtotal: Surgical Devices (0.04%)*					**1,941**	**543**	
Sustainable and Renewable Technology							
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)
Subtotal: Sustainable and Renewable Technology (0.86%)*					**12,412**	**11,228**	
Total: Equity Investments (14.12%)*					**$ 142,219**	**$ 184,710**	
Warrant Investments							
Communications & Networking							
Spring Mobile Solutions, Inc.	Warrant	4/19/2013	Common Stock	2,834,375	$ 418	$ —	
Subtotal: Communications & Networking (0.00%)*					**418**	**—**	
Consumer & Business Products							
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	
Subtotal: Consumer & Business Products (0.33%)*					**2,145**	**4,354**	
Drug Delivery							
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)
Subtotal: Drug Delivery (0.00%)*					**465**	**63**	
Drug Discovery & Development							
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)

See notes to consolidated financial statements

(dollars in thousands)

Portfolio Company	Type of Investment	Acquisition Date (4)	Series (3)	Shares	Cost (2)	Value	Footnotes
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)
Evofem 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)
Subtotal: Drug Discovery & Development (0.36%)*					**7,393**	**4,745**	
Electronics & Computer Hardware							
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	
Subtotal: Electronics & Computer Hardware (0.08%)*					**658**	**1,040**	
Information Services							
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	
Subtotal: Information Services (0.04%)*					**645**	**557**	
Internet Consumer & Business Services							
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)
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	

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 [4]	Series [3]	Shares	Cost [2]	Value	Footnotes
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	
Subtotal: Internet Consumer & Business Services (0.78%)*					**4,992**	**10,212**	
Media/Content/Info							
Zoom Media Group, Inc.	Warrant	12/21/2012	Preferred Series A	1,204	348	—	
Subtotal: Media/Content/Info (0.00%)*					**348**	**—**	
Medical Devices & Equipment							
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)
Subtotal: Medical Devices & Equipment (0.16%)*					**2,483**	**2,074**	
Semiconductors							
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)
Subtotal: Semiconductors (0.21%)*					**850**	**2,701**	
Software							
Bitsight Technologies, Inc.	Warrant	11/18/2020	Common Stock	29,691	284	1,272	
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	
DNAnexus, 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	
Subtotal: Software (0.85%)*					**5,594**	**11,133**	

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 (4)	Series (3)	Shares	Cost (2)	Value	Footnotes
Surgical Devices							
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)
Subtotal: Surgical Devices (0.04%)*					**206**	**486**	
Sustainable and Renewable Technology							
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	—	
Subtotal: Sustainable and Renewable Technology (0.08%)*					**950**	**1,034**	
Total: Warrant Investments (2.93%)*					**$ 27,147**	**$ 38,399**	
Total: Investments in Securities (185.91%)*					**$ 2,388,952**	**$ 2,432,708**	
Investment Funds & Vehicles							
Forbion Growth Opportunities Fund I C.V.	Investment Funds & Vehicles	11/16/2020			2,032	1,814	(5)(10)(16)
Total: Investments in Investment Funds & Vehicles (0.14%)*					**$ 2,032**	**$ 1,814**	
Total: Investments (186.05%)*					**$ 2,390,984**	**$ 2,434,522**	

* 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 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 September 30, 2021, the Black Crow AI, Inc. affiliates promissory notes had an outstanding balance of $3.0 million.

See 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 Investment Company Act of 1940, as amended (the "1940 Act"). From incorporation through December 31, 2005, the Company was subject to tax as a corporation under Subchapter C of the Internal Revenue Code of 1986, as amended (the "Code"). Effective January 1, 2006, the Company elected to be treated for tax purposes as a Regulated Investment Company ("RIC") under Subchapter M of the Code (see "Note 6 - Income Taxes").

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

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

The Company has also established certain wholly owned subsidiaries, all of which are structured as Delaware corporations or Limited Liability Companies ("LLCs"), to hold portfolio companies organized as LLCs (or other forms of pass-through entities). These subsidiaries are consolidated for financial reporting purposes and in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). These subsidiaries are taxable entities and are not consolidated with Hercules for income tax purposes. The Company's taxable subsidiaries 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 of the Company to provide investment advisory and related services to investment vehicles ("Adviser Funds") owned by one or more unrelated third-party investors ("External Parties"). The Adviser Subsidiary receives fee income for the services provided to the Adviser Funds. The Company was granted no-action relief by the staff of the Securities and Exchange Commission ("SEC") to allow the Adviser Subsidiary to register as a registered investment adviser under the Investment Advisers Act of 1940, as amended ("Advisers Act").

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated interim financial statements have been prepared in conformity with U.S. GAAP for interim financial information, and pursuant to the requirements for reporting on Form 10-Q and Articles 6, 10 and 12 of Regulation S-X. Accordingly, certain disclosures accompanying annual consolidated financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, all adjustments consisting solely of normal recurring accruals considered necessary for the fair statement of consolidated financial statements for the interim periods have been included. The current period's results of operations are not necessarily indicative of results that ultimately may be achieved for the full fiscal year. Therefore, the interim unaudited consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2021. The year-end Consolidated Statements of Assets and Liabilities data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. The Company's functional currency is U.S. dollars ("USD") and these consolidated financial statements have been prepared in that currency.

As an investment company, the Company follows accounting and reporting guidance as set forth in Topic 946 Financial Services – Investment Companies ("ASC Topic 946") of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification, as amended ("ASC"). As provided under Regulation S-X and ASC Topic 946, the Company will not consolidate its investment in a portfolio company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Rather, an investment company's interest in portfolio companies that are not investment companies should be measured at fair value in accordance with ASC Topic 946. The Adviser Subsidiary is not an investment company as defined in ASC Topic 946 and further, the Adviser Subsidiary provides investment advisory services exclusively to the Adviser Funds which are owned by External Parties. As such pursuant to ASC Topic 946, the Adviser Subsidiary is accounted for as a portfolio investment of the Company held at fair value and is not consolidated.

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

Principles of Consolidation

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

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

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

The Company performs periodic reassessments, usually quarterly, of whether it is the primary beneficiary of a VIE. The reassessment process considers whether the Company has acquired or divested the power to direct the activities of the VIE through changes in governing documents or other circumstances. The Company also reconsiders whether entities previously determined not to be VIEs have become VIEs, based on certain events, and therefore are subject to the VIE consolidation framework. As of March 31, 2022, the Company held no interests in a VIE.

Fair Value Measurements

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

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

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

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

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

Valuation of Investments

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

As of March 31, 2022, approximately 96.3% of the Company's total assets represented investments in portfolio companies whose fair value is determined in good faith by the Board of Directors (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. 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 its 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. 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 or under the direction of 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 or under the direction of the Board.

As part of the overall process, 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 Board, and the Company may engage an independent valuation firm to value all or some of our portfolio investments. The Board is ultimately, and solely, responsible for determining the fair value of the Company's investments in good faith. 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 Company determines the fair value of each individual investment and records changes in fair value as unrealized appreciation or depreciation.

The Company's quarterly multi-step valuation process each quarter, which the Board has approved, is as 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 are then documented and business-based assumptions are discussed with the Company’s investment committee;

(3) The Audit Committee of the Board reviews the preliminary valuation of the investments in the portfolio as provided by the investment committee which incorporates the results of the independent valuation firm(s) as applicable; and

(4) The Board, upon the recommendation of the Audit Committee, discusses valuations and determines the fair value of each investment in the Company’s portfolio in good faith based on the input of, where applicable, the respective independent valuation firm and the investment committee.

Debt Investments

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

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

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

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

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

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

Equity Securities and Warrants

Securities that are traded in the over-the-counter markets or on a stock exchange will be valued at the prevailing bid price at period end. The Company has a limited amount of equity securities in public companies. In accordance with the 1940 Act, unrestricted publicly traded securities for which market quotations are readily available are valued at the closing market quote on the measurement date.

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

Investment Funds & Vehicles

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

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents consist solely of funds deposited with financial institutions and short-term liquid investments in money market deposit accounts. Cash and cash equivalents are carried at cost, which approximates fair value. As of March 31, 2022, the Company held $451 thousand (Cost basis $456 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.

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. As of both March 31, 2022 and December 31, 2021, there were no material past due escrow receivables. The approximate fair value in accordance with ASC Topic 820 of the escrow receivable balance as of March 31, 2022 and December 31, 2021 was $0.7 million and $0.6 million, respectively.

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".

Income Recognition

The Company records interest income on an accrual basis and recognizes it as earned in accordance with the contractual terms of the loan agreement, to the extent that such amounts are expected to be collected. OID initially represents the value of detachable equity warrants obtained in conjunction with the acquisition of debt securities and is accreted into interest income over the term of the loan as a yield enhancement. 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 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.

Fee income, generally collected in advance, includes loan commitment and 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 amortized into income over the contractual life of the loan. Management fees are generally recognized as income when the services are rendered. Loan origination fees are capitalized and then amortized into interest income using the effective interest rate method. In certain loan arrangements, warrants or other equity interests are received from the borrower as additional origination fees. The Company had approximately $48.1 million of unamortized fees as of March 31, 2022, of which approximately $40.0 million was included as an offset to the cost basis of its current debt investments and approximately $8.1 million was deferred contingent upon the occurrence of a funding or milestone. As of December 31, 2021, the Company had approximately $42.9 million of unamortized fees, of which approximately $36.5 million was included as an offset to the cost basis of the Company's current debt investments and approximately $6.4 million was deferred contingent upon the occurrence of a funding or milestone.

The Company recognizes nonrecurring fees amortized over the remaining term of the loan commencing in the quarter relating to specific loan modifications. Certain fees may still be recognized as one-time fee income, including 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. The Company recorded approximately $0.3 million and $1.6 million in one-time fee income during the three months ended March 31, 2022 and 2021, respectively.

In addition, the Company may also be entitled to an exit fee that is amortized into income over the life of the loan. Loan exit fees to be paid at the termination of the loan are accreted into interest income over the contractual life of the loan. As of March 31, 2022, the Company had approximately $37.2 million in exit fees receivable, of which approximately $32.9 million was included as a component of the cost basis of its current debt investments and approximately $4.3 million was a deferred receivable related to expired commitments. As of December 31, 2021, the Company had approximately $35.0 million in exit fees receivable, of which approximately $29.6 million was included as a component of the cost basis of its current debt investments and approximately $5.4 million was a deferred receivable related to expired commitments.

The Company has debt investments in its portfolio that contain a PIK provision. Contractual PIK interest, which represents contractually deferred interest added to the loan balance that is generally due at the end of the loan term, is generally recorded on an accrual basis to the extent such amounts are expected to be collected. The Company will generally cease accruing PIK interest if there is insufficient value to support the accrual or management does not expect the portfolio company to be able to pay all principal and interest due. The Company recorded approximately $5.0 million and $2.6 million in PIK income during the three months ended March 31, 2022 and 2021, respectively.

To maintain the Company's RIC status for taxation purposes, PIK and exit fee income generally must be accrued and distributed to stockholders in the form of dividends for U.S. federal income tax purposes even though the cash has not yet been collected. Amounts necessary to pay these distributions may come from available cash or the liquidation of certain investments.

In certain investment transactions, the Company may provide advisory services. For services that are separately identifiable and external evidence exists to substantiate fair value, income is recognized as earned, which is generally when the investment transaction closes. The Company had no income from advisory services in the three months ended March 31, 2022 and 2021.

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 intends to operate so as to qualify to be subject to tax as a RIC under Subchapter M of the Code and, as such, will not be subject to 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. 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.

As a RIC, the Company will be subject to a 4% nondeductible 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, as defined below. The Company will not be subject to this excise tax on any amount on which the Company incurred U.S. federal corporate 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 returns of capital.

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 net realized securities 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 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, gain or loss are recognized at some time in the future. Also, tax legislation requires that income be recognized for tax purposes no later than when recognized for financial reporting purposes, with certain exceptions.

Earnings Per Share ("EPS")

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

Comprehensive Income

The Company reports all changes in comprehensive income in the Consolidated Statements of Operations. The Company did not have other comprehensive income for the three months ended March 31, 2022 or 2021. 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. During the three months ended March 31, 2022, the Company issued 60,326 shares, of common stock to stockholders in connection with the dividend reinvestment plan. During the three months ended March 31, 2021, the Company issued 66,997 shares, of common stock to stockholders in connection with the dividend reinvestment plan.

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.

3. Fair Value of Financial Instruments

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Investments measured at fair value on a recurring basis are categorized in the tables below based upon the lowest level of significant input to the valuations as of March 31, 2022 and December 31, 2021.

(in thousands) Description	Balance as of March 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other assets				
Escrow Receivables	$ 660	$ —	$ —	$ 660
Investments				
Senior Secured Debt	$ 2,337,510	$ —	$ —	$ 2,337,510
Unsecured Debt	53,832	—	—	53,832
Preferred Stock	57,502	—	—	57,502
Common Stock	102,682	64,328	17,880	20,474
Warrants	37,897	—	7,531	30,366
	$ 2,589,423	$ 64,328	$ 25,411	$ 2,499,684
Investment Funds & Vehicles measured at Net Asset Value [(1)]	2,911			
Total Investments excluding cash equivalents	$ 2,592,334			
Total Investments including cash equivalents	$ 2,592,334			

(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)
Other assets				
Escrow Receivables	$ 561	$ —	$ —	$ 561
Investments				
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 [(1)]	1,814			
Total Investments excluding cash equivalents	$ 2,434,522			
Total Investments including cash equivalents	$ 2,434,522			

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

The table below presents a reconciliation of changes for all financial assets and liabilities measured at fair value on a recurring basis, excluding accrued interest components, using significant unobservable inputs (Level 3) for the three months ended March 31, 2022 and 2021.

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

(in thousands)	Balance as of January 1, 2021	Net Realized Gains (Losses) (1)	Net Change in Unrealized Appreciation (Depreciation) (2)	Purchases (5)	Sales	Repayments (6)	Gross Transfers into Level 3 (4)	Gross Transfers out of Level 3 (4)	Balance as of March 31, 2021
Investments									
Senior Secured Debt	$ 2,079,465	$ (986)	$ 8,712	$ 293,287	$ —	$ (219,330)	$ —	$ —	$ 2,161,148
Unsecured Debt	14,970	—	(647)	9,591	—	—	—	—	23,914
Preferred Stock	58,981	—	(9,751)	2,687	(230)	—	—	—	51,687
Common Stock	27,398	—	12,372	3,336	—	—	—	—	43,106
Warrants	21,483	(410)	7,690	791	(159)	—	—	—	29,395
Other Assets									
Escrow Receivable	65	567	—	—	(567)	—	—	—	65
Total	$ 2,202,362	$ (829)	$ 18,376	$ 309,692	$ (956)	$ (219,330)	$ —	$ —	$ 2,309,315

(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 three months ended March 31, 2022 related to the initial public offerings of Gelesis, Inc., Pineapple Energy, LLC, and the conversion of Level 3 debt investments into common stock investments. Transfers into Level 3 during the three months ended March 31, 2022 related to the decline of liquidity of Kaleido Biosciences, Inc. shares.
(4) There was no activity related to transfers into or out of Level 3 during the three months ended March 31, 2021.
(5) Amounts listed above are inclusive of loan origination fees received at the inception of the loan which are deferred and amortized into fee income as well as the accretion of existing loan discounts and fees during the period. Escrow receivable purchases may include additions due to proceeds held in escrow from the liquidation of level 3 investments. Amounts are net of purchases assigned to the Adviser Funds.
(6) Amounts listed above include the acceleration and payment of loan discounts and loan fees due to early payoffs or restructures along with regularly scheduled amortization.

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

For the three months ended March 31, 2021, approximately $9.2 million in net unrealized depreciation and $12.4 million in net unrealized appreciation relating to assets still held at the reporting date were recorded for preferred stock and common stock Level 3 investments, respectively. For the same period, approximately $7.1 million and $7.1 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 March 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 March 31, 2022 (in thousands)	Valuation Techniques/Methodologies	Unobservable Input [(1)]	Range	Weighted Average [(2)]
Pharmaceuticals	$	267,330	Originated Within 4-6 Months	Origination Yield	9.88% - 13.03%	10.85%
		637,715	Market Comparable Companies	Hypothetical Market Yield	10.21% - 14.36%	11.77%
				Premium/(Discount)	(0.75%) - 0.75%	0.00%
		1,880	Liquidation	Collateral Recoverability	0.00% - 25.00%	25.00%
Technology		94,896	Originated Within 4-6 Months	Origination Yield	10.11% - 12.50%	11.66%
		663,272	Market Comparable Companies	Hypothetical Market Yield	9.17% - 15.42%	11.73%
				Premium/(Discount)	(0.25%) - 1.00%	0.14%
		20,725	Convertible Note Analysis	Probability weighting of alternative outcomes	1.00% - 35.00%	32.90%
Sustainable and Renewable Technology		2,986	Market Comparable Companies	Hypothetical Market Yield	10.88%	10.88%
				Premium/(Discount)	0.50%	0.50%
Lower Middle Market		71,045	Originated Within 4-6 Months	Origination Yield	10.81% - 11.51%	11.06%
		159,157	Market Comparable Companies	Hypothetical Market Yield	10.44% - 16.32%	10.99%
				Premium/(Discount)	(1.50%) - 1.50%	(0.64%)
		8,347	Liquidation [(3)]	Probability weighting of alternative outcomes	20.00% - 80.00%	80.00%
			Debt Investments Where Fair Value Approximates Cost			
		242,405	Debt Investments originated within 3 months			
		33,930	Imminent Payoffs [(4)]			
		187,654	Debt Investments Maturing in Less than One Year			
	$	2,391,342	**Total Level 3 Debt Investments**			

(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", "Internet Consumer & Business Services", "Media/Content/Info" and "Software" industries.
- Lower Middle Market, above, is comprised of debt investments in the "Healthcare Services, Other", "Internet 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) Expected realizable value 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 [1]	Range	Weighted Average [2]
Pharmaceuticals	$ 206,461	Originated Within 4-6 Months	Origination Yield	11.23% - 12.84%	11.40%
	451,587	Market Comparable Companies	Hypothetical Market Yield	9.69% - 13.89%	11.34%
			Premium/(Discount)	(0.50%) - 0.75%	0.06%
Technology	109,904	Originated Within 4-6 Months	Origination Yield	11.12% - 11.68%	11.39%
	654,320	Market Comparable Companies	Hypothetical Market Yield	8.98% - 14.54%	11.64%
			Premium/(Discount)	(0.50%) - 0.75%	0.12%
	2,608	Liquidation [3]	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 [4]	Probability weighting of alternative outcomes	100% - 100%	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	12.23% - 16.01%	13.22%
			Premium/(Discount)	0.00% - 1.50%	0.43%
	90,504	Expected Realizable Value [4]	Probability weighting of alternative outcomes	30.00% - 70.00%	57.74%
			Hypothetical Market Yield	10.64% - 10.64%	10.64%
			Premium/(Discount)	(1.00%) - (1.00%)	(1.00%)
	8,269	Liquidation [3]	Probability weighting of alternative outcomes	20.00% - 80.00%	80.00%
		Debt Investments Where Fair Value Approximates Cost			
	441,524	Debt Investments originated within 3 months			
	131,584	Debt Investments Maturing in Less than One Year			
	$ 2,209,599	**Total Level 3 Debt Investments**			

(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”, “Internet Consumer & Business Services”, “Media/Content/Info” and “Software” industries.
- Lower Middle Market, above, is comprised of debt investments in the “Healthcare Services, Other”, “Internet 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) Expected realizable value represent debt investments that the Company expects to be fully repaid within the next three months, prior to their scheduled maturity date.

Investment Type - Level 3 Equity and Warrant Investments	Fair Value as of March 31, 2022 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input [(1)]	Range	Weighted Average [(5)]
Equity Investments	$ 27,805	Market Comparable Companies	EBITDA Multiple [(2)]	17.5x - 17.5x	17.5x
			Revenue Multiple [(2)]	0.8x - 14.2x	8.1x
			Tangible Book Value Multiple [(2)]	2.3x - 2.3x	2.3x
			Discount for Lack of Marketability [(3)]	16.42% - 30.96%	24.47%
	21,109	Market Adjusted OPM Backsolve	Market Equity Adjustment [(4)]	(93.81%) - 68.62%	8.75%
	14,544	Discounted Cash Flow	Discount Rate [(7)]	17.74% - 26.99%	22.18%
	—	Liquidation	Revenue Multiple [(2)]	2.1x - 2.1x	2.1x
			Discount for Lack of Marketability [(3)]	84.00% - 84.00%	84.00%
	14,518	Other [(6)]			
Warrant Investments	14,354	Market Comparable Companies	EBITDA Multiple [(2)]	17.5x - 17.9x	17.5x
			Revenue Multiple [(2)]	0.8x - 8.0x	4.7x
			Discount for Lack of Marketability [(3)]	16.42% - 32.75%	23.13%
	11,525	Market Adjusted OPM Backsolve	Market Equity Adjustment [(4)]	(92.25%) - 68.62%	(3.81%)
	4,487	Other[(6)]			
Total Level 3 Warrant and Equity Investments	$ 108,342				

(1) The significant unobservable inputs used in the fair value measurement of the Company's warrant and equity securities are revenue and/or earnings multiples (e.g. EBITDA, EBT, ARR), market equity adjustment factors, and discounts for lack of marketability. Significant increases/(decreases) in the inputs in isolation would result in a significantly higher/(lower) fair value measurement, depending on the materiality of the investment. For some investments, additional consideration may be given to data from the last round of financing or merger/acquisition events near the measurement date. The significant unobservable input used in the fair value measurement of impaired equity securities is the probability weighting of alternative outcomes.

(2) Represents amounts used when the Company has determined that market participants would use such multiples when pricing the investments.

(3) Represents amounts used when the Company has determined market participants would take into account these discounts when pricing the investments.

(4) Represents the range of changes in industry valuations since the portfolio company's last external valuation event.

(5) Weighted averages are calculated based on the fair market value of each investment.

(6) The fair market value of these investments is derived based on recent private market and merger and acquisition transaction prices.

(7) The discount rate used is based on current portfolio yield adjusted for uncertainty of actual performance and timing in capital deployments.

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

(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 is recorded at amortized cost and not at fair value on the Consolidated Statements of Assets and Liabilities. The fair value of the Company's outstanding debt obligations are based on observable market trading prices or quotations and unobservable market rates as applicable for each instrument.

As of March 31, 2022, the 2033 Notes were trading on the New York Stock Exchange ("NYSE") at $25.95 per unit at par value. The par value at underwriting for the 2033 Notes was $25.00 per unit. The fair values of the SBA debentures, July 2024 Notes, February 2025 Notes, June 2025 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 Union Bank Facility and the SMBC Facility are equal to their outstanding principal balances as of March 31, 2022.

The following tables provide additional information about the approximate fair value and level in the fair value hierarchy of the Company's outstanding borrowings as of March 31, 2022 and December 31, 2021:

	March 31, 2022				
(in thousands) **Description**	**Carrying Value**	**Approximate Fair Value**	**Identical Assets (Level 1)**	**Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
SBA Debentures	$ 169,296	$ 167,181	$ —	$ —	$ 167,181
July 2024 Notes	104,311	104,632	—	—	104,632
February 2025 Notes	49,665	48,862	—	—	48,862
June 2025 Notes	69,474	68,791	—	—	68,791
March 2026 A Notes	49,629	48,606	—	—	48,606
March 2026 B Notes	49,596	48,695	—	—	48,695
September 2026 Notes	320,622	290,584	—	—	290,584
January 2027 Notes	343,606	322,719	—	—	322,719
2033 Notes	38,745	41,520	—	41,520	—
Union Bank Facility	100,000	100,000	—	—	100,000
SMBC Facility	29,051	29,051	—	—	29,051
Total	$ 1,323,995	$ 1,270,641	$ —	$ 41,520	$ 1,229,121

	December 31, 2021				
(in thousands) **Description**	**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
Total	$ 1,236,303	$ 1,268,425	$ —	$ 431,627	$ 836,798

4. Investments

Control and Affiliate Investments

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

The following table summarizes the Company's realized gains and losses and changes in unrealized appreciation and depreciation on control and affiliate investments for the three months ended March 31, 2022 and 2021.

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

(in thousands)			Three Months Ended March 31, 2021			
Portfolio Company	**Type**	**Fair Value as of March 31, 2021**	**Interest Income**	**Fee Income**	**Net Change in Unrealized Appreciation (Depreciation)**	**Realized Gain (Loss)**
Control Investments						
Gibraltar Business Capital, LLC	Control	$ 50,301	$ 629	$ 8	$ (8,090)	$ —
Hercules Adviser LLC	Control	9,869	—	—	9,869	—
Tectura Corporation	Control	8,523	170	—	(77)	—
Total Control Investments		$ 68,693	$ 799	$ 8	$ 1,702	$ —
Affiliate Investments						
Black Crow AI, Inc.	Affiliate	$ 1,255	$ —	$ —	$ 2,040	$ —
Pineapple Energy LLC	Affiliate	8,409	1	—	29	—
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	—	—	—	40	—
Total Affiliate Investments		$ 9,664	$ 1	$ —	$ 2,109	$ —
Total Control & Affiliate Investments		$ 78,357	$ 800	$ 8	$ 3,811	$ —

Portfolio Composition

The following table shows the fair value of the Company's portfolio of investments by asset class as of March 31, 2022 and December 31, 2021:

	March 31, 2022		December 31, 2021	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
Senior Secured Debt	$ 2,337,510	90.1 %	$ 2,156,709	88.6 %
Unsecured Debt	53,832	2.1 %	52,890	2.2 %
Preferred Stock	57,502	2.2 %	69,439	2.8 %
Common Stock	102,682	4.0 %	115,271	4.7 %
Warrants	37,897	1.5 %	38,399	1.6 %
Investment Funds & Vehicles	2,911	0.1 %	1,814	0.1 %
Total	$ 2,592,334	100.0 %	$ 2,434,522	100.0 %

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

	March 31, 2022		December 31, 2021	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
United States	$ 2,299,377	88.7 %	$ 2,138,184	87.8 %
United Kingdom	165,532	6.4 %	169,407	7.0 %
Netherlands	84,181	3.3 %	82,925	3.4 %
Canada	27,625	1.1 %	27,673	1.1 %
Israel	8,930	0.3 %	8,980	0.4 %
Ireland	5,499	0.2 %	5,459	0.2 %
Germany	1,190	0.0 %	1,894	0.1 %
Total	$ 2,592,334	100.0 %	$ 2,434,522	100.0 %

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

(in thousands)	March 31, 2022 Investments at Fair Value	March 31, 2022 Percentage of Total Portfolio	December 31, 2021 Investments at Fair Value	December 31, 2021 Percentage of Total Portfolio
Drug Discovery & Development	$ 993,554	38.2 %	$ 967,383	39.7 %
Software	653,770	25.2 %	585,622	24.1 %
Internet Consumer & Business Services	456,542	17.6 %	395,506	16.3 %
Healthcare Services, Other	118,692	4.6 %	121,003	5.0 %
Communications & Networking	105,811	4.1 %	105,490	4.3 %
Diversified Financial Services	67,854	2.6 %	65,073	2.7 %
Information Services	60,848	2.4 %	74,417	3.1 %
Consumer & Business Products	29,778	1.2 %	28,099	1.2 %
Manufacturing Technology	27,532	1.1 %	14,995	0.6 %
Sustainable and Renewable Technology	27,470	1.1 %	39,387	1.6 %
Medical Devices & Equipment	24,112	0.9 %	12,612	0.5 %
Semiconductors	20,982	0.8 %	22,498	0.9 %
Electronics & Computer Hardware	4,357	0.2 %	1,040	0.0 %
Surgical Devices	831	0.0 %	1,029	0.0 %
Drug Delivery	201	0.0 %	368	0.0 %
Total	$ 2,592,334	100.0 %	$ 2,434,522	100.0 %

No single portfolio investment represents more than 10% of the fair value of the Company's total investments as of March 31, 2022 or December 31, 2021.

Unconsolidated Subsidiaries

In accordance with Rules 3-09, 4-08(g), and Rule 10-01(b)(1) of Regulation S-X, ("Rule 3-09", "Rule 4-08(g)", and "Rule 10-01(b)(1)", respectively), the Company must determine if its unconsolidated subsidiaries are considered "significant subsidiaries". As of March 31, 2022 and March 31, 2021, there were no unconsolidated subsidiaries that are considered "significant subsidiaries".

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", "Internet 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.

For the three months ended March 31, 2022 and the year ended December 31, 2021, the Company's ten largest portfolio companies represented approximately 31.6% and 30.5% of the total fair value of the Company's investments in portfolio companies, respectively. As of March 31, 2022 and December 31, 2021, the Company had seven and six portfolio companies, respectively, that represented 5% or more of the Company's net assets. As of March 31, 2022, the Company had five equity investments representing approximately 44.7% 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. As of March 31, 2022, approximately 72.9% of the Company's debt investments at fair value were in a senior secured first lien position, with 36.9% secured by a first priority security in all of the assets of the portfolio company, including its intellectual property, 29.2% secured by a first priority security in all of the assets of the portfolio company and the portfolio company was prohibited from pledging or encumbering its intellectual property, and 6.8% of the Company's debt investments at fair value were in a first lien "last-out" senior secured position with a security interest in all of the assets of the portfolio company, whereby the "last-out" loans will be subordinated to the "first-out" portion of the unitranche loan in a liquidation, sale or other disposition. Another 24.8% of the Company's debt investments at fair value were secured by a second priority security interest in the portfolio company's assets, and 2.3% were unsecured.

As of December 31, 2021, approximately 77.0% of the Company's debt investments at fair value were in a senior secured first lien position, with 37.5% secured by a first priority security in all of the assets of the portfolio company, including its intellectual property, 31.6% secured by a first priority security in all of the assets of the portfolio company and the portfolio company was prohibited from pledging or encumbering its intellectual property and 7.9% of the Company's debt investments at fair value were in a first lien "last-out" senior secured position with security interest in all of the assets of the portfolio company, whereby the "last-out" loans will be subordinated to the "first-out" portion of the unitranche loan in a liquidation, sale or other disposition. Another 20.6% of the Company's debt investments at fair value were secured by a second priority security interest in the portfolio company's assets, and 2.4% were unsecured.

5. Debt

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

	March 31, 2022			December 31, 2021		
(in thousands)	**Total Available**	**Principal**	**Carrying Value (1)**	**Total Available**	**Principal**	**Carrying Value (1)**
SBA Debentures	$ 175,000	$ 175,000	$ 169,296	$ 175,000	$ 150,500	$ 145,498
2022 Notes	—	—	—	150,000	150,000	149,563
July 2024 Notes	105,000	105,000	104,311	105,000	105,000	104,238
February 2025 Notes	50,000	50,000	49,665	50,000	50,000	49,637
June 2025 Notes	70,000	70,000	69,474	70,000	70,000	69,433
March 2026 A Notes	50,000	50,000	49,629	50,000	50,000	49,605
March 2026 B Notes	50,000	50,000	49,596	50,000	50,000	49,570
September 2026 Notes	325,000	325,000	320,622	325,000	325,000	320,376
January 2027 Notes	350,000	350,000	343,606	—	—	—
2033 Notes	40,000	40,000	38,745	40,000	40,000	38,718
2022 Convertible Notes	—	—	—	230,000	230,000	229,740
Union Bank Facility (2)(3)	400,000	100,000	100,000	400,000	—	—
SMBC Facility (2) (3)	100,000	29,051	29,051	100,000	29,925	29,925
Total	$ 1,715,000	$ 1,344,051	$ 1,323,995	$ 1,745,000	$ 1,250,425	$ 1,236,303

(1) Except for the SMBC Facility and 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) From time to time, the Company may guarantee certain unfunded commitments through its credit facilities, which may reduce the amount available to draw.

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

(in thousands)	**March 31, 2022**	**December 31, 2021**
SBA Debentures	$ 5,704	$ 5,002
2022 Notes	—	300
July 2024 Notes	689	762
February 2025 Notes	335	363
June 2025 Notes	526	567
March 2026 A Notes	371	395
March 2026 B Notes	404	430
September 2026 Notes	4,378	4,624
January 2027 Notes	6,394	—
2033 Notes	1,255	1,282
2022 Convertible Notes	—	149
Union Bank Facility (1)	1,001	1,239
SMBC Facility (1)	893	922
Total	$ 21,950	$ 16,035

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

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

(1) Interest expense includes amortization of original issue discounts for the three months ended March 31, 2022 of $23 thousand, $112 thousand, $42 thousand, and $98 thousand, related to the 2022 Notes, 2022 Convertible Notes, September 2026 Notes, and January 2027 Notes, respectively.

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

(in thousands) Description	Three Months Ended March 31, 2021 Interest expense[(1)]	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	$ 592	$ 215	$ —	$ 807	$ 1,553
2022 Notes	1,776	90	—	1,866	—
July 2024 Notes	1,252	74	—	1,326	2,504
February 2025 Notes	535	28	—	563	1,070
April 2025 Notes[(2)]	985	95	—	1,080	984
June 2025 Notes	755	41	—	796	—
March 2026 A Notes	562	22	—	584	750
March 2026 B Notes	170	8	—	178	—
September 2026 Notes	—	—	—	—	—
2033 Notes	625	27	—	652	625
2027 Asset-Backed Notes[(2)]	1,775	646	—	2,421	1,837
2028 Asset-Backed Notes[(2)]	2,892	333	—	3,225	2,929
2022 Convertible Notes	2,683	223	—	2,906	5,031
Wells Facility[(2)]	—	44	156	200	—
Union Bank Facility	148	326	472	946	75
Total	$ 14,750	$ 2,172	$ 628	$ 17,550	$ 17,358

(1) Interest expense includes amortization of original issue discounts of $41 thousand and $168 thousand relate to the 2022 Notes and 2022 Convertible Notes, respectively, for the three months ended March 31, 2021.
(2) 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.

As of March 31, 2022 and December 31, 2021, 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 reported the following SBA debentures outstanding principal balances as of March 31, 2022 and December 31, 2021:

(in thousands)

Issuance/Pooling Date	**Maturity Date**	**Interest Rate** [(1)]	**March 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	—
Total SBA Debentures			$ 175,000	$ 150,500

(1) Interest rates are fixed rates set based on the pooling date of each debenture. The rates shown above are inclusive of annual SBA charges.

SBICs are subject to a variety of regulations and oversight by the SBA concerning the size and nature of the companies in which they may invest as well as the structures of those investments. The SBA as part of its oversight periodically examines and audits to determine SBICs compliance with SBA regulations. Our SBIC was in compliance with all SBIC terms, including those pertaining to the SBA Debentures as of March 31, 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, that is in addition to the Company’s regulatory capital commitment of $87.5 million to HC IV. As of March 31, 2022, HC IV has issued a total of $175.0 million in SBA guaranteed debentures and has paid the SBA commitment fees and facility fees of approximately $1.75 million and $4.2 million, respectively.

As of March 31, 2022, the Company held investments in HC IV in 17 companies with a fair value of approximately $267.4 million, accounting for approximately 10.3% of the Company’s total investment portfolio. Further, HC IV held approximately $270.8 million in tangible assets which accounted for approximately 10.1% of the Company’s total assets as of March 31, 2022.

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 2025 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 overallotment 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 2025 Note Purchase Agreement. 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.

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.

2033 Notes

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

Credit Facilities

As of March 31, 2022 and December 31, 2021, the Company has two available credit facilities, the Union Bank Facility and the SMBC Facility (together, the "Credit Facilities"). For the three months ended March 31, 2022 and year ended December 31, 2021, the weighted average interest rate was 2.68% and 2.54%, respectively, and the average debt outstanding under the Credit Facilities was $44.3 million and $28.8 million, respectively.

Union Bank Facility

On 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 "Union Bank Facility") with MUFG Union Bank, as the arranger and administrative agent, and the lenders party to the Union Bank Facility from time to time. The Union Bank Facility replaced the Company's credit facility (the "2019 Union Bank Facility") entered into on February 20, 2019 with MUFG Union Bank, as the arranger and administrative agent, and the lenders party thereto. The 2019 Union Bank Facility replaced the Company's credit facility (the "Prior Union Bank Facility") entered into on May 5, 2016 with MUFG Union Bank, as the arranger and administrative agent, and the lenders party thereto. Any references to amounts related to the Union Bank Facility prior to February 20, 2020 were incurred and relate to the Prior Union Bank Facility or the 2019 Union Bank Facility, as applicable.

Under the Union Bank Facility, the lenders have made commitments of $400.0 million. The Union Bank Facility contains an accordion feature, in which the Company can increase the credit line up to an aggregate of $200.0 million, funded by existing or additional lenders and with the agreement of MUFG Union Bank and subject to other customary conditions. There can be no assurances that additional lenders will join the Union Bank Facility to increase available borrowings. Debt under the Union Bank Facility generally bears interest at a rate per annum equal to LIBOR plus 2.50%. The Union Bank Facility matures on February 22, 2024, unless sooner terminated in accordance with its terms. The Union Bank Facility is secured by all of the assets of Hercules Funding IV. The Union Bank Facility requires payment of a non-use fee during the revolving credit availability period as follows: (i) 0.50% if less than or equal to 50% utilization; (ii) 0.375% if more than 50% utilization but less than or equal to 80% utilization; and (iii) 0.20% if more than 80% is utilized.

The Union 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 with respect to Hercules Funding IV and a minimum tangible net worth in an amount that is in excess of $723.0 million.

The Union Bank Facility provides for customary events of default, including with respect to payment defaults, breach of representations and covenants, servicer defaults, certain key person provisions, cross default provisions to certain other debt, lien and judgment limitations, and bankruptcy.

SMBC Facility

On November 9, 2021, the Company entered into a revolving credit agreement 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 in an initial aggregate amount of up to $100.0 million. The

SMBC Facility also has an accordion feature that allows for an increase in the total commitments of up to $150.0 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 for (i) loans for which the Company elects the base rate option, (A) if the borrowing base is equal to or greater than the product of 1.60 and the revolving credit exposure, is payable at an "alternate base rate" (which is the greater of (x) zero and (y) the highest of (a) the prime rate as published in the print edition of The Wall Street Journal, Money Rates Section, (b) the federal funds effective rate plus 0.5% and (c) the one-month Eurocurrency rate plus 1% per annum) plus 0.875% per annum and (B) if the borrowing base is less than the product of 1.60 and the revolving credit exposure, the alternate base rate plus 1.00% per annum; (ii) loans for which the Company elects the Eurocurrency option, (A) if the borrowing base is equal to or greater than the product of 1.60 and the revolving credit exposure, is payable at a rate equal to the Eurocurrency rate plus 1.875% per annum and (B) if the borrowing base is less than the product of 1.60 and the revolving credit exposure, is payable at a rate equal to the Eurocurrency rate plus 2.00% per annum; and (iii) loans for which the Company elects the RFR option, (A) if the borrowing base is equal to or greater than the product of 1.60 and the revolving credit exposure, is payable at a rate equal to RFR plus 1.9934% per annum and (B) if the borrowing base is less than the product of 1.60 and the revolving credit exposure, is payable at a rate equal to RFR plus 2.1193% per annum. The SMBC Facility will be 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 will be required to pay letter of credit participation fees and a fronting fee on the average daily amount of any lender's exposure with respect to any letters of credit issued under the SMBC Facility.

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

6. Income Taxes

To qualify and be subject to tax 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, 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. 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 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. Also, tax legislation requires that income be recognized for tax purposes no later than when recognized for financial reporting purposes, with certain exceptions.

As a RIC, the Company will be subject to a 4% nondeductible 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 corporate 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.

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 corporate tax rates based on its taxable income.

Taxable income for the three months ended March 31, 2022, was approximately $33.2 million or $0.28 per share. Taxable net realized gains for the same period were $3.7 million or approximately $0.03 per share. Taxable income for the three months ended March 31, 2021, was approximately $34.9 million or $0.31 per share. Taxable net realized gains for the same period were $8.8 million or approximately $0.08 per share.

For the three months ended March 31, 2022, the Company paid approximately $7.1 million of income tax, including excise tax, and had $0.8 million of accrued but unpaid tax expense as of March 31, 2022. For the three months ended March 31, 2021, the Company paid approximately $3.5 million of income tax, including excise tax, and had $1.0 million accrued but unpaid tax expense as of March 31, 2021.

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, may choose to carry forward taxable income for distribution in the following year and pay any applicable U.S. federal excise tax.

During the three months ended March 31, 2022, the Company declared and paid distributions of $0.48 per share. The determination of the tax attributes of the Company's distributions is made annually as of the end of the Company's taxable year generally based upon its taxable income for the full taxable year and distributions paid for the full taxable year. As a result, a determination made on a quarterly basis may not be representative of the actual tax attributes of the Company's distributions for a full taxable year. If the Company had determined the tax attributes of its distributions taxable year-to-date as of March 31, 2022, 100% would be from its current and accumulated earnings and profits. However, there can be no certainty to stockholders that this determination is representative of what the actual tax attributes of the Company's fiscal year of 2022 distributions to stockholders will be.

7. Stockholders' Equity

On July 2, 2020, the Company entered into an At-The-Market ("ATM") equity distribution agreement with JMP Securities LLC ("JMP") (the "2020 Equity Distribution Agreement"). The 2020 Equity Distribution Agreement provides that the Company may offer and sell up to 16.5 million shares of its common stock from time to time through JMP, as its sales agent. 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.

During the three months ended March 31, 2022, the Company sold approximately 4.9 million shares of common stock under the 2020 Equity Distribution Agreement. For the same period, the Company received total accumulated net proceeds of approximately $85.2 million, including $0.9 million of offering expenses. During the three months ended March 31, 2021, there were no shares sold under the 2020 Equity Distribution Agreement.

The Company generally uses net proceeds from these offerings to make investments, to repurchase or pay down liabilities and for general corporate purposes. As of March 31, 2022, approximately 10.7 million shares remain available for issuance and sale under the 2020 Equity Distribution Agreement.

The Company has issued stock options for common stock subject to future issuance, of which 171,239 and 210,569 were outstanding as of March 31, 2022 and December 31, 2021, respectively.

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 three months ended March 31, 2022, and 2021, the Company recognized $4.4 million, and $2.7 million of stock based compensation expense in the Consolidated Statement of Operations, respectively. As of March 31, 2022, and 2021, approximately $22.2 million and $20.9 million of total unrecognized compensation costs expected to be recognized over the next 2.1 and 2.1 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 three months ended March 31, 2022, and 2021, were approximately $10.4 million, and $10.7 million, respectively.

The Company has granted restricted stock equity awards in the form of restricted stock awards and restricted stock units. The Company determines the grant date fair values of restricted stock equity awards using the grant date stock close price. The activities for the Company's unvested restricted stock equity awards for each of the three months ended March 31, 2022, and 2021, are summarized below:

	Three months ended March 31,			
	2022		2021	
	Shares	Weighted Average Grant Date Fair Value per Share	Shares	Weighted Average Grant Date Fair Value per Share
Unvested Shares Beginning of Period	1,037,848	$ 14.51	989,100	$ 13.69
Granted	593,745	$ 17.49	731,662	$ 14.73
Vested (1)	(331,049)	$ 14.41	(301,053)	$ 13.85
Forfeited	(9,619)	$ 15.93	(39,841)	$ 14.37
Unvested Shares End of Period	1,290,925	$ 15.90	1,379,868	$ 14.25

(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 periods ended March 31, 2022 and 2021, was approximately $10,000 and $6,000, respectively. During the periods ended March 31, 2022 and 2021, approximately $15,000, and $7,000, 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 each of the three months ended March 31, 2022, and 2021, there were 487,409 shares of unvested Performance Awards and there were no Performance Awards granted or vested during either period. For certain Performance Awards, distribution equivalent units ("DEUs") will accrue in the form of additional shares, but will not be paid unless the Performance Awards to which such DEUs relate actually vest. No DEUs have been issued during the periods ended March 31, 2022, or 2021.

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 $11.2 million, which assumes all performance conditions are met for each Liability award. If the performance conditions are not met, the total compensation expense related to the Liability Awards may be less than the maximum granted value of the awards. The awards are recorded as deferred compensation within Accounts Payable and Accrued Liabilities included on the Consolidated Statement of Assets and Liabilities.

Certain Liability Awards are structured similar to the Performance Awards, and increase in value with corresponding increases to the Company's TSR and vest after four years. The Company remeasures the value of these awards each period based on the Company's TSR achieved to date. Certain other Liability Awards are linked to attainment of investment funding goals. The Company determines the fair value of these Liability Awards based on the expected probability of the performance conditions being met and recognized over the service period. As of March 31, 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 March 31, 2022, all Liability Awards are unvested and there was approximately $3.8 million of total unrecognized compensation costs expected to be recognized over a weighted average period of 2.0 years. For the three months ended March 31, 2022, there was approximately $1.3 million of compensation expense related to the Liability Awards recognized in the Consolidated Statement of Operations and $7.0 million accrued within Accounts Payable and Accrued Liabilities in the Consolidated Statements of Assets and Liabilities. No Liability Awards vested during the periods presented.

As of March 31, 2021, all Liability Awards are unvested and there was approximately $1.6 million of total unrecognized compensation costs expected to be recognized over a weighted average period of 1.1 years. For the three months ended March 31, 2021, there was approximately $0.3 million of compensation expense related to the Liability Awards recognized in the Consolidated Statement of Operations and $4.3 million accrued within Accounts Payable and Accrued Liabilities in the Consolidated Statements of Assets and Liabilities. No Liability Awards vested during the periods presented.

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)	Three Months Ended March 31, 2022	2021
Numerator		
Net (decrease) increase in net assets resulting from operations	$ (3,336)	$ 64,163
Less: Distributions declared-common and restricted shares	(57,882)	(42,795)
(Over-)Undistributed earnings	(61,218)	21,368
Undistributed earnings-common shares	(61,218)	21,145
Add: Distributions declared-common shares	57,261	42,349
Numerator for basic and diluted change in net assets per common share	$ (3,957)	$ 63,494
Denominator		
Basic weighted average common shares outstanding	118,296	114,304
Common shares issuable	—	499
Weighted average common shares outstanding assuming dilution	118,296	114,803
Change in net assets per common share		
Basic	$ (0.03)	$ 0.56
Diluted	$ (0.03)	$ 0.55

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

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 current period ended March 31, 2022. For the three months ended March 31, 2021, the effect of the 2022 Convertible Notes under the treasury stock method was anti-dilutive and, accordingly, was excluded from the calculation of diluted earnings per share.

The calculation of change in net assets resulting from operations per common share assuming dilution, excludes all anti-dilutive shares. For the three months ended March 31, 2022, and 2021, the number of anti-dilutive shares, as calculated based on the weighted average closing price of the Company's common stock for the periods, are as follows:

Anti-dilutive Securities	Three months ended March 31, 2022	2021
2022 Convertible Notes	—	816,703
Unvested common stock options	31,354	177
Unvested restricted stock units	32,697	—
Unvested restricted stock awards	—	1,449
Unvested Performance Awards	547,626	—

As of both March 31, 2022 and December 31, 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 three months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Per share data [1]:		
Net asset value at beginning of period	$ 11.22	$ 11.26
Net investment income	0.30	0.30
Net realized gain (loss)	(0.02)	0.07
Net unrealized appreciation (depreciation)	(0.31)	0.19
Total from investment operations	(0.03)	0.56
Net increase (decrease) in net assets from capital share transactions [1]	0.08	(0.11)
Distributions of net investment income [6]	(0.48)	(0.37)
Stock-based compensation expense included in investment income [2]	0.03	0.02
Net asset value at end of period	$ 10.82	$ 11.36
Ratios and supplemental data (in thousands, except per share data):		
Per share market value at end of period	$ 18.07	$ 16.03
Total return [3]	11.97 %	13.64 %
Shares outstanding at end of period	123,194	115,768
Weighted average number of common shares outstanding	118,296	114,304
Net assets at end of period	$ 1,333,448	$ 1,315,394
Ratio of total expense to average net assets [4]	8.82 %	10.57 %
Ratio of net investment income before investment gains and losses to average net assets [4]	10.75 %	10.69 %
Portfolio turnover rate [5]	3.81 %	9.09 %
Weighted average debt outstanding	$ 1,341,941	$ 1,287,712
Weighted average debt per common share	$ 11.34	$ 11.27

(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) Stock option expense is a non-cash expense that has no effect on net asset value. Pursuant to ASC Topic 718, net investment income includes the expense associated with the granting of stock options which is offset by a corresponding increase in paid-in capital.

(3) The total return for the three months ended March 31, 2022, and 2021, equals the change in the ending market value over the beginning of the period price per share plus distributions paid per share during the period, divided by the beginning price assuming the distribution is reinvested on the date of the distribution. As such, the total return is not annualized. The total return does not reflect any sales load that must be paid by investors.

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

(5) The portfolio turnover rate for the three months ended March 31, 2022, and 2021, equals the lesser of investment portfolio purchases or sales during the period, divided by the average investment portfolio value during the period. As such, portfolio turnover rate is not annualized.

(6) Includes distributions on unvested restricted stock awards.

11. Commitments and Contingencies

The Company’s commitments and contingencies consist primarily of unfunded commitments to extend credit in the form of loans to the Company’s portfolio companies. A portion of these unfunded contractual commitments as of March 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 portfolio company experiences materially adverse events that affect its financial condition or business outlook. Since a portion of these commitments may expire without being drawn, unfunded contractual commitments do not necessarily represent future cash requirements. As such, the Company’s disclosure of unfunded contractual commitments includes only those which are available at the request of the portfolio company and unencumbered by future or unachieved milestones.

As of March 31, 2022, and December 31, 2021, the Company had approximately $371.3 million and $286.8 million, respectively, of unfunded commitments, including undrawn revolving facilities, which were available at the request of the portfolio company and unencumbered by future or unachieved milestones. These amounts also exclude unfunded commitments related to the portion of portfolio company investments assigned to or directly committed by the Adviser Funds as described in "Note -12 Related Party Transactions".

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

As of March 31, 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 [1] as of March 31, 2022	Unfunded Commitments [1] as of December 31, 2021
Debt Investments:		
Phathom Pharmaceuticals, Inc.	$ 43,250	$ 43,250
Thumbtack, Inc.	40,000	—
Vida Health	40,000	—
Skydio, Inc.	37,500	37,500
Syndax Pharmaceutics Inc.	30,000	30,000
Blue Sprig Pediatrics, Inc.	20,000	30,000
Dashlane, Inc.	20,000	19,300
G1 Therapeutics, Inc.	19,375	19,375
Equality Health, LLC	17,500	17,500
Brain Corporation	15,000	20,000
Carbon Health Technologies, Inc.	11,625	11,625
RVShare, LLC	10,500	13,500
BridgeBio Pharma, Inc.	10,000	—
Nuvolo Technologies Corporation	10,000	—
Tarsus Pharmaceuticals, Inc.	8,250	—
MacroFab, Inc.	7,000	—
Veem, Inc.	5,000	—
Better Therapeutics, Inc.	4,000	4,000
Ceros, Inc.	3,845	3,845
Demandbase, Inc.	3,750	9,375
Yipit, LLC	2,250	2,250
Khoros (p.k.a Lithium Technologies)	1,812	1,812
ThreatConnect, Inc.	1,600	1,600
Ikon Science Limited	1,050	1,050
3GTMS, LLC	833	1,583
Agilence, Inc.	800	800
Mobile Solutions Services	743	424
Cybermaxx Intermediate Holdings, Inc.	471	471
Enmark Systems, Inc.	457	457
Annex Cloud	386	—
ShadowDragon, LLC	333	333
Gryphon Networks Corp.	268	268
Cytracom Holdings LLC	225	225
ePayPolicy Holdings, LLC	—	250
Bicycle Therapeutics PLC	—	10,000
Logicworks	—	2,000
Pineapple Energy LLC	—	120
Total Unfunded Debt Commitments:	367,823	282,913
Investment Funds & Vehicles:[2]		
Forbion Growth Opportunities Fund I C.V.	3,457	3,839
Total Unfunded Commitments in Investment Funds & Vehicles:	3,457	3,839
Total Unfunded Commitments	$ 371,280	$ 286,752

(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 $39.7 million and $34.9 million of unfunded commitments as of March 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 -12 Related Party Transactions".

(2) For investment funds and vehicles, the amount represents uncalled capital commitments in a private equity fund.

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

(in thousands)	March 31, 2022	December 31, 2021
Unfunded Debt Commitments:		
Expiring during:		
2022	$ 251,811	$ 199,681
2023	28,750	43,675
2024	73,550	25,800
2025	1,801	2,232
2026	11,525	11,525
2027	386	—
Total Unfunded Debt Commitments	367,823	282,913
Unfunded Commitments in Investment Funds & Vehicles:		
Expiring during:		
2030	3,457	3,839
Total Unfunded Commitments in Investment Funds & Vehicles	3,457	3,839
Total Unfunded Commitments	$ 371,280	$ 286,752

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

As of March 31, 2022:	**Payments due by period (in thousands)**				
Contractual Obligations (1)	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**After 5 years**
Debt (2)(3)	$ 1,344,051	$ —	$ 255,000	$ 874,051	$ 215,000
Lease and License Obligations (4)	8,683	3,299	2,741	1,816	827
Total	$ 1,352,734	$ 3,299	$ 257,741	$ 875,867	$ 215,827

As of December 31, 2021:	**Payments due by period (in thousands)**				
Contractual Obligations (1)	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**After 5 years**
Debt (5)(3)	$ 1,250,425	$ 380,000	$ 105,000	$ 574,925	$ 190,500
Lease and License Obligations (4)	8,283	3,120	2,958	1,427	778
Total	$ 1,258,708	$ 383,120	$ 107,958	$ 576,352	$ 191,278

(1) Excludes commitments to extend credit to the Company's portfolio companies and uncalled capital commitments in an investment fund.
(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 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 $350.0 million of the January 2027 Notes as of March 31, 2022. There was also $29.1 million outstanding under the SMBC Facility and $100.0 million outstanding under the Union Facility as of March 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. For the three months ended March 31, 2022, total rent expense, including short-term leases, amounted to approximately $0.8 million. For the three months ended March 31, 2021, total rent expense, including short-term leases, amounted to approximately $0.8 million. The Company recognizes an operating lease liability and a ROU asset for all leases, with the exception of short-term leases. The lease payments on short-term leases are recognized as rent expense on a straight-line basis. The discount rate applied to measure each ROU asset and lease liability is based on the Company's incremental weighted average cost of debt. The Company considers the general economic environment and its credit rating and factors in various financing and asset specific adjustments to ensure the discount rate applied is appropriate to the intended use of the underlying lease. While some of the leases contained options to extend and terminate, it is not reasonably certain that either option will be utilized and therefore, only the payments in the initial term of the leases were included in the lease liability and ROU asset.

The following table sets forth information related to the measurement of the Company's operating lease liabilities and supplemental cash flow information related to operating leases as of March 31, 2022, and 2021:

(in thousands)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Total operating lease cost	$ 703	$ 738
Cash paid for amounts included in the measurement of lease liabilities	$ 594	$ 578

	As of March 31, 2022	As of March 31, 2021
Weighted-average remaining lease term (in years)	4.26	3.94
Weighted-average discount rate	4.74 %	5.43 %

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

(in thousands)	As of March 31, 2022
2022	$ 2,372
2023	2,305
2024	653
2025	693
Thereafter	1,512
Total lease payments	7,535
Less: imputed interest	(659)
Total operating lease liability	$ 6,876

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

12. Related Party Transactions

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

In 2021, the Adviser Subsidiary entered into investment management agreements with its privately-offered Adviser Funds, and it receives management fees based on the assets under management of the Adviser Funds and may receive incentive fees based on the performance of the Adviser Funds. Additionally, the Company entered into a shared services agreement ("Sharing Agreement") with the Adviser Subsidiary, through which the Adviser Subsidiary will utilize human capital resources (including administrative functions) and other resources and infrastructure (including office space and technology) of the Company. Under the terms of the Sharing Agreement, the Company allocates the related expenses of shared services to the Adviser Subsidiary based on direct time spent, investment activity, and proportion of assets under management depending on the nature of the expense. The Company's total expenses for the three months ended March 31, 2022, are net of expenses allocated to the Adviser Subsidiary of $1.4 million. As of March 31, 2022, the Adviser Subsidiary owed the Company $0.1 million related to settlement of investment assignments to the Adviser Funds. The Company's total expenses for the three months ended March 31, 2021, are net of expenses allocated to the Adviser Subsidiary of $0.9 million. As of March 31, 2021, there was $1.0 million receivable from the Adviser Subsidiary.

In addition, the Company may from time-to-time make investments alongside the Adviser Funds or assign a portion of investments to the Adviser Funds in accordance with the Company's allocation policy. During the three months ended March 31, 2022, $108.1 million of all investment commitments of the Company and the Adviser Subsidiary were assigned to or directly committed by the Adviser Funds. During the three months ended March 31, 2022, fundings of $61.1 million were assigned to, directly originated, or funded by the Adviser Funds. The Company received $27.0 million from the Adviser Funds relating to the assigned investments during the three months ended March 31, 2022.

During the three months ended March 31, 2021, $63.8 million of all investment commitments of the Company and the Adviser Subsidiary were assigned to or directly committed by the Adviser Funds. During the three months ended March 31, 2021, fundings of $48.3 million were assigned to, directly originated, or funded by the Adviser Funds. The Company received $48.0 million from the Adviser Funds relating to the assigned investments during the three months ended March 31, 2021.

13. 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, "Finance 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 to have a material impact to the consolidated financial statements and related disclosures.

14. Subsequent Events

Distribution Declaration

On April 27, 2022, the Board declared a cash distribution of $0.33 per share to be paid on May 24, 2022 to stockholders of record as of May 17, 2022. In addition to the cash distribution, and as part of the declared supplemental cash distribution of $0.60 per share to be paid in four quarterly distributions of $0.15, the Board declared a supplemental cash distribution of $0.15 per share to be paid on May 24, 2022 to stockholders of record as of May 17, 2022. Including the $0.15 per share supplemental cash distribution paid to stockholders of record as of March 9, 2022, the Board has declared a total of $0.30 per share of the $0.60 per share supplemental cash distribution declared on February 16, 2022.

Equity Offering

During April 2022, through its ATM program, the Company sold approximately 0.7 million shares of common stock for $13.3 million of net proceeds.

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

Forward-Looking Statements

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

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

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

The following discussion should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing elsewhere in this report. In addition to historical information, the following discussion and other parts of this report contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under Item 1A— "Risk Factors" of Part II of this quarterly report on Form 10-Q, Item 1A— "Risk Factors" of our annual report on Form 10-K filed with the SEC on February 22, 2022 and under "Forward-Looking Statements" of this Item 2.

Use of Non-GAAP Measures

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

Overview

We are a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed and institutional-backed companies in a variety of technology, life sciences, and sustainable and renewable technology industries. Our goal is to be the leading structured debt financing provider for venture capital-backed and institutional-backed companies in a variety of technology-related industries requiring sophisticated and customized financing solutions. 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 with warrants 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 RIC under Subchapter M of 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) that 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 taxable income and capital 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. In order to qualify as a RIC requires that we must comply with provisions contained in Subchapter M of the Code. For example, as a RIC we must earn 90% or more of our gross income during each taxable year from qualified sources, typically referred to as "good income," as well as satisfy certain quarterly asset diversification and annual income distribution requirements.

We have established Hercules Adviser LLC, a wholly owned registered investment adviser subsidiary. The Adviser Subsidiary provides investment advisory and related services to the Advisor Funds and External Parties. The Adviser Subsidiary is not consolidated for reporting purposes as noted in "Note 1̃ 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 income 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.

Our primary business objectives are to increase our net income, net investment income, and NAV by investing in debt, typically with warrants or equity, of venture capital-backed and institutional-backed companies in a variety of technology-related industries at attractive current yields and the potential for equity appreciation and realized gains. 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 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 invest primarily in structured debt with warrants and, to a lesser extent, in senior debt and equity investments. We use the term "structured debt with warrants" to refer to any debt investment, such as a senior or subordinated secured loan, that is coupled with an equity component, including warrants, options or other rights to purchase or convert into common or preferred stock. Our structured debt with warrants investments typically are secured by some or all of the assets of the 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 all alternatives. Through such alternatives we may acquire an investment, a portfolio of investments, an entire company, or sell portions of our portfolio on an opportunistic basis.

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

Portfolio and Investment Activity

The total fair value of our investment portfolio was approximately $2.6 billion and $2.4 billion as of March 31, 2022 and December 31, 2021, respectively. The fair value of our debt investment portfolio as of March 31, 2022 was approximately $2.4 billion, compared to a fair value of approximately $2.2 billion at December 31, 2021. The fair value of the equity portfolio as of March 31, 2022 was approximately $160.2 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 March 31, 2022 was approximately $37.9 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 three months ended March 31, 2022, Hercules and the Adviser Funds directly committed or originated an aggregate total of $615.2 million of investment commitments. Of the aggregated total directly committed or originated by Hercules and the Adviser Funds, $108.1 million of investment commitments were directly committed or originated by the Adviser Funds. Of the aggregate total direct fundings or originations, $61.1 million of debt, equity, and warrant fundings during the period, were assigned to, directly funded or originated by the Adviser Funds.

During the three months ended March 31, 2021, Hercules and the Adviser Funds directly committed or originated an aggregate total of $531.0 million of investment commitments. Of the aggregated total directly committed or originated by Hercules and the Adviser Funds, $63.8 million of investment commitments were directly committed or originated by the Adviser Funds. Of the aggregate total direct fundings or originations, $48.3 million of debt, equity, and warrant fundings during the period, were assigned to, directly funded or originated by the Adviser Funds.

Our portfolio activity for the three months ended March 31, 2022 and March 31, 2021 was comprised of the following:

(in millions)	March 31, 2022	March 31, 2021
Gross Debt Commitments Originated by Hercules Capital and the Adviser Funds (1)		
New portfolio company	$ 448.9	$ 398.0
Existing portfolio company	163.3	127.7
Sub-total	$ 612.2	$ 525.7
Less: Debt commitments assigned to or directly committed by the Adviser Funds (3)	(107.6)	(63.0)
Net Total Debt Commitments	$ 504.6	$ 462.7
Gross Debt Fundings by Hercules Capital and the Adviser Funds (2)		
New portfolio company	$ 245.0	$ 255.2
Existing portfolio company	103.2	94.0
Sub-total	$ 348.2	$ 349.2
Less: Debt fundings assigned to or directly funded by the Adviser Funds (3)	(60.6)	(47.5)
Net Total Debt Fundings	$ 287.6	$ 301.7
Equity Investments and Investment Funds and Vehicles Fundings by Hercules Capital and the Adviser Funds		
New portfolio company	$ —	$ 3.2
Existing portfolio company	3.4	2.9
Sub-total	$ 3.4	$ 6.1
Less: Equity fundings assigned to or directly funded by the Adviser Funds (3)	(0.5)	(0.8)
Net Total Equity and Investments Funds and Vehicle Fundings	$ 2.9	$ 5.3
Unfunded Contractual Commitments (4)		
Total	$ 371.3	$ 257.9
Non-Binding Term Sheets		
New portfolio company	$ 564.8	$ 101.1
Existing portfolio company	80.7	126.3
Total	$ 645.5	$ 227.4

(1) Includes restructured loans and renewals in addition to new commitments.
(2) Funded amounts include borrowings on revolving facilities.
(3) Commitments and fundings include amounts assigned to, directly committed or originated, funded by the Adviser Funds, as applicable.
(4) Amount represents unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones. This excludes $39.7 million and $4.4 million, of unfunded commitments as of March 31, 2022, and 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 three months ended March 31, 2022, we received approximately $96.2 million in aggregate principal repayments. Of the approximately $96.2 million of aggregate principal repayments, approximately $11.3 million were scheduled principal payments and approximately $84.9 million were early principal repayments related to 10 portfolio companies.

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

(in millions)	March 31, 2022	March 31, 2021
Beginning portfolio	$ 2,434.5	$ 2,354.1
New fundings and restructures	351.6	355.3
Fundings allocated to the Advisor Funds(1)	(61.1)	(48.4)
Warrants not related to current period fundings	0.7	0.6
Principal payments received on investments	(11.3)	(18.3)
Early payoffs	(84.9)	(191.5)
Accretion of loan discounts and paid-in-kind principal	12.8	10.6
Net acceleration of loan discounts and loan fees due to early payoff or restructure	(1.5)	(9.5)
New loan fees	(3.2)	(5.0)
Sale of investments	(8.8)	(12.5)
Gain (loss) on investments due to sales or write offs	1.2	7.2
Net change in unrealized appreciation (depreciation)	(37.7)	21.8
Ending portfolio	$ 2,592.3	$ 2,464.4

(1) Funded amounts include $34.1 million direct fundings of investments made by the Adviser Funds, for the three months ended March 31, 2022. There were no direct fundings for three months ended March 31, 2021.

As of March 31, 2022, we held debt, warrants, or equity positions in one company that has filed a registration statement on Form S-1 with the SEC in contemplation of a potential initial public offering, and four companies that have filed definitive agreements for reverse merger initial public offerings with special purpose acquisition companies. There can be no assurance that companies that have yet to complete their initial public offerings will do so in a timely manner or at all.

The following table presents certain selected information regarding our debt investment portfolio as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
Number of portfolio companies with debt outstanding	97	92
Percentage of debt bearing a floating rate	94.7 %	94.0 %
Percentage of debt bearing a fixed rate	5.3 %	6.0 %
Weighted average core yield [(1)]	11.1 %	11.4 %
Weighted average effective yield [(2)]	11.5 %	12.9 %
Prime rate at the end of the period	3.5 %	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 March 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 7.0% to approximately 14.5%. In addition to the cash yields received on our debt investments, in some instances, our debt investments may also include any of the following: exit fees, balloon payment fees, commitment fees, success fees, PIK provisions or prepayment fees which may be required to be included in income prior to receipt.

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

Loan origination and commitment fees are generally received in full at the inception of a loan are deferred and amortized into fee income as an enhancement to the related loan’s yield over the contractual life of the loan. We recognize nonrecurring fees amortized over the remaining term of the loan commencing in the quarter relating to specific loan modifications. We had approximately $48.1 million of unamortized fees as of March 31, 2022, of which approximately $40.0 million was included as an offset to the cost basis of our current debt investments and approximately $8.1 million was deferred contingent upon the occurrence of a funding or milestone. As of December 31, 2021, we had approximately $42.9 million of unamortized fees, of which approximately $36.5 million was included as an offset to the cost basis of our current debt investments and approximately $6.4 million was deferred contingent upon the occurrence of a funding or milestone.

Loan exit fees to be paid at the termination of the loan are accreted into interest income over the contractual life of the loan. As of March 31, 2022, we had approximately $37.2 million in exit fees receivable, of which approximately $32.9 million was included as a component of the cost basis of our current debt investments and approximately $4.3 million was a deferred receivable related to expired commitments. As of December 31, 2021, we had approximately $35.0 million in exit fees receivable, of which approximately $29.6 million was included as a component of the cost basis of our current debt investments and approximately $5.4 million was a deferred receivable related to expired commitments.

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. We recorded approximately $5.0 million and $2.6 million in PIK income during the three months ended March 31, 2022 and 2021, 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.

	March 31, 2022	March 31, 2021
Total Yield	10.7%	11.9%
Effective Yield	11.5%	13.2%
Core Yield (Non-GAAP)	11.1%	11.6%

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)	**March 31, 2022**	**March 31, 2021**
GAAP Basis:		
Total investment income	$ 65,157	$ 68,759
Less: fee and income accelerations attributed to early payoffs, restructuring, loan modifications, and other one-time events, but including income from expired commitments	(2,248)	(8,149)
Non-GAAP Basis:		
Core investment income	$ 62,909	$ 60,610

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, was approximately 12.0% and 13.6% during the three months ended March 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 March 31, 2022 and December 31, 2021:

	March 31, 2022		December 31, 2021	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
Drug Discovery & Development	$ 993,554	38.2 %	$ 967,383	39.7 %
Software	653,770	25.2 %	585,622	24.1 %
Internet Consumer & Business Services	456,542	17.6 %	395,506	16.3 %
All other industries (1)	488,468	19.0 %	486,011	19.9 %
Total	$ 2,592,334	100.0 %	$ 2,434,522	100.0 %

(1) See "Note 4 – Investments" for complete list of industry sectors and corresponding amounts of investments at fair value as a percentage of the total portfolio. As of March 31, 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", or "Internet Consumer & Business Services".

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

For the three months ended March 31, 2022 and the year ended December 31, 2021, our ten largest portfolio companies represented approximately 31.6% and 30.5% of the total fair value of our investments in portfolio companies, respectively. As of March 31, 2022 and December 31, 2021, we had seven and six investments that represented 5% or more of our net assets, respectively. As of March 31, 2022, we had five equity investments representing approximately 44.7% of the total fair value of our equity investments, and each represented 5% or more of the total fair value of our equity investments. As of December 31, 2021, we had six equity investments which represented approximately 49.6% of the total fair value of our equity investment portfolio, and each represented 5% or more of the total fair value of our equity investments. No single portfolio investment represented more than 10% of the fair value of our total investments as of March 31, 2022 and December 31, 2021.

As of March 31, 2022 and December 31, 2021, approximately 94.7% and 94.0% of the debt investment portfolio was priced at floating interest rates or floating interest rates with a Prime, LIBOR, SOFR, or BSBY-based interest rate floor, respectively. Changes in interest rates, including Prime, LIBOR, SOFR, 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 have detachable equity enhancement features, typically in the form of warrants or other equity securities designed to provide us with an opportunity for capital appreciation. These features are treated as OID and are accreted into interest income over the term of the loan as a yield enhancement. Our warrant coverage generally ranges from 3% to 20% of the principal amount invested in a portfolio company, with a strike price generally equal to the most recent equity financing round. As of March 31, 2022, we held warrants in 103 portfolio companies, with a fair value of approximately $37.9 million. The fair value of our warrant portfolio decreased by approximately $0.5 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 $70.3 million to exercise such warrants as of March 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. The following table shows the distribution of our outstanding debt investments on the 1 to 5 investment grading scale at fair value as of March 31, 2022 and December 31, 2021, respectively:

(in thousands)	March 31, 2022			December 31, 2021		
Investment Grading	**Number of Companies**	**Debt Investments at Fair Value**	**Percentage of Total Portfolio**	**Number of Companies**	**Debt Investments at Fair Value**	**Percentage of Total Portfolio**
1	16	$ 468,973	19.6 %	15	$ 408,975	18.5 %
2	53	1,280,321	53.6 %	47	1,208,323	54.7 %
3	26	631,821	26.4 %	28	581,424	26.3 %
4	2	10,227	0.4 %	1	8,269	0.4 %
5	0	—	0.0 %	1	2,608	0.1 %
	97	$ 2,391,342	100.0 %	92	$ 2,209,599	100.0 %

As of March 31, 2022, our debt investments had a weighted average investment grading of 2.10 on a cost basis, as compared to 2.10 as of December 31, 2021. Our policy is to lower the grading on our portfolio companies as they approach the point in time when they will require additional equity capital. Additionally, we may downgrade our portfolio companies if they are not meeting our financing criteria or are underperforming relative to their respective business plans. Various companies in our portfolio will require additional funding in the near term or have not met their business plans, and therefore have been downgraded until their funding is complete or their operations improve.

As the COVID-19 pandemic and other macro-economic events (such as the ongoing war in Ukraine) cause disruption to markets and 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 continuing to proactively assess and manage potential risks across our debt investment portfolio.

Non-accrual Investments

The following table shows the amortized cost of our performing and non-accrual investments as of March 31, 2022 and December 31, 2021:

	As of March 31, 2022		As of December 31, 2021	
(in millions)	**Amortized Cost**	**Percentage of Total Portfolio at Amortized Cost**	**Amortized Cost**	**Percentage of Total Portfolio at Amortized Cost**
Performing	$ 2,573	99.5 %	$ 2,367	99.0 %
Non-accrual	13	0.5 %	24	1.0 %
Total Investments	$ 2,586	100.0 %	$ 2,391	100.0 %

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.

COVID-19 Developments

The COVID-19 pandemic, which began in late 2019, has and threatens to continue to create market volatility and disruption in the U.S. and across the global capital markets. We are continuing to closely monitor the impact of COVID-19 on all aspects of our business, including impacts to our portfolio companies, employees, due diligence and underwriting processes, and financial markets. With the rollout of vaccination programs in the U.S. and globally, several countries, as well as certain states in the U.S., have lifted or reduced certain travel restrictions, business restrictions, and other quarantine measures. This has contributed to a positive economic recovery since 2020, especially in the U.S. Although the economic recovery and rollout of vaccination programs are promising, the potential exists for new COVID-19 variants to impede the global economic recovery. For example, the Delta and Omicron variants have caused a surge in the reported number of cases, hospitalizations and deaths related to the COVID-19 pandemic. These surges have led to the re-introduction of such restrictions and business shutdowns in certain states within the United States and globally. Although some states and municipalities have begun to eliminate restrictions related to COVID-19, there remains the potential for new COVID-19 variants to cause the reintroduction of such restrictions in the future.

As a result of the pressures on liquidity and financial results to certain of our portfolio companies caused by the COVID-19 pandemic, 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 COVID-19 pandemic will continue to affect the financial condition and liquidity of our portfolio companies' results of operations will depend on future developments, such as the speed and extent of further vaccine distribution and the impact of the COVID-19 variants that might arise, which are highly uncertain and cannot be predicted.

Equally the extent of the impact of the COVID-19 pandemic on our own operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, will depend to a large extent on future developments regarding the duration and severity of the COVID-19, effectiveness of vaccination deployment and the actions taken by governments (including stimulus measures or the lack thereof) and their citizens to contain the COVID-19 or treat its impact, all of which are beyond our control. An extended period of global supply chain and economic disruption, including any resulting inflation, could materially affect our business, results of operations, access to sources of liquidity and financial condition. Given the fluidity of the situation, neither our management nor our Board is able to predict the full impact of COVID-19 on our business, future results of operations, financial position, or cash flows at this time.

Results of Operations

Refer below for a discussion of our operating results for three months ended March 31, 2022 as compared to the same period for 2021.

Investment Income

Total investment income for the three months ended March 31, 2022 was approximately $65.2 million as compared to approximately $68.8 million for the three months ended March 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 three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
(in thousands)	**2022**	**2021**
Contractual interest income	$ 49,544	$ 49,220
Exit fee interest income	6,726	10,817
PIK interest income	4,975	2,561
Other interest income [(1)]	1,007	1,184
Total interest income	$ 62,252	$ 63,782

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

Interest income for the three months ended March 31, 2022 totaled approximately $62.3 million as compared to approximately $63.8 million for the three months ended March 31, 2021. The decrease in interest income for the three months ended March 31, 2022 as compared to the same period ended March 31, 2021, was primarily attributable to a decline in overall portfolio yields.

Of the $62.3 million in interest income for the three months ended March 31, 2022, approximately $61.1 million represents recurring income from the contractual servicing of our loan portfolio and approximately $1.1 million represent income related to the acceleration of income due to early loan repayments and other one-time events during the period. Of the $63.8 million in interest income for the three months ended March 31, 2021, approximately $58.1 million represents income from recurring interest and approximately $5.7 million represents the acceleration of interest income due to early loan repayments and other one-time events during the period.

The following table shows the PIK-related activity for the three months ended March 31, 2022 and 2021, at cost:

	Three Months Ended March 31,	
(in thousands)	**2022**	**2021**
Beginning PIK interest receivable balance	$ 11,801	$ 14,817
PIK interest income during the period	4,975	2,561
Payments received from PIK loans	(2,081)	(1,394)
Realized gain (loss)	(367)	—
Ending PIK interest receivable balance	$ 14,328	$ 15,984

The increase in PIK interest income during the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 is due to an increase in the weighted average principal outstanding for loans on accrual which bear PIK interest. PIK accrued (capitalized) to principal but not recorded as income during the three months ended March 31, 2022 and 2021 includes the portion of PIK receivable that is capitalized as principal on the restructuring of loans, as applicable. Payments on PIK loans are normally received only in the event of payoffs. PIK receivable at both March 31, 2022 and March 31, 2021 represented less than 1% of total debt investments.

Fee Income

Fee income from commitment, facility and loan related fees for the three months ended March 31, 2022 totaled approximately $2.9 million, as compared to approximately $5.0 million for the three months ended March 31, 2021. The decrease in fee income for the three months ended March 31, 2022 is primarily due to a decrease in the acceleration of unamortized fees, and one-time fees due to lower volume of early repayments.

Of the $2.9 million, in fee income from commitment, facility, and loan related fees for the three months ended March 31, 2022, approximately $1.8 million represented income from recurring fee amortization, approximately $0.3 million represented the acceleration of unamortized fees from expired commitments and loan amendments, and approximately $0.8 million represented income related to the acceleration of unamortized fees during the period.

Of the $5.0 million in fee income from commitment, facility, and loan related fees for the three months ended March 31, 2021, approximately $1.9 million represented income from recurring fee amortization, and approximately $0.6 million represented the acceleration of unamortized fees from expired commitments, and approximately $2.5 million represented income related to the acceleration of unamortized fees during the period.

In certain investment transactions, we may earn income from advisory services; however, we had no income from advisory services in the three months ended March 31, 2022 or 2021.

Operating Expenses

Our operating expenses are comprised of interest and fees on our debt borrowings, general and administrative expenses, and employee compensation and benefits. Our net operating expenses totaled approximately $29.4 million and $34.2 million during the three months ended March 31, 2022 and 2021, respectively.

Interest and Fees on our Debt

Interest and fees on our debt totaled approximately $13.5 million and $17.6 million for the three months ended March 31, 2022 and 2021, respectively. Our lower weighted average borrowing costs during the three months ended March 31, 2022, resulted in a decline of interest and fee expenses as compared to the three months ended March 31, 2021.

We had a weighted average cost of debt of approximately 4.0% and 5.5% for the three months ended March 31, 2022 and 2021, respectively. The weighted average cost of debt includes interest and fees on our debt, but excludes the impact of fee accelerations due to the extinguishment of debt. The decrease in the weighted average cost of debt for the three months ended March 31, 2022, as compared to 2021, was attributable to our refinancing activities undertaken in the past year.

General and Administrative Expenses and Tax Expenses

General and administrative expenses include legal fees, consulting fees, accounting fees, printer fees, insurance premiums, rent, expenses associated with the workout of underperforming investments, and various other expenses. Our general and administrative expenses increased to $3.8 million from $3.6 million for the three months ended March 31, 2022 and 2021, respectively. The increase in general and administrative expenses for the three months ended March 31, 2022 is primarily attributable to an increase in information technology related expenses. Tax expenses primarily relate to excise tax accruals. Tax expenses were $0.7 million and $1.4 million during the three months ended March 31, 2022 and 2021, respectively.

Employee Compensation

Employee compensation and benefits totaled approximately $8.3 million, for the three months ended March 31, 2022 as compared to approximately $9.8 million, for the three months ended March 31, 2021. The decrease between the three months ended March 31, 2022 and 2021 was primarily due to a decrease in variable compensation.

Employee stock-based compensation totaled approximately $4.4 million, for the three months ended March 31, 2022 as compared to approximately $2.7 million, for the three months ended March 31, 2021. The increase between the 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 three months ended March 31, 2022 and 2021, are net of expenses allocated to the Adviser Subsidiary of $1.4 million and $0.9 million, respectively. As of March 31, 2022 and 2021, $0.1 million and $1.0 million remained receivable from the Adviser Subsidiary related to the expenses allocated during the period.

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

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

A summary of net realized gains and losses for the three months ended March 31, 2022 and 2021 is as follows:

	Three Months Ended March 31,	
(in thousands)	**2022**	**2021**
Realized gains	$ 5,044	$ 9,504
Realized losses	(3,739)	(1,734)
Realized loss on debt extinguishment	(3,686)	—
Net realized gains (losses)	$ (2,381)	$ 7,770

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

During the three months ended March 31, 2021, we recognized net realized gains of $7.8 million on the portfolio. The net realized gains was comprised of gross realized gains of $9.5 million primarily from the sale of DoorDash, Inc. and TransMedics Group, Inc. Our gains were partially offset by gross realized losses of $1.7 million primarily from the write-off of our investment in Sebacia, Inc. during the period. There were no debt extinguishment losses recognized during the three months ended March 31, 2021.

The net change in unrealized appreciation and depreciation on investments is based on the fair value of each investment determined in good faith by our Board. The following table summarizes the movements in net change in unrealized appreciation or depreciation for the three months ended March 31, 2022 and 2021:

	For the three months ended March 31,	
(in thousands)	**2022**	**2021**
Gross unrealized appreciation	$ 19,540	$ 57,255
Gross unrealized depreciation	(57,173)	(28,451)
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	1,027	(6,971)
Net unrealized appreciation (depreciation) on debt, equity, warrant and fund investments	(36,606)	21,833
Other net unrealized appreciation (depreciation)	(136)	—
Total net unrealized appreciation (depreciation)	$ (36,742)	$ 21,833

During the three months ended March 31, 2022 and 2021, we recorded approximately $36.7 million of net unrealized depreciation and $21.8 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 three months ended March 31, 2022 and 2021:

(in thousands)	For the three months ended March 31, 2022 Debt	2022 Equity, Warrants and Investment Funds	2022 Total	2021 Debt	2021 Equity, Warrants and Investment Funds	2021 Total
Valuation appreciation (depreciation)	$ (7,963)	$ (29,670)	$ (37,633)	$ 7,060	$ 21,744	$ 28,804
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	(150)	1,177	1,027	1,005	(7,976)	(6,971)
Other net unrealized appreciation (depreciation)	22	(158)	(136)	—	—	—
Net realized appreciation (depreciation)	$ (8,091)	$ (28,651)	$ (36,742)	$ 8,065	$ 13,768	$ 21,833

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.

Net Change in Net Assets Resulting from Operations and Earnings Per Share

For the three months ended March 31, 2022 and 2021, we had net changes in net assets of approximately $3.3 million decrease and a $64.2 million increase resulting from operations, respectively. The basic and fully diluted net change in net assets per common share were $(0.03) and $0.56 per share and $(0.03) and $0.55 per share for the three months ended March 31, 2022 and 2021, respectively.

Hercules Adviser LLC

Hercules Adviser LLC, the Adviser Subsidiary, receives fee income for the services provided to the Adviser Funds. The Adviser Subsidiary's contribution to our net investment income is derived from dividend income declared by the Adviser Subsidiary and interest income earned on loans to the Adviser Subsidiary. For the three months ended March 31, 2022 and 2021, no dividends were declared by the Adviser Subsidiary.

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.

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 "COVID-19 Developments" section above.

During the three months ended March 31, 2022, we principally funded our operations from (i) cash receipts from interest, dividend, and fee income from our investment portfolio and (ii) cash proceeds from the realization of portfolio investments through the repayments of debt investments and the sale of debt and equity investments, (iii) debt offerings along with borrowings on our credit facilities, and (iv) equity offerings.

During the three months ended March 31, 2022, our operating activities used $188.6 million of cash and cash equivalents, compared to $50.4 million used during the three months ended March 31, 2021. This $138.2 million increase in cash used in operating activities was primarily driven by a $113.4 million decrease in principal and fee payments received from investments, and $4.2 million fewer proceeds received from the sale of equity investments, which was coupled with an increase of $16.5 million in purchases of investments (net of assignments to Adviser Funds).

During the three months ended March 31, 2022, our investing activities used approximately $50 thousand of cash, compared to $12 thousand used during the three months ended March 31, 2021. The $38 thousand increase in cash used in investing activities was due to an increase in purchases of capital equipment.

During the three months ended March 31, 2022, our financing activities provided $114.9 million of cash, compared to $100.4 million used in financing activities during the three months ended March 31, 2021. The $215.2 million decrease of cash flows used in financing activities was primarily due to $535.5 million of new debt issuances related to the issuance of our January 2027 Notes, additional SBA Debenture borrowings, and increased utilization of our Credit Facilities. The debt issuances were primarily used to repay the $230.0 million of 2022 Convertible Notes and $150.0 million to retire the 2022 Notes, during the three months ended March 31, 2022, compared to the three months ended March 31, 2021. Additionally, we distributed $56.9 million in dividends during the three months ended March 31, 2022, which increased from $41.8 million compared to during the three months ended March 31, 2021. Lastly, we issued $85.2 million of ATM equity (net of offering costs) during the three months ended March 31, 2022. We did not issue any common stock issued during the three months ended March 31, 2021.

As of March 31, 2022, our net assets totaled $1.3 billion, with a NAV per share of $10.82. We intend to continue to operate in order to generate cash flows from operations, including income earned from investments in our portfolio companies. Our primary use of funds will be investments in portfolio companies and cash distributions to holders of our common stock.

Available liquidity and capital resources as of March 31, 2022

As of March 31, 2022, we had $430.3 million in available liquidity, including $59.3 million in cash and cash equivalents. We had available borrowing capacity of $70.9 million under the SMBC Facility and $300.0 million under the Union Bank Facility. In addition, the Credit Facilities each have accordion provisions through which the available borrowing capacity can be increased by an aggregate $250.0 million.

The 1940 Act permits BDCs to incur borrowings, issue debt securities, or issue preferred stock unless immediately after the borrowings or issuance the ratio of total assets (less total liabilities other than indebtedness) to total indebtedness plus preferred stock is less than 200% (or 150% if certain requirements are met). On September 4, 2018 and December 6, 2018, our Board, including a “required majority” (as such term is defined in Section 57(o) of the 1940 Act) and our stockholders, respectively, approved the application to us of the 150% minimum asset coverage ratio set forth in Section 61(a)(2) of the 1940 Act. As of March 31, 2022, our asset coverage ratio under our regulatory requirements as a BDC was 213.8% 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 199.0% as of March 31, 2022.

As of March 31, 2022, we had $129.1 million outstanding under our Credit Facilities, which are floating interest rate obligations. As of March 31, 2022, the remaining $1,215.0 million of debt outstanding are all fixed interest rate debt obligations.

During the three months ended March 31, 2022, we issued $350 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 borrowed the remaining $24.5 million of capital available through our SBIC, and issued $85.2 million of common shares through ATM equity offerings.

Lastly, as of March 31, 2022, $3.1 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. 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 recent macro-economic events, including the COVID-19 pandemic, 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

On July 2, 2020, we entered into an ATM equity distribution agreement with JMP (the "2020 Equity Distribution Agreement"). The 2020 Equity Distribution Agreement provides that we may offer and sell up to 16.5 million shares of our common stock from time to time through JMP, as our sales agent. 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, including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

During the three months ended March 31, 2022, the Company sold 4.9 million shares of common stock. As of March 31, 2022, approximately 10.7 million shares remain available for issuance and sale under the 2020 Equity Distribution Agreement. During the three months ended March 31, 2021, the Company did not sell any shares of common stock under the 2020 Equity Distribution Agreement.

Commitments and Obligations

Our significant cash requirements generally relate to our debt obligations. As of March 31, 2022, we had $1,344.1 million of debt outstanding, which includes $255.0 million within 1 to 3 years, and $1,089.1 million beyond 3 years. In addition to our debt obligations, in the normal course of business, we are party to financial instruments with off-balance sheet risk. These consist primarily of unfunded contractual commitments to extend credit, in the form of loans, to our portfolio companies. Unfunded contractual commitments to provide funds to portfolio companies are not reflected on our balance sheet.

Our unfunded contractual commitments may be significant from time to time. A portion of these unfunded contractual commitments are dependent upon the portfolio company reaching certain milestones before the debt commitment becomes available. Furthermore, our credit agreements contain customary lending provisions which allow us relief from funding obligations for previously made unfunded commitments in instances where the underlying company experiences materially adverse events that affect the financial condition or business outlook for the company. These commitments will be subject to the same underwriting and ongoing portfolio maintenance as are the on-balance sheet financial instruments that we hold. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. As such, our disclosure of unfunded contractual commitments includes only those which are available at the request of the portfolio company and unencumbered by milestones. Refer to "Note 11 – Commitments and Contingencies" included in the notes to our consolidated financial statements appearing elsewhere in this report for additional discussion of our unfunded commitments.

As of March 31, 2022, we had approximately $371.3 million of 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 a private equity fund. This excludes $39.7 million of unfunded commitments which represent the portion of portfolio company commitments assigned to or directly committed by the Adviser Funds. We intend to use cash flow from normal and early principal repayments, and proceeds from borrowings and notes to fund these commitments.

As of March 31, 2022, we also had approximately $695.5 million of non-binding term sheets outstanding to twelve new companies and five 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.

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.

Distributions

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 taxable year. In addition, at the end of our taxable year, 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 (including gains) 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. As a result, any determination of the tax attributes of our distributions made on a quarterly basis may not be representative of the actual tax attributes of our distributions for a full taxable year.

Of the distributions declared during the year ended December 31, 2021, 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 2022 distributions to stockholders will actually be.

We maintain an "opt out" dividend 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 dividend reinvestment plan will have their cash distribution automatically reinvested in additional shares of our common stock, rather than receiving the cash distributions.

Shortly after the close of each calendar year information identifying the source of the distribution (i.e., paid from ordinary income, paid from net capital gains on the sale of securities, and/or a return of paid-in-capital surplus which is a nontaxable distribution, if any) will be provided to our stockholders subject to information reporting. To the extent our taxable earnings fall below the total amount of our distributions for any taxable year, a portion of those distributions may be deemed a tax return of capital to our stockholders.

We expect to qualify to be subject to tax as a RIC under Subchapter M of the Code. In order to be subject to tax as a RIC, we are required to satisfy certain annual gross income and quarterly asset composition tests, as well as make distributions to our stockholders each taxable year treated as dividends for federal income tax purposes of an amount at least equal to 90% of the sum of our investment company taxable income, determined without regard to any deduction for dividends paid, plus our net tax-exempt income, if any. Upon being eligible to be subject to tax as a RIC, we would be entitled to deduct such distributions we pay to our stockholders in determining the overall components of our "taxable income." Components of our taxable income include our taxable interest, dividend and fee income, reduced by certain deductions, as well as taxable net realized securities gains. 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. In connection with maintaining our ability to be subject to tax as a RIC, among other things, we have made and intend to continue to make the requisite distributions to our stockholders each taxable year, which generally should relieve us from corporate-level U.S. federal income taxes.

As a RIC, we will be subject to a 4% nondeductible 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 Excise Tax Avoidance Requirement. We will not be subject to this excise tax on any amount on which we incurred U.S. federal corporate 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, 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% 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 taxable year, distributions declared and paid by us in a taxable year may differ from our 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.

We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our debt. Our ability to make distributions will be limited by the asset coverage requirements under the 1940 Act.

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.

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:

(in thousands) **Basis Point Change**	**Change in unrealized appreciation (depreciation)**	
(100)	$	29,154
(50)	$	14,728
50	$	(14,321)
100	$	(28,653)

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates. Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments, cash and cash equivalents and idle fund investments. Our investment income will be affected by changes in various interest rates, including Prime, LIBOR, SOFR, and BSBY rates, to the extent our debt investments include variable interest rates. As of March 31, 2022, approximately 94.7% of the loans in our portfolio had variable rates based on floating Prime, LIBOR, SOFR, or BSBY rates with a floor. As of March 31, 2022, approximately 18.5% of our debt investments have variable rates based on LIBOR. 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 Statements of Assets and Liabilities as of March 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)	$ (4,202)	$ (329)	$ (3,873)	$ (0.03)
(50)	$ (4,202)	$ (221)	$ (3,981)	$ (0.03)
(25)	$ (4,081)	$ (111)	$ (3,970)	$ (0.03)
25	$ 4,641	$ 111	$ 4,530	$ 0.04
50	$ 9,307	$ 221	$ 9,086	$ 0.08
75	$ 14,535	$ 332	$ 14,203	$ 0.12
100	$ 19,769	$ 443	$ 19,326	$ 0.16
200	$ 41,753	$ 885	$ 40,868	$ 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 three months ended March 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 may 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 and Credit Facilities, refer to Item 2 "Financial Condition, Liquidity and Capital Resources" in this quarterly report on Form 10-Q and "Note 5 – Debt" included in the notes to our consolidated financial statements appearing elsewhere in this report.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our chief executive and chief financial officers, under the supervision and with the participation of our management, conducted an evaluation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended. As of the end of the period covered by this quarterly report on Form 10-Q, our chief executive and chief financial officers have concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit 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 us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive and chief financial officers, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

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

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

In addition to the risks discussed below, important risk factors that could cause results or events to differ from current expectations are described in Part I, Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 22, 2022 (the "Annual Report").

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

Our total investment in companies may be significant individually or in the aggregate. As a result, if a significant investment in one or more companies fails to perform as expected, our financial results could be more negatively affected and the magnitude of the loss could be more significant than if we had made smaller investments in more companies. The following table shows the fair value of the totals of investments held in portfolio companies at March 31, 2022 that represent greater than 5% of our net assets:

	March 31, 2022	
(in thousands)	**Fair Value**	**Percentage of Net Assets**
Corium, Inc.	$ 133,126	10.0%
Worldremit Group Limited	$ 100,930	7.6%
Rocket Lab Global Services, LLC	$ 90,873	6.8%
Phathom Pharmaceuticals, Inc.	$ 85,772	6.4%
uniQure B.V.	$ 79,397	6.0%
Convoy, Inc.	$ 77,171	5.8%
Delphix Corp.	$ 66,837	5.0%

- 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.
- Rocket Lab Global Services, LLC is a commercial space provider of high-frequency, low-cost launches.
- Phathom Pharmaceuticals, Inc. is a biopharmaceutical company focused on the development and commercialization of novel treatments for gastrointestinal diseases and disorders.
- 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.
- Convoy, Inc. is a developer for on-demand shipment services.
- Delphix Corp. is a provider of a Data as a Service platform intended to help enterprises to accelerate cloud migrations, custom development and ERP rollouts.

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.

The ongoing invasion of Ukraine by Russia and related sanctions have increased global political and economic uncertainty, which may have a material impact on the Company's portfolio and the value of your investment in the Company.

The ongoing invasion of Ukraine by Russia and related sanctions have increased global political and economic uncertainty. In February 2022, Russia invaded Ukraine and, in response, the United States and many other countries placed economic sanctions on certain Russian entities and individuals. Because Russia is a major exporter of oil and natural gas, the invasion and related sanctions have reduced the supply, and increased the price, of energy, which is accelerating inflation and may exacerbate ongoing supply chain issues. There is also the risk of retaliatory actions by Russia against countries which have enacted sanctions, including cyberattacks against financial and governmental institutions, which could result in business disruptions and further economic turbulence. Although the Company has no known material direct exposure to Russia or Ukraine, the broader consequences of the invasion may have a material adverse impact on the Company's portfolio and the value of your investment in the Company. Because this is an uncertain and evolving situation, its full impact is unknown at this time.

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

Dividend Reinvestment Plan

During the three months ended March 31, 2022, we issued 60,326 shares of common stock to stockholders in connection with the dividend reinvestment plan. These issuances were not subject to the registration requirements of the Securities Act. The aggregate value of the shares of our common stock issued under our dividend reinvestment plan was approximately $1.0 million.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS

Exhibit Number	Description
4.1	Eighth Supplemental Indenture, dated as of January 20, 2022, between the Company and U.S. Bank National Association. (1)
4.2	Form of 3.375% Global Note. (1)
31.1*	Chief Executive Officer Certification Pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Chief Financial Officer Certification Pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

(1) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Company's Form 8-K (File No. 814-00702), filed on January 21, 2022.

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

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

(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) During the three months ended March 31, 2022, the Company sold its investments in Black Crow AI, Inc., as a result it is no longer an affiliate investment as of March 31, 2022.
(9) As of December 11, 2020, the Company investment in Pineapple Energy LLC became classified as an affiliate investment as a result of obtaining more than 5% but less than 25% of the voting securities of the portfolio company.
(10) As of December 31, 2021, the Company's investment in Coronado Aesthetics, LLC became classified as a control investment as a result of obtaining more than 25% of the voting securities of the portfolio company.

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES
For the three months ended March 31, 2021 (unaudited)
(in thousands)

Portfolio Company	Investment [1]	Amount of Interest and Fees Credited to Income [2]	Realized Gain (Loss)	Fair Value as of December 31, 2020	Gross Additions [3]	Gross Reductions [4]	Net Change in Unrealized Appreciation/ (Depreciation)	Fair Value as of March 31, 2021
Control Investments								
Majority Owned Control Investments								
Gibraltar Business Capital, LLC [5]	Unsecured Debt	$ 629	$ —	$ 14,970	$ 9,591	$ —	$ (647)	$ 23,914
	Preferred Stock	—	—	31,554	—	—	(6,942)	24,612
	Common Stock	—	—	2,276	—	—	(501)	1,775
Hercules Adviser LLC [6]		—	—	—	—	—	9,869	9,869
Total Majority Owned Control Investments		$ 629	$ —	$ 48,800	$ 9,591	$ —	$ 1,779	$ 60,170
Other Control Investments								
Tectura Corporation [7]	Senior Debt	$ 170	$ —	$ 8,600	$ —	$ —	$ (77)	$ 8,523
	Preferred Stock	—	—	—	—	—	—	—
	Common Stock	—	—	—	—	—	—	—
Total Other Control Investments		$ 170	$ —	$ 8,600	$ —	$ —	$ (77)	$ 8,523
Total Control Investments		$ 799	$ —	$ 57,400	$ 9,591	$ —	$ 1,702	$ 68,693
Affiliate Investments								
Black Crow AI, Inc. [8]	Preferred Stock	$ —	$ —	$ —	$ 1,000	$ —	$ 255	$ 1,255
	Convertible Debt	—	—	—	2,208	(3,993)	1,785	—
Pineapple Energy LLC [9]	Senior Debt	1	—	7,500	40	—	—	7,540
	Common Stock	—	—	840	—	—	29	869
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) [10]	Senior Debt	—	—	—	—	(40)	40	—
	Common Stock	—	—	—	—	—	—	—
Total Affiliate Investments		$ 1	$ —	$ 8,340	$ 3,248	$ (4,033)	$ 2,109	$ 9,664
Total Control and Affiliate Investments		$ 800	$ —	$ 65,740	$ 12,839	$ (4,033)	$ 3,811	$ 78,357

(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 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 investment 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 September 30, 2017, the Company's investment in Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) became classified as an affiliate investment due to a reduction in equity ownership.

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES
As of March 31, 2022 (unaudited)
(in thousands)

Portfolio Company	Industry	Type of Investment (1)	Maturity Date	Interest Rate and Floor	Principal or Shares	Cost	Value (2)
Control Investments							
Majority Owned Control Investments							
Coronado Aesthetics, LLC	Medical Devices & Equipment	Preferred Series A Equity			5,000,000	$ 250	$ 586
	Medical Devices & Equipment	Common Stock			180,000	—	28
Total Coronado Aesthetics, LLC						$ 250	$ 614
Gibraltar Business Capital, LLC	Diversified Financial Services	Unsecured Debt	September 2026	Interest rate FIXED 14.50%	$ 15,000	$ 14,674	$ 13,628
	Diversified Financial Services	Unsecured Debt	September 2026	Interest rate FIXED 11.50%	$ 10,000	9,830	9,329
	Diversified Financial Services	Preferred Series A Equity			10,602,752	26,122	18,496
	Diversified Financial Services	Common Stock			830,000	1,884	1,169
Total Gibraltar Business Capital, LLC						$ 52,510	$ 42,622
Hercules Adviser LLC		Unsecured Debt	May 2023	Interest rate FIXED 5.00%	$ 10,150	$ 10,150	$ 10,150
		Member Units			1	35	14,544
Total Hercules Adviser LLC						$ 10,185	$ 24,694
Total Majority Owned Control Investments (5.09%)*						$ 62,945	$ 67,930
Other Control Investments							
Tectura Corporation	Internet Consumer & Business Services	Senior Secured Debt	July 2024	PIK Interest 5.00%	$ 10,680	$ 240	$ —
	Internet Consumer & Business Services	Senior Secured Debt	July 2024	Interest rate FIXED 8.25%	$ 8,250	8,250	8,250
	Internet Consumer & Business Services	Senior Secured Debt	July 2024	PIK Interest 5.00%	$ 13,023	13,023	97
	Internet Consumer & Business Services	Preferred Series BB Equity			1,000,000	—	—
	Internet Consumer & Business Services	Common Stock			414,994,863	900	—
Total Tectura Corporation						$ 22,413	$ 8,347
Total Other Control Investments (0.63%)*						$ 22,413	$ 8,347
Total Control Investments (5.72%)*						**$ 85,358**	**$ 76,277**
Affiliate Investments							
Pineapple Energy LLC	Sustainable and Renewable Technology	Senior Secured Debt	December 2024	PIK Interest 10.00%	$ 3,000	$ 3,000	$ 2,986
	Sustainable and Renewable Technology	Common Stock			498,978	5,167	1,844
Total Pineapple Energy LLC						$ 8,167	$ 4,830
Total Affiliate Investments (0.36%)*						**$ 8,167**	**$ 4,830**
Total Control and Affiliate Investments (6.08%)*						**$ 93,525**	**$ 81,107**

* 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. This is with the exception for Pineapple Energy LLC common stock, which is held as a Level 2 investment.

Schedule 12 – 14

HERCULES CAPITAL, INC.
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 (1)	Maturity Date	Interest Rate and Floor	Principal or Shares	Cost	Value (2)
Control Investments							
Majority Owned Control Investments							
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
Other Control Investments							
Tectura Corporation	Internet Consumer & Business Services	Senior Secured Debt	July 2024	PIK Interest 5.00%	$ 10,680	$ 240	$ —
	Internet Consumer & Business Services	Senior Secured Debt	July 2024	Interest rate FIXED 8.25%	$ 8,250	8,250	8,250
	Internet Consumer & Business Services	Senior Secured Debt	July 2024	PIK Interest 5.00%	$ 13,023	13,023	19
	Internet Consumer & Business Services	Preferred Series BB Equity			1,000,000	—	—
	Internet 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
Affiliate Investments							
Black Crow AI, Inc.	Internet 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.

SIGNATURES

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

	HERCULES CAPITAL, INC. (Registrant)
Dated: May 5, 2022	/S/ SCOTT BLUESTEIN
	Scott Bluestein **President, Chief Executive Officer, and** **Chief Investment Officer**
Dated: May 5, 2022	/S/ SETH H. MEYER
	Seth H. Meyer **Chief Financial Officer, and** **Chief Accounting Officer**

Exhibit 31.1

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

I, Scott Bluestein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hercules Capital, Inc.;

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: May 5, 2022	By:	/S/ SCOTT BLUESTEIN
		Scott Bluestein **President, Chief Executive Officer, and** **Chief Investment Officer**

Exhibit 31.2

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

I, Seth H. Meyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hercules Capital, Inc.;

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: May 5, 2022	By:	/S/ SETH H. MEYER
		Seth H. Meyer
		Chief Financial Officer, and
		Chief Accounting Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (the "Report") of Hercules Capital, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Scott Bluestein, the Chief Executive Officer of the Registrant, certify, to the best of my knowledge, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) 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 Registrant.

Date: May 5, 2022	By:	/S/ SCOTT BLUESTEIN
		Scott Bluestein **President, Chief Executive Officer, and** **Chief Investment Officer**

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (the “Report”) of Hercules Capital, Inc. (the “Registrant”), as filed with the Securities and Exchange Commission on the date hereof, I, Seth H. Meyer, the Chief Financial Officer of the Registrant, certify, to the best of my knowledge, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) 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 Registrant.

Date: May 5, 2022	By:	/S/ SETH H. MEYER
		Seth H. Meyer **Chief Financial Officer, and** **Chief Accounting Officer**