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 September 30, 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 October 27, 2022, there were 130,149,104 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., its wholly owned subsidiaries, and its affiliated securitization trust unless the context otherwise requires.

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

HERCULES CAPITAL, INC.
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

(in thousands, except per share data)	September 30, 2022 (unaudited)	December 31, 2021
Assets		
Investments, at fair value:		
Non-control/Non-affiliate investments (cost of $2,782,220 and $2,293,398, respectively)	$ 2,745,413	$ 2,351,560
Control investments (cost of $87,249 and $84,039, respectively)	80,325	73,504
Affiliate investments (cost of $0 and $13,547, respectively)	—	9,458
Total investments, at fair value (cost of $2,869,469 and $2,390,984, respectively; fair value amounts related to a VIE $236,826 and $0, respectively)	2,825,738	2,434,522
Cash and cash equivalents	57,065	133,115
Restricted cash (amounts related to a VIE $8,346 and $0, respectively)	8,346	3,150
Interest receivable	25,494	17,365
Right of use asset	5,672	6,761
Other assets	2,207	5,100
Total assets	$ 2,924,522	$ 2,600,013
Liabilities		
Debt (net of debt issuance costs - Note 5; amounts related to a VIE $147,810 and $0, respectively)	$ 1,521,220	$ 1,236,303
Accounts payable and accrued liabilities	34,492	47,781
Operating lease liability	6,092	7,382
Total liabilities	$ 1,561,804	$ 1,291,466
Net assets consist of:		
Common stock, par value	$ 131	$ 117
Capital in excess of par value	1,288,341	1,091,907
Total distributable earnings	74,246	216,523
Total net assets	$ 1,362,718	$ 1,308,547
Total liabilities and net assets	$ 2,924,522	$ 2,600,013
Shares of common stock outstanding ($0.001 par value and 200,000 authorized)	130,191	116,619
Net asset value per share	$ 10.47	$ 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 September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Investment income:				
Interest income:				
Non-control/Non-affiliate investments	$ 80,146	$ 62,239	$ 207,747	$ 185,497
Control investments	1,181	1,072	3,440	2,900
Affiliate investments	81	1	1,204	3
Total interest income	81,408	63,312	212,391	188,400
Fee income:				
Non-control/Non-affiliate investments	2,803	6,861	9,059	20,068
Control investments	18	20	51	43
Total fee income	2,821	6,881	9,110	20,111
Total investment income	84,229	70,193	221,501	208,511
Operating expenses:				
Interest	14,499	13,069	38,844	42,309
Loan fees	2,183	1,674	5,517	6,694
General and administrative	4,364	4,085	12,504	11,749
Tax expenses	1,602	2,395	4,135	5,579
Employee compensation:				
Compensation and benefits	10,968	8,898	30,357	27,051
Stock-based compensation	2,474	3,320	10,559	8,990
Total employee compensation	13,442	12,218	40,916	36,041
Total gross operating expenses	36,090	33,441	101,916	102,372
Expenses allocated to the Adviser Subsidiary	(1,863)	(1,337)	(6,335)	(3,474)
Total net operating expenses	34,227	32,104	95,581	98,898
Net investment income	50,002	38,089	125,920	109,613
Net realized gain (loss) and net change in unrealized appreciation (depreciation):				
Net realized gain (loss):				
Non-control/Non-affiliate investments	7,303	22,813	2,703	78,444
Affiliate investments	(2,014)	—	1,758	(62,143)
Loss on debt extinguishment	—	(1,702)	(3,686)	(1,702)
Total net realized gain (loss)	5,289	21,111	775	14,599
Net change in unrealized appreciation (depreciation):				
Non-control/Non-affiliate investments	(4,149)	(31,759)	(94,847)	(10,662)
Control investments	(2,571)	(3,774)	3,611	(7,327)
Affiliate investments	4,631	(118)	4,089	64,220
Total net change in unrealized appreciation (depreciation)	(2,089)	(35,651)	(87,147)	46,231
Total net realized gain (loss) and net change in unrealized appreciation (depreciation)	3,200	(14,540)	(86,372)	60,830
Net increase (decrease) in net assets resulting from operations	$ 53,202	$ 23,549	$ 39,548	$ 170,443
Net investment income before investment gains and losses per common share:				
Basic	$ 0.39	$ 0.33	$ 1.01	$ 0.95
Change in net assets resulting from operations per common share:				
Basic	$ 0.41	$ 0.20	$ 0.31	$ 1.47
Diluted	$ 0.41	$ 0.20	$ 0.30	$ 1.46
Weighted average shares outstanding				
Basic	127,484	114,805	123,379	114,590
Diluted	129,334	116,239	124,767	115,550
Distributions paid per common share:				
Basic	$ 0.50	$ 0.39	$ 1.46	$ 1.15

See notes to consolidated financial statements

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

(amounts in thousands)	Common Stock		Capital in excess	Distributable Earnings	Net
For the Three Months Ended September 30, 2022	**Shares**	**Par Value**	**of par value**	**(loss)**	**Assets**
Balance as of June 30, 2022	127,285	$ 128	$ 1,242,618	$ 84,994	$ 1,327,740
Net increase (decrease) in net assets resulting from operations	—	—	—	53,202	53,202
Public offering, net of offering expenses	2,866	3	42,851	—	42,854
Issuance of common stock due to stock option exercises	22	—	266	—	266
Retired shares from net issuance	(12)	—	(176)	—	(176)
Issuance of common stock under restricted stock plan	23	—	—	—	—
Retired shares for restricted stock vesting	(56)	—	(662)	—	(662)
Distributions reinvested in common stock	63	—	949	—	949
Distributions	—	—	—	(63,950)	(63,950)
Stock-based compensation (1)	—	—	2,495	—	2,495
Balance as of September 30, 2022	130,191	$ 131	$ 1,288,341	$ 74,246	$ 1,362,718
For the Nine Months Ended September 30, 2022					
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	—	—	—	39,548	39,548
Public offering, net of offering expenses	11,787	12	189,946	—	189,958
Issuance of common stock due to stock option exercises	59	—	720	—	720
Retired shares from net issuance	(14)	—	(208)	—	(208)
Issuance of common stock under restricted stock plan	811	1	(1)	—	—
Retired shares for restricted stock vesting	(236)	—	(5,250)	—	(5,250)
Distributions reinvested in common stock	184	—	2,895	—	2,895
Issuance of common stock from conversion of 2022 Convertible Notes	981	1	(1)	—	—
Distributions	—	—	—	(181,825)	(181,825)
Stock-based compensation (1)	—	—	8,333	—	8,333
Balance as of September 30, 2022	130,191	$ 131	$ 1,288,341	$ 74,246	$ 1,362,718

(1) Stock-based compensation includes $36 thousand and $113 thousand of restricted stock and option expense related to director compensation for the three and nine months ended September 30, 2022, respectively.

(amounts in thousands)	Common Stock		Capital in excess	Distributable Earnings	Net
For the Three Months Ended September 30, 2021	**Shares**	**Par Value**	**of par value**	**(loss)**	**Assets**
Balance as of June 30, 2021	115,867	$ 116	$ 1,163,910	$ 192,332	$ 1,356,358
Net increase (decrease) in net assets resulting from operations	—	—	—	23,549	23,549
Public offering, net of offering expenses	—	—	(10)	—	(10)
Issuance of common stock due to stock option exercises	14	—	180	—	180
Retired shares from net issuance	(3)	—	(52)	—	(52)
Issuance of common stock under restricted stock plan	38	—	—	—	—
Retired shares for restricted stock vesting	(46)	—	(872)	—	(872)
Distributions reinvested in common stock	55	—	947	—	947
Distributions	—	—	—	(45,190)	(45,190)
Stock-based compensation (1)	—	—	2,622	—	2,622
Balance as of September 30, 2021	115,925	$ 116	$ 1,166,725	$ 170,691	$ 1,337,532
For the Nine Months Ended September 30, 2021					
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	—	—	—	170,443	170,443
Public offering, net of offering expenses	—	—	(208)	—	(208)
Issuance of common stock due to stock option exercises	277	—	3,813	—	3,813
Retired shares from net issuance	(65)	—	(1,141)	—	(1,141)
Issuance of common stock under restricted stock plan	998	1	(1)	—	—
Retired shares for restricted stock vesting	(200)	—	(4,778)	—	(4,778)
Distributions reinvested in common stock	189	—	3,057	—	3,057
Distributions	—	—	—	(133,143)	(133,143)
Stock-based compensation (1)	—	—	7,785	—	7,785
Balance as of September 30, 2021	115,925	$ 116	$ 1,166,725	$ 170,691	$ 1,337,532

(1) Stock-based compensation includes $36 thousand and $86 thousand of restricted stock and option expense related to director compensation for the three and nine months ended September 30, 2021, respectively.

See notes to consolidated financial statements

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

(amounts in thousands)	**For the Nine Months Ended September 30,**	
	2022	**2021**
Cash flows used in operating activities:		
Net increase (decrease) in net assets resulting from operations	$ 39,548	$ 170,443
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchases of investments	(1,097,812)	(1,033,189)
Fundings assigned to Adviser Funds	247,848	107,793
Principal and fee repayments received and proceeds from the sale of debt investments	378,109	738,321
Proceeds from the sale of equity investments	14,303	98,567
Net unrealized (appreciation) depreciation	87,147	(46,231)
Net realized (gain) loss on investments	(4,461)	(16,301)
Accretion of paid-in-kind principal	(14,888)	(8,105)
Accretion of loan discounts	(2,996)	(2,737)
Accretion of loan discount on convertible notes	112	504
Accretion of loan exit fees	364	(17,364)
Change in loan income, net of collections	(18,398)	21,730
Unearned fees related to unfunded commitments	19,412	(2,367)
Realized loss on debt extinguishment	3,378	1,702
Amortization of debt issuance costs	4,051	4,957
Depreciation and amortization	160	255
Stock-based compensation and amortization of restricted stock grants (1)	8,333	7,785
Change in operating assets and liabilities:		
Interest receivable	(8,039)	1,218
Other assets	(1,196)	2,380
Accrued liabilities	(14,856)	(680)
Net cash provided by (used in) operating activities	(359,881)	28,681
Cash flows used in investing activities:		
Purchases of capital equipment	(86)	(12)
Net cash used in investing activities	(86)	(12)
Cash flows provided by (used in) financing activities:		
Issuance of common stock	192,011	—
Offering expenses	(2,053)	(208)
Retirement of employee shares, net	(4,738)	(2,106)
Distributions paid	(178,930)	(130,086)
Issuance of debt	1,169,237	1,396,406
Repayment of debt	(878,198)	(1,272,712)
Debt issuance costs	(6,581)	(4,830)
Fees paid for credit facilities and debentures	(1,635)	(3,395)
Net cash provided by (used in) financing activities	289,113	(16,931)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(70,854)	11,738
Cash, cash equivalents, and restricted cash at beginning of period	136,265	237,622
Cash, cash equivalents, and restricted cash at end of period	$ 65,411	$ 249,360
Supplemental disclosures of cash flow information and non-cash investing and financing activities:		
Interest paid	$ 44,382	$ 44,985
Income tax, including excise tax, paid	$ 7,341	$ 3,731
Distributions reinvested	$ 2,895	$ 3,057

(1) Stock-based compensation includes $113 thousand and $86 thousand of restricted stock and option expense related to director compensation for the nine months ended September 30, 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 Nine Months Ended September 30,	
(Dollars in thousands)	**2022**	**2021**
Cash and cash equivalents	$ 57,065	$ 235,851
Restricted cash	8,346	13,509
Total cash, cash equivalents, and restricted cash presented in the Consolidated Statements of Cash Flows	$ 65,411	$ 249,360

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
September 30, 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							
Aryaka Networks, Inc.	Senior Secured	July 2026	PRIME + 3.25%, Floor rate 6.75%, PIK Interest 1.05%, 3.55% Exit Fee	$ 5,009	$ 4,943	$ 4,943	(14)(17)(19)
Cytracom Holdings LLC	Senior Secured	February 2025	3-Month LIBOR + 9.31%, Floor rate 10.31%	$ 8,933	8,776	8,728	(11)(17)(18)
Rocket Lab Global Services, LLC	Senior Secured	June 2024	PRIME + 4.90%, Floor rate 8.15%, PIK Interest 1.25%, 3.20% Exit Fee	$ 84,314	84,877	87,283	(11)(12)(13)(14)(16)
Subtotal: 1-5 Years Maturity					98,596	100,954	
Subtotal: Communications & Networking (7.41%)*					**98,596**	**100,954**	
Consumer & Business Products							
1-5 Years Maturity							
Grove Collaborative, Inc.	Senior Secured	April 2025	PRIME + 5.50%, Floor rate 8.75%, 8.75% Exit Fee	$ 23,520	23,774	24,190	(19)
Subtotal: 1-5 Years Maturity					23,774	24,190	
Subtotal: Consumer & Business Products (1.78%)*					**23,774**	**24,190**	
Diversified Financial Services							
1-5 Years Maturity							
Gibraltar Business Capital, LLC	Unsecured	September 2026	FIXED 14.50%	$ 15,000	14,701	13,033	(7)
	Unsecured	September 2026	FIXED 11.50%	$ 10,000	9,844	9,006	(7)
Total Gibraltar Business Capital, LLC				$ 25,000	24,545	22,039	
Hercules Adviser LLC	Unsecured	June 2025	FIXED 5.00%	$ 12,000	12,000	12,000	(7)
Subtotal: 1-5 Years Maturity					36,545	34,039	
Subtotal: Diversified Financial Services (2.50%)*					**36,545**	**34,039**	
Drug Discovery & Development							
Under 1 Year Maturity							
Chemocentryx, Inc.	Senior Secured	December 2022	PRIME + 3.30%, Floor rate 8.05%, 6.25% Exit Fee	$ 11,451	12,677	12,780	(10)(13)
Nabriva Therapeutics	Senior Secured	June 2023	PRIME + 4.30%, Floor rate 9.80%, 9.95% Exit Fee	$ 3,077	3,701	3,313	(5)(10)(13)
Subtotal: Under 1 Year Maturity					16,378	16,093	
1-5 Years Maturity							
Akero Therapeutics, Inc.	Senior Secured	January 2027	PRIME + 3.65%, Floor rate 7.65%, 5.85% Exit Fee	$ 5,000	4,966	4,983	(10)(17)
Aldeyra Therapeutics, Inc.	Senior Secured	October 2023	PRIME + 3.10%, Floor rate 8.60%, 6.95% Exit Fee	$ 15,000	15,817	15,608	(11)
Alladapt Immunotherapeutics Inc.	Senior Secured	September 2026	PRIME + 3.65%, Floor rate 8.40%, Cap rate 10.90%, 5.30% Exit Fee	$ 15,000	14,858	14,858	(17)
Applied Genetic Technologies Corporation	Senior Secured	April 2024	PRIME + 6.50%, Floor rate 9.75%, 6.95% Exit Fee	$ 15,609	16,450	16,308	(13)
ATAI Life Sciences N.V.	Senior Secured	August 2026	PRIME + 4.55%, Floor rate 8.55%, 6.95% Exit Fee	$ 10,500	10,467	10,467	(5)(10)(17)
Aveo Pharmaceuticals, Inc.	Senior Secured	September 2024	PRIME + 6.40%, Floor rate 9.65%, Cap rate 15.00%, 6.95% Exit Fee	$ 40,000	41,439	41,374	(11)(15)
Axsome Therapeutics, Inc.	Senior Secured	October 2026	PRIME + 5.70%, Floor rate 8.95%, Cap rate 10.70%, 5.31% Exit Fee	$ 81,725	81,388	79,295	(10)(11)(12)(16)(17)
Bicycle Therapeutics PLC	Senior Secured	July 2025	PRIME + 4.55%, Floor rate 8.05%, Cap rate 9.05%, 5.00% Exit Fee	$ 11,500	11,724	11,619	(5)(10)(11)(12)
BiomX, INC	Senior Secured	September 2025	PRIME + 5.70%, Floor rate 8.95%, 6.55% Exit Fee	$ 9,000	9,125	9,004	(5)(10)(11)
BridgeBio Pharma, Inc.	Senior Secured	November 2026	FIXED 9.00%, 2.00% Exit Fee	$ 37,022	36,694	33,561	(12)(13)(14)
Cellarity, Inc.	Senior Secured	June 2026	PRIME + 5.70%, Floor rate 8.95%, 3.75% Exit Fee	$ 30,000	29,734	29,943	(13)(15)
Century Therapeutics, Inc.	Senior Secured	April 2024	PRIME + 6.30%, Floor rate 9.55%, 3.95% Exit Fee	$ 10,000	10,197	10,261	(11)
Chemocentryx, Inc.	Senior Secured	February 2025	PRIME + 3.25%, Floor rate 8.50%, 7.15% Exit Fee	$ 5,000	5,214	5,408	(10)(13)
Codiak Biosciences, Inc.	Senior Secured	October 2025	PRIME + 5.00%, Floor rate 8.25%, 5.50% Exit Fee	$ 25,000	25,681	25,076	(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%, Floor rate 8.95%, 7.75% Exit Fee	$ 132,675	$ 133,069	$ 135,828	(13)(16)
Eloxx Pharmaceuticals, Inc.	Senior Secured	April 2025	PRIME + 6.25%, Floor rate 9.50%, 6.55% Exit Fee	$ 12,500	12,673	12,408	(15)
enGene, Inc.	Senior Secured	July 2025	PRIME + 5.00%, Floor rate 8.25%, 6.35% Exit Fee	$ 11,000	10,994	10,918	(5)(10)(13)
Finch Therapeutics Group, Inc.	Senior Secured	November 2026	PRIME + 4.05%, Floor rate 7.55%, Cap rate 8.80%, 5.50% Exit Fee	$ 15,000	14,958	14,241	(17)
G1 Therapeutics, Inc.	Senior Secured	November 2026	PRIME + 5.90%, Floor rate 9.15%, 9.86% Exit Fee	$ 58,125	58,472	58,006	(11)(12)(15)(17)
Geron Corporation	Senior Secured	October 2024	PRIME + 5.75%, Floor rate 9.00%, 6.55% Exit Fee	$ 18,500	19,003	19,059	(10)(12)(13)
Gritstone Bio, Inc.	Senior Secured	July 2027	PRIME + 3.15%, Floor rate 7.15%, Cap rate 8.65%, PIK Interest 2.00%, 5.75% Exit Fee	$ 15,037	14,989	14,989	(14)(17)
Hibercell, Inc.	Senior Secured	May 2025	PRIME + 5.40%, Floor rate 8.65%, 4.95% Exit Fee	$ 17,000	17,244	17,225	(13)(15)
HilleVax, Inc.	Senior Secured	May 2027	PRIME + 1.05%, Floor rate 4.55%, Cap rate 6.05%, PIK Interest 2.85%, 7.15% Exit Fee	$ 4,043	4,043	4,044	(14)(15)(17)
Iveric Bio Gene Therapy LLC	Senior Secured	August 2027	PRIME + 4.00%, Floor rate 8.75%, Cap rate 10.25%, 4.25% Exit Fee	$ 24,750	24,530	24,531	(10)(17)
Locus Biosciences, Inc.	Senior Secured	July 2025	PRIME + 6.10%, Floor rate 9.35%, 4.95% Exit Fee	$ 8,000	8,084	8,062	(15)
Madrigal Pharmaceutical, Inc.	Senior Secured	May 2026	PRIME + 3.95%, Floor rate 7.45%, 5.35% Exit Fee	$ 34,000	33,807	33,807	(10)
Phathom Pharmaceuticals, Inc.	Senior Secured	October 2026	PRIME + 2.25%, Floor rate 5.50%, PIK Interest 3.35%, 7.50% Exit Fee	$ 93,978	93,948	94,006	(10)(12)(14)(15)(16)(17)(22)
Provention Bio, Inc.	Senior Secured	September 2026	PRIME + 2.70%, Floor rate 8.20%, 6.60% Exit Fee	$ 25,000	24,552	24,552	
Redshift Bioanalytics, Inc.	Senior Secured	January 2026	PRIME + 4.25%, Floor rate 7.50%, 3.80% Exit Fee	$ 5,000	4,936	4,935	(15)
Scynexis, Inc.	Senior Secured	March 2025	PRIME + 5.80%, Floor rate 9.05%, 3.95% Exit Fee	$ 18,667	18,592	18,524	(12)(13)
Seres Therapeutics, Inc.	Senior Secured	October 2024	PRIME + 6.40%, Floor rate 9.65%, 4.98% Exit Fee	$ 37,500	38,509	38,657	(12)(13)
Tarsus Pharmaceuticals, Inc.	Senior Secured	February 2027	PRIME + 5.20%, Floor rate 8.45%, 4.75% Exit Fee	$ 8,250	8,255	8,388	(10)(13)(17)
TG Therapeutics, Inc.	Senior Secured	January 2026	PRIME + 2.15%, Floor rate 5.40%, PIK Interest 3.45%, 5.95% Exit Fee	$ 47,567	47,267	47,137	(10)(11)(12)(14)
uniQure B.V.	Senior Secured	December 2025	PRIME + 4.70%, Floor rate 7.95%, 7.28% Exit Fee	$ 70,000	72,015	73,205	(5)(10)(11)(12)(16)
Unity Biotechnology, Inc.	Senior Secured	August 2024	PRIME + 6.10%, Floor rate 9.35%, 6.25% Exit Fee	$ 20,000	20,990	20,844	(13)
Valo Health, LLC	Senior Secured	May 2024	PRIME + 6.45%, Floor rate 9.70%, 3.85% Exit Fee	$ 9,583	9,805	9,760	(11)(13)
Viridian Therapeutics, Inc.	Senior Secured	October 2026	PRIME + 4.20%, Floor rate 7.45%, Cap rate 8.95%, 4.76% Exit Fee	$ 2,000	2,004	1,969	(10)(13)(17)
X4 Pharmaceuticals, Inc.	Senior Secured	July 2024	PRIME + 3.75%, Floor rate 8.75%, 8.80% Exit Fee	$ 32,500	33,464	33,291	(11)(12)(13)
Subtotal: 1-5 Years Maturity					1,039,957	1,036,151	
Subtotal: Drug Discovery & Development (77.22%)*					**1,056,335**	**1,052,244**	
Healthcare Services, Other							
1-5 Years Maturity							
Better Therapeutics, Inc.	Senior Secured	August 2025	PRIME + 5.70%, Floor rate 8.95%, 5.95% Exit Fee	$ 12,000	12,093	11,996	(15)
Blue Sprig Pediatrics, Inc.	Senior Secured	November 2026	1-Month LIBOR + 5.00%, Floor rate 6.00%, PIK Interest 4.45%	$ 40,949	40,403	39,332	(11)(13)(14)(17)
Carbon Health Technologies, Inc.	Senior Secured	March 2025	PRIME + 5.60%, Floor rate 8.85%, 4.61% Exit Fee	$ 46,125	46,399	46,158	(11)(12)(13)(17)(19)
Elation Health, Inc.	Senior Secured	March 2026	PRIME + 4.25%, Floor rate 9.00%, PIK Interest 1.95%, 3.95% Exit Fee	$ 5,000	4,796	4,795	(17)(19)
Equality Health, LLC	Senior Secured	February 2026	PRIME + 6.25%, Floor rate 9.50%, PIK Interest 1.55%	$ 53,388	52,928	53,644	(12)(14)
Subtotal: 1-5 Years Maturity					156,619	155,925	
Greater than 5 Years Maturity							
Oak Street Health, Inc.	Senior Secured	October 2027	PRIME + 2.45%, Floor rate 7.95%, Cap rate 9.45%, PIK Interest 1.00%	$ 44,250	43,955	43,955	(10)(17)
Subtotal: Greater than 5 Years Maturity					43,955	43,955	
Subtotal: Healthcare Services, Other (14.67%)*					**200,574**	**199,880**	

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HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 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%, Floor rate 8.25%, PIK Interest 1.10%, 7.00% Exit Fee	$	20,193	$	20,302	$	20,219	(14)(15)(19)
Signal Media Limited	Senior Secured	June 2025	PRIME + 5.50%, Floor rate 9.00%, Cap rate 12.00%, 3.45% Exit Fee	$	750		739		739	(5)(10)(17)
Yipit, LLC	Senior Secured	September 2026	1-Month LIBOR + 9.08%, Floor rate 10.08%	$	31,875		31,345		30,782	(17)(18)
Subtotal: 1-5 Years Maturity							52,386		51,740	
Subtotal: Information Services (3.80%)*							**52,386**		**51,740**	
Internet Consumer & Business Services										
Under 1 Year Maturity										
Nextroll, Inc.	Senior Secured	July 2023	PRIME + 3.75%, Floor rate 7.75%, PIK Interest 2.95%, 1.95% Exit Fee	$	22,046		21,952		21,952	(12)(14)
SeatGeek, Inc.	Senior Secured	June 2023	PRIME + 5.00%, Floor rate 10.50%, PIK Interest 0.50%	$	60,838		60,529		60,529	(11)(12)(13)(14)(16)
Subtotal: Under 1 Year Maturity							82,481		82,481	
1-5 Years Maturity										
AppDirect, Inc.	Senior Secured	April 2026	PRIME + 5.50%, Floor rate 8.75%, 9.70% Exit Fee	$	30,790		31,733		31,991	(12)(17)
Carwow LTD	Senior Secured	December 2024	PRIME + 4.70%, Floor rate 7.95%, PIK Interest 1.45%, 4.95% Exit Fee	£	18,798		25,845		21,021	(5)(10)(14)
Convoy, Inc.	Senior Secured	March 2026	PRIME + 3.20%, Floor rate 6.45%, PIK Interest 1.95%, 4.55% Exit Fee	$	73,623		72,447		73,092	(14)(16)(19)
LogicSource	Senior Secured	July 2027	3-Month SOFR + 8.93%, Floor rate 9.93%	$	13,300		13,017		13,017	(17)
Jobandtalent USA, Inc.	Senior Secured	February 2025	1-Month SOFR + 8.86%, Floor rate 9.75%, 3.00% Exit Fee	$	14,000		13,802		13,865	(5)(10)
Rhino Labs, Inc.	Senior Secured	March 2024	PRIME + 5.50%, Floor rate 8.75%, PIK Interest 2.25%	$	16,407		16,180		16,331	(14)(15)
RVShare, LLC	Senior Secured	December 2026	3-Month LIBOR + 5.50%, Floor rate 6.50%, PIK Interest 4.00%	$	20,489		20,138		20,130	(13)(14)(15)(17)
Salary.com, LLC	Senior Secured	September 2027	6-Month SOFR + 8.00%, Floor rate 9.00%	$	18,000		17,640		17,640	(18)
SeatGeek, Inc.	Senior Secured	May 2026	PRIME + 7.00%, Floor rate 10.50%, PIK Interest 0.50%	$	25,040		24,869		25,591	(11)(12)(13)(14)(16)
Skyword, Inc.	Senior Secured	September 2024	PRIME + 3.88%, Floor rate 9.38%, PIK Interest 1.90%, 4.00% Exit Fee	$	12,607		12,922		12,708	(13)(14)
Tectura Corporation	Senior Secured	July 2024	PIK Interest 5.00%	$	10,680		240		—	(7)(8)(14)
	Senior Secured	July 2024	FIXED 8.25%	$	8,250		8,250		8,250	(7)
	Senior Secured	July 2024	PIK Interest 5.00%	$	13,023		13,023		68	(7)(8)(14)
Total Tectura Corporation				$	31,953		21,513		8,318	
Thumbtack, Inc.	Senior Secured	April 2026	PRIME + 4.95%, Floor rate 8.95%, PIK Interest 1.50%, 3.95% Exit Fee	$	10,065		9,985		9,938	(12)(14)(17)
Veem, Inc.	Senior Secured	March 2025	PRIME + 4.00%, Floor rate 7.25%, PIK Interest 1.25%, 4.50% Exit Fee	$	5,027		4,959		4,967	(13)(14)
	Senior Secured	March 2025	PRIME + 4.70%, Floor rate 7.95%, PIK Interest 1.50%, 4.50% Exit Fee	$	5,014		4,932		5,055	
Total Veem, Inc.				$	10,041		9,891		10,022	
Worldremit Group Limited	Senior Secured	February 2025	3-Month LIBOR + 9.25%, Floor rate 10.25%, 3.00% Exit Fee	$	94,500		94,115		92,293	(5)(10)(11)(12)(16)(19)
Subtotal: 1-5 Years Maturity							384,097		365,957	
Greater than 5 Years Maturity										
Houzz, Inc.	Convertible Debt	May 2028	PIK Interest 5.50%	$	21,252		21,252		20,354	(9)(14)
Subtotal: Greater than 5 Years Maturity							21,252		20,354	
Subtotal: Internet Consumer & Business Services (34.40%)*							**487,830**		**468,792**	
Manufacturing Technology										
Under 1 Year Maturity										
Bright Machines, Inc.	Senior Secured	November 2022	PRIME + 5.70%, Floor rate 8.95%, 6.95% Exit Fee	$	15,000		15,902		16,045	(11)(19)
Subtotal: Under 1 Year Maturity							15,902		16,045	
1-5 Years Maturity										
MacroFab, Inc.	Senior Secured	March 2026	PRIME + 4.35%, Floor rate 7.60%, PIK Interest 1.25%, 4.50% Exit Fee	$	17,083		16,616		16,469	(12)(14)
Ouster, Inc.	Senior Secured	May 2026	PRIME + 6.15%, Floor rate 9.40%, 7.45% Exit Fee	$	7,000		6,981		7,040	(10)(13)(17)
Subtotal: 1-5 Years Maturity							23,597		23,509	
Subtotal: Manufacturing Technology (2.90%)*							**39,499**		**39,554**	

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%, Floor rate 8.75%, 5.25% Exit Fee	$ 15,000	$ 14,927	$ 14,835	(13)
Subtotal: 1-5 Years Maturity					14,927	14,835	
Subtotal: Medical Devices & Equipment (1.09%)*					**14,927**	**14,835**	
Semiconductors							
1-5 Years Maturity							
Fungible, Inc.	Senior Secured	December 2024	PRIME + 5.00%, Floor rate 8.25%, 4.95% Exit Fee	$ 20,000	19,492	19,647	(15)(19)
Subtotal: 1-5 Years Maturity					19,492	19,647	
Subtotal: Semiconductors (1.44%)*					**19,492**	**19,647**	
Software							
Under 1 Year Maturity							
Kazoo, Inc. (p.k.a. YouEarnedIt, Inc.)	Senior Secured	July 2023	3-Month SOFR + 10.15%, Floor rate 11.15%	$ 10,819	10,691	10,691	(18)
Subtotal: Under 1 Year Maturity					10,691	10,691	
1-5 Years Maturity							
3GTMS, LLC	Senior Secured	February 2025	3-Month LIBOR + 9.28%, Floor rate 10.28%	$ 10,808	10,660	10,496	(11)(17)(18)
Agilence, Inc.	Senior Secured	October 2026	1-Month BSBY + 9.00%, Floor rate 10.00%	$ 9,330	9,100	8,880	(12)(17)(18)
Annex Cloud	Senior Secured	February 2027	1-Month BSBY + 9.00%, Floor rate 10.00%	$ 8,500	8,282	8,148	(13)(17)
Automation Anywhere, Inc.	Senior Secured	September 2027	PRIME + 4.25%, Floor rate 9.00%, 2.50% Exit Fee	$ 19,600	19,008	19,008	(17)(19)
Brain Corporation	Senior Secured	April 2025	PRIME + 3.70%, Floor rate 6.95%, PIK Interest 1.00%, 3.95% Exit Fee	$ 20,116	20,101	20,196	(13)(14)(15)(17)
Campaign Monitor Limited	Senior Secured	November 2025	3-Month SOFR + 8.90%, Floor rate 9.90%	$ 33,000	32,546	32,944	(13)(19)
Catchpoint Systems, Inc.	Senior Secured	June 2026	3-Month SOFR + 8.76%, Floor rate 9.76%	$ 10,200	10,034	10,043	(18)
Ceros, Inc.	Senior Secured	September 2026	6-month LIBOR + 8.89%, Floor rate 9.89%	$ 19,855	19,420	19,482	(17)(18)
CloudBolt Software, Inc.	Senior Secured	October 2024	PRIME + 6.70%, Floor rate 9.95%, 3.45% Exit Fee	$ 10,000	10,021	10,014	(11)(12)(19)
Constructor.io Corporation	Senior Secured	July 2027	1-Month SOFR + 8.44%, Floor rate 9.44%	$ 4,688	4,569	4,569	(17)(18)
Copper CRM, Inc	Senior Secured	March 2025	PRIME + 4.50%, Floor rate 8.25%, Cap rate 10.25%, PIK Interest 1.95%, 4.50% Exit Fee	$ 10,095	10,058	9,882	(11)(14)
Cutover, Inc.	Senior Secured	October 2025	PRIME + 5.20%, Floor rate 9.95%, 4.95% Exit Fee	$ 5,000	4,927	4,927	(5)(10)
Cybermaxx Intermediate Holdings, Inc.	Senior Secured	August 2026	6-month LIBOR + 9.28%, Floor rate 10.28%	$ 7,980	7,808	7,732	(13)(17)
Dashlane, Inc.	Senior Secured	July 2025	PRIME + 3.05%, Floor rate 7.55%, PIK Interest 1.10%, 4.95% Exit Fee	$ 31,841	32,186	31,580	(11)(13)(14)(17)(19)
Demandbase, Inc.	Senior Secured	August 2025	PRIME + 2.25%, Floor rate 5.50%, PIK Interest 3.00%, 5.00% Exit Fee	$ 28,288	28,010	28,187	(13)(14)(17)(19)
Eigen Technologies Ltd.	Senior Secured	April 2025	PRIME + 5.10%, Floor rate 8.35%, 2.95% Exit Fee	$ 3,750	3,730	3,726	(5)(10)
Enmark Systems, Inc.	Senior Secured	September 2026	3-Month LIBOR + 6.83%, Floor rate 7.83%, PIK Interest 2.19%	$ 8,178	8,001	7,948	(11)(14)(17)(18)
Esentire, Inc.	Senior Secured	May 2024	3-Month LIBOR + 9.96%, Floor rate 10.96%	$ 8,468	8,380	8,425	(5)(10)(11)(18)
Esme Learning Solutions, Inc.	Senior Secured	February 2025	PRIME + 5.50%, Floor rate 8.75%, PIK Interest 1.50%, 3.00% Exit Fee	$ 5,045	4,890	4,270	(14)
Gryphon Networks Corp.	Senior Secured	January 2026	1-Month LIBOR + 9.69%, Floor rate 10.69%	$ 5,232	5,125	5,258	(11)(17)
Ikon Science Limited	Senior Secured	October 2024	3-Month Eurodollar + 9.00%, Floor rate 10.00%	$ 6,650	6,510	6,572	(5)(10)(17)(18)

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HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 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%, Floor rate 8.75%	$ 20,000	$ 19,869	$ 20,000	(19)
Khoros (p.k.a Lithium Technologies)	Senior Secured	January 2024	3-Month SOFR + 8.00%, Floor rate 9.00%	$ 56,208	56,028	55,958	(17)
Logicworks	Senior Secured	January 2024	PRIME + 7.50%, Floor rate 10.75%	$ 14,500	14,373	14,356	(12)
Mixpanel, Inc.	Senior Secured	August 2024	PRIME + 4.70%, Floor rate 7.95%, PIK Interest 1.80%, 3.00% Exit Fee	$ 20,713	20,755	21,554	(14)(19)
Mobile Solutions Services	Senior Secured	December 2025	3-Month LIBOR + 9.06%, Floor rate 10.06%	$ 17,668	17,283	16,984	(17)(18)
Nuvolo Technologies Corporation	Senior Secured	July 2025	PRIME + 5.25%, Floor rate 8.50%, 2.04% Exit Fee	$ 17,500	17,525	17,586	(12)(13)(17)(19)
Omeda Holdings, LLC	Senior Secured	July 2027	3-Month SOFR + 8.05%, Floor rate 9.05%	$ 7,500	7,251	7,251	(17)(18)
Pollen, Inc.	Senior Secured	November 2023	PRIME + 4.75%, Floor rate 8.00%, PIK Interest 0.50%, 4.50% Exit Fee	$ 7,486	7,657	7,975	(14)
	Senior Secured	November 2023	PRIME + 5.25%, Floor rate 8.50%, PIK Interest 1.35%, 4.50% Exit Fee	$ 13,176	13,373	14,039	(14)(15)
Total Pollen, Inc.				$ 20,662	21,030	22,014	
Riviera Partners LLC	Senior Secured	April 2027	6 Month SOFR + 7.53%, Floor rate 8.53%	$ 26,184	25,595	25,595	(17)(18)
ShadowDragon, LLC	Senior Secured	December 2026	3-Month LIBOR + 9.00%, Floor rate 10.00%	$ 6,000	5,849	5,780	(18)
Tact.ai Technologies, Inc.	Senior Secured	February 2024	PRIME + 4.00%, Floor rate 8.75%, PIK Interest 2.00%, 5.50% Exit Fee	$ 5,009	5,213	4,885	(14)
ThreatConnect, Inc.	Senior Secured	May 2026	3-Month LIBOR + 9.00%, Floor rate 10.00%	$ 11,060	10,791	10,832	(12)(17)(18)
Udacity, Inc.	Senior Secured	September 2024	PRIME + 4.50%, Floor rate 7.75%, PIK Interest 2.00%, 3.00% Exit Fee	$ 51,675	51,851	52,330	(12)(14)
VideoAmp, Inc.	Senior Secured	February 2025	PRIME + 3.70%, Floor rate 6.95%, PIK Interest 1.25%, 5.25% Exit Fee	$ 62,987	62,056	62,467	(14)(15)(19)
Zimperium, Inc.	Senior Secured	May 2027	3-Month SOFR + 8.31%, Floor rate 9.31%	$ 16,313	15,984	15,984	(17)(18)
Subtotal: 1-5 Years Maturity					614,819	615,863	
Greater than 5 Years Maturity							
Alchemer LLC	Senior Secured	May 2028	1-Month SOFR + 7.89%, Floor rate 8.89%	$ 15,125	14,778	14,778	(17)(18)
Dispatch Technologies, Inc.	Senior Secured	April 2028	1-Month SOFR + 8.01%, Floor rate 8.76%	$ 7,500	7,288	7,288	(17)(18)
Subtotal: Greater than 5 Years Maturity					22,066	22,066	
Subtotal: Software (47.60%)*					**647,576**	**648,620**	
Sustainable and Renewable Technology							
1-5 Years Maturity							
Ampion, PBC	Senior Secured	May 2025	PRIME + 4.70%, Floor rate 7.95%, PIK Interest 1.45%, 3.95% Exit Fee	$ 4,022	3,953	3,943	(13)(14)
Pineapple Energy LLC	Senior Secured	December 2024	PIK Interest 10.00%	$ 3,156	3,156	2,961	(14)
Subtotal: 1-5 Years Maturity					7,109	6,904	
Subtotal: Sustainable and Renewable Technology (0.51%)*					**7,109**	**6,904**	
Total: Debt Investments (195.30%)*					**$ 2,684,643**	**$ 2,661,399**	

See notes to consolidated financial statements

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2022 (unaudited)
(dollars in thousands)

Portfolio Company	Type of Investment	Acquisition Date [4]	Series [3]	Shares	Cost [2]	Value	Footnotes
Equity Investments							
Consumer & Business Products							
Grove Collaborative, Inc.	Equity	4/30/2021	Common Stock	61,300	$ 433	$ 127	(4)(20)
TechStyle, Inc.	Equity	4/30/2010	Common Stock	42,989	128	58	
Subtotal: Consumer & Business Products (0.01%)*					**561**	**185**	
Diversified Financial Services							
Gibraltar Business Capital, LLC	Equity	3/1/2018	Common Stock	830,000	1,884	1,134	(7)
	Equity	3/1/2018	Preferred Series A	10,602,752	26,122	14,489	(7)
Total Gibraltar Business Capital, LLC				11,432,752	28,006	15,623	
Hercules Adviser LLC	Equity	3/26/2021	Member Units	1	35	21,945	(7)
Newfront Insurance Holdings, Inc.	Equity	9/30/2021	Preferred Series D-2	210,282	403	454	
Subtotal: Diversified Financial Services (2.79%)*					**28,444**	**38,022**	
Drug Delivery							
AcelRx Pharmaceuticals, Inc.	Equity	12/10/2018	Common Stock	176,730	1,329	37	(4)
Aytu BioScience, Inc.	Equity	3/28/2014	Common Stock	13,600	1,500	3	(4)
BioQ Pharma Incorporated	Equity	12/8/2015	Preferred Series D	165,000	500	43	
PDS Biotechnology Corporation	Equity	4/6/2015	Common Stock	2,498	309	7	(4)
Subtotal: Drug Delivery (0.01%)*					**3,638**	**90**	
Drug Discovery & Development							
Akero Therapeutics, Inc.	Equity	9/19/2022	Common Stock	38,461	1,000	1,310	(4)(10)
Albireo Pharma, Inc.	Equity	9/14/2020	Common Stock	25,000	1,000	484	(4)(10)
Applied Molecular Transport	Equity	4/6/2021	Common Stock	1,000	42	1	(4)(10)
Avalo Therapeutics, Inc.	Equity	8/19/2014	Common Stock	9,924	1,000	33	(4)
Aveo Pharmaceuticals, Inc.	Equity	7/31/2011	Common Stock	190,179	1,715	1,565	(4)
Axsome Therapeutics, Inc.	Equity	5/9/2022	Common Stock	127,021	4,165	5,360	(4)(10)(16)(20)
Bicycle Therapeutics PLC	Equity	10/5/2020	Common Stock	98,100	1,871	2,282	(4)(5)(10)
BridgeBio Pharma, Inc.	Equity	6/21/2018	Common Stock	231,329	2,255	2,299	(4)
Chemocentryx, Inc.	Equity	6/15/2020	Common Stock	17,241	1,000	891	(4)(10)
Concert Pharmaceuticals, Inc.	Equity	2/13/2019	Common Stock	70,796	1,367	474	(4)(10)
Dare Biosciences, Inc.	Equity	1/8/2015	Common Stock	13,550	1,000	14	(4)
Dynavax Technologies	Equity	7/22/2015	Common Stock	20,000	550	209	(4)(10)
Hibercell, Inc.	Equity	5/7/2021	Preferred Series B	3,466,840	4,250	2,917	(15)
HilleVax, Inc.	Equity	5/3/2022	Common Stock	235,295	4,000	4,021	(4)
Humanigen, Inc.	Equity	3/31/2021	Common Stock	43,243	800	8	(4)(10)
NorthSea Therapeutics	Equity	12/15/2021	Preferred Series C	983	2,000	1,515	(5)(10)
Paratek Pharmaceuticals, Inc.	Equity	2/26/2007	Common Stock	76,362	2,744	196	(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	17	(4)
Sio Gene Therapies, Inc.	Equity	2/2/2017	Common Stock	16,228	1,269	4	(4)
Tarsus Pharmaceuticals, Inc.	Equity	5/5/2022	Common Stock	155,555	2,100	2,663	(4)(10)
Tricida, Inc.	Equity	2/28/2018	Common Stock	68,816	863	721	(4)
uniQure B.V.	Equity	1/31/2019	Common Stock	17,175	332	322	(4)(5)(10)(16)
Valo Health, LLC	Equity	12/11/2020	Preferred Series B	510,308	3,000	3,622	
X4 Pharmaceuticals, Inc.	Equity	11/26/2019	Common Stock	1,111,519	2,522	1,901	(4)
Subtotal: Drug Discovery & Development (2.41%)*					**42,548**	**32,844**	
Electronics & Computer Hardware							
Skydio, Inc.	Equity	3/8/2022	Preferred Series E	248,900	1,500	1,034	
Subtotal: Electronics & Computer Hardware (0.08%)*					**1,500**	**1,034**	
Healthcare Services, Other							
23andMe, Inc.	Equity	3/11/2019	Common Stock	825,732	5,094	2,362	(4)
Carbon Health Technologies, Inc.	Equity	3/30/2021	Preferred Series C	217,880	1,688	836	
Subtotal: Healthcare Services, Other (0.23%)*					**6,782**	**3,198**	

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HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2022 (unaudited)
(dollars in thousands)

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	$ 2,975	(4)
Yipit, LLC	Equity	12/30/2021	Preferred Series E	41,021	3,825	2,648	
Zeta Global Corp.	Equity	11/20/2007	Common Stock	295,861	-	1,956	(4)
Subtotal: Information Services (0.56%)*					**4,440**	**7,579**	
Internet Consumer & Business Services							
Black Crow AI, Inc. affiliates	Equity	3/24/2021	Preferred Note	3	3,000	3,000	(21)
Carwow LTD	Equity	12/15/2021	Preferred Series D-4	199,742	1,151	216	(5)(10)
Contentful Global, Inc.	Equity	12/22/2020	Preferred Series C	41,000	138	239	(5)(10)
	Equity	11/20/2018	Preferred Series D	108,500	500	685	(5)(10)
Total Contentful Global, Inc.				149,500	638	924	
DoorDash, Inc.	Equity	12/20/2018	Common Stock	81,996	945	4,055	(4)
Lyft, Inc.	Equity	12/26/2018	Common Stock	100,738	5,263	1,327	(4)
Nerdy Inc.	Equity	9/17/2021	Common Stock	100,000	1,000	209	(4)(20)
Nextdoor.com, Inc.	Equity	8/1/2018	Common Stock	1,019,255	4,854	2,844	(4)
OfferUp, Inc.	Equity	10/25/2016	Preferred Series A	286,080	1,663	418	
	Equity	10/25/2016	Preferred Series A-1	108,710	632	159	
Total OfferUp, Inc.				394,790	2,295	577	
Oportun	Equity	6/28/2013	Common Stock	48,365	577	211	(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	866	
Savage X Holding, LLC	Equity	4/30/2010	Class A Units	42,137	13	179	
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	95	
Uber Technologies, Inc.	Equity	12/1/2020	Common Stock	32,991	318	874	(4)
Subtotal: Internet Consumer & Business Services (1.13%)*					**22,058**	**15,377**	
Medical Devices & Equipment							
Coronado Aesthetics, LLC	Equity	10/15/2021	Common Units	180,000	—	9	(7)
	Equity	10/15/2021	Preferred Series A-2	5,000,000	250	391	(7)
Total Coronado Aesthetics, LLC				5,180,000	250	400	
Flowonix Medical Incorporated	Equity	11/3/2014	Preferred Series AA	221,893	1,500	—	
Gelesis, Inc.	Equity	11/30/2009	Common Stock	1,490,700	871	1,611	(4)
ViewRay, Inc.	Equity	12/16/2013	Common Stock	36,457	332	132	(4)
Subtotal: Medical Devices & Equipment (0.16%)*					**2,953**	**2,143**	
Semiconductors							
Achronix Semiconductor Corporation	Equity	7/1/2011	Preferred Series C	277,995	160	259	
Subtotal: Semiconductors (0.02%)*					**160**	**259**	
Software							
3GTMS, LLC	Equity	8/9/2021	Common Stock	1,000,000	1,000	675	
CapLinked, Inc.	Equity	10/26/2012	Preferred Series A-3	53,614	51	5	
Docker, Inc.	Equity	11/29/2018	Common Stock	20,000	4,284	494	
Druva Holdings, Inc.	Equity	10/22/2015	Preferred Series 2	458,841	1,000	1,428	
	Equity	8/24/2017	Preferred Series 3	93,620	300	330	
Total Druva Holdings, Inc.				552,461	1,300	1,758	
HighRoads, Inc.	Equity	1/18/2013	Common Stock	190	307	—	
Lightbend, Inc.	Equity	12/4/2020	Common Stock	38,461	265	14	
Palantir Technologies	Equity	9/23/2020	Common Stock	1,418,337	8,670	11,531	(4)
SingleStore, Inc.	Equity	11/25/2020	Preferred Series E	580,983	2,000	1,278	
	Equity	8/12/2021	Preferred Series F	52,956	280	150	
Total SingleStore, Inc.				633,939	2,280	1,428	
Sprinklr, Inc.	Equity	3/22/2017	Common Stock	700,000	3,748	6,454	(4)
Verana Health, Inc.	Equity	7/8/2021	Preferred Series E	952,562	2,000	1,171	
ZeroFox, Inc.	Equity	5/7/2020	Common Stock	289,992	101	1,467	(4)(20)
Subtotal: Software (1.83%)*					**24,006**	**24,997**	

See notes to consolidated financial statements

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2022 (unaudited)
(dollars in thousands)

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							
Fulcrum Bioenergy, Inc.	Equity	9/13/2012	Preferred Series C-1	187,265	711	874	
Impossible Foods, Inc.	Equity	5/10/2019	Preferred Series E-1	188,611	2,000	2,438	
Modumetal, Inc.	Equity	6/1/2015	Common Stock	1,035	500	—	
NantEnergy, LLC	Equity	8/31/2013	Common Units	59,665	102	—	
Pineapple Energy LLC	Equity	12/10/2020	Common Stock	304,486	3,153	243	(4)(20)
Pivot Bio, Inc.	Equity	6/28/2021	Preferred Series D	593,080	4,500	2,571	
Proterra, Inc.	Equity	5/28/2015	Common Stock	457,841	542	2,280	(4)
Subtotal: Sustainable and Renewable Technology (0.62%)*					**11,508**	**8,406**	
Total: Equity Investments (9.84%)*					**$ 150,539**	**$ 134,134**	
Warrant Investments							
Communications & Networking							
Aryaka Networks, Inc.	Warrant	6/28/2022	Common Stock	229,611	$ 123	$ 140	
Spring Mobile Solutions, Inc.	Warrant	4/19/2013	Common Stock	2,834,375	418	—	
Subtotal: Communications & Networking (0.01%)*					**541**	**140**	
Consumer & Business Products							
Gadget Guard, LLC	Warrant	6/3/2014	Common Stock	1,662,441	228	—	
TechStyle, Inc.	Warrant	7/16/2013	Preferred Series B	206,185	1,101	365	
The Neat Company	Warrant	8/13/2014	Common Stock	54,054	365	—	
Whoop, Inc.	Warrant	6/27/2018	Preferred Series C	686,270	18	757	
Subtotal: Consumer & Business Products (0.08%)*					**1,712**	**1,122**	
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	—	(5)(10)
ADMA Biologics, Inc.	Warrant	12/21/2012	Common Stock	89,750	295	2	(4)
Akero Therapeutics, Inc.	Warrant	6/15/2022	Common Stock	18,360	56	398	(4)(10)
Albireo Pharma, Inc.	Warrant	6/8/2020	Common Stock	5,311	61	26	(4)(10)
Axsome Therapeutics, Inc.	Warrant	9/25/2020	Common Stock	40,396	880	783	(4)(10)(16)
Fresh Tracks Therapeutics, Inc. (p.k.a. Brickell Biotech, Inc.)	Warrant	2/18/2016	Common Stock	200	119	—	(4)
Cellarity, Inc.	Warrant	12/8/2021	Preferred Series B	100,000	287	370	(15)
Century Therapeutics, Inc.	Warrant	9/14/2020	Common Stock	16,112	37	16	(4)
Dermavant Sciences Ltd.	Warrant	5/31/2019	Common Stock	223,642	101	104	(5)(10)(12)
enGene, Inc.	Warrant	12/30/2021	Preferred Series 3	133,692	72	31	(5)(10)
Evofem Biosciences, Inc.	Warrant	6/11/2014	Common Stock	520	266	—	(4)
Madrigal Pharmaceutical, Inc.	Warrant	5/9/2022	Common Stock	10,131	177	214	(4)(10)
Myovant Sciences, Ltd.	Warrant	10/16/2017	Common Stock	73,710	460	429	(4)(5)(10)
Paratek Pharmaceuticals, Inc.	Warrant	8/1/2018	Common Stock	426,866	520	72	(4)
Phathom Pharmaceuticals, Inc.	Warrant	9/17/2021	Common Stock	64,687	848	113	(4)(10)(15)(16)
Provention Bio, Inc.	Warrant	9/15/2022	Common Stock	111,934	281	224	(4)
Redshift Bioanalytics, Inc.	Warrant	3/23/2022	Preferred Series E	475,510	20	18	(15)
Scynexis, Inc.	Warrant	5/14/2021	Common Stock	106,035	296	47	(4)
Stealth Bio Therapeutics Corp.	Warrant	6/30/2017	Common Stock	500,000	158	—	(4)(5)(10)
TG Therapeutics, Inc.	Warrant	2/28/2019	Common Stock	231,613	1,033	335	(4)(10)(12)
Tricida, Inc.	Warrant	3/27/2019	Common Stock	31,352	280	22	(4)
Valo Health, LLC	Warrant	6/15/2020	Common Units	102,216	256	242	
X4 Pharmaceuticals, Inc.	Warrant	3/18/2019	Common Stock	1,021,576	792	628	(4)
Yumanity Therapeutics, Inc.	Warrant	12/20/2019	Common Stock	15,414	110	—	(4)
Subtotal: Drug Discovery & Development (0.30%)*					**7,709**	**4,074**	

See notes to consolidated financial statements

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 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	$ 284	(4)
Locus Robotics Corp.	Warrant	6/21/2022	Common Stock	8,511	34	27	
Skydio, Inc.	Warrant	11/8/2021	Common Stock	622,255	557	1,153	
Subtotal: Electronics & Computer Hardware (0.11%)*					**692**	**1,464**	
Healthcare Services, Other							
Elation Health, Inc.	Warrant	9/12/2022	Common Stock	362,837	583	501	
Vida Health, Inc.	Warrant	3/28/2022	Common Stock	100,618	114	20	
Subtotal: Healthcare Services, Other (0.04%)*					**697**	**521**	
Information Services							
Capella Space Corp.	Warrant	10/21/2021	Common Stock	176,200	207	50	(15)
INMOBI Inc.	Warrant	11/19/2014	Common Stock	65,587	82	—	(5)(10)
NetBase Solutions, Inc.	Warrant	8/22/2017	Preferred Series 1	60,000	356	345	
Signal Media Limited	Warrant	6/29/2022	Common Stock	94,857	35	21	(5)(10)
Subtotal: Information Services (0.03%)*					**680**	**416**	
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	33	(5)(10)
Cloudpay, Inc.	Warrant	4/10/2018	Preferred Series B	6,763	54	310	(5)(10)
Convoy, Inc.	Warrant	3/30/2022	Common Stock	165,456	974	582	(16)
First Insight, Inc.	Warrant	5/10/2018	Preferred Series B	75,917	95	35	
Fulfil Solutions, Inc.	Warrant	7/29/2022	Common Stock	84,995	325	199	
Houzz, Inc.	Warrant	10/29/2019	Common Stock	529,661	20	1	
Landing Holdings Inc.	Warrant	3/12/2021	Common Stock	11,806	116	117	(15)
Lendio, Inc.	Warrant	3/29/2019	Preferred Series D	127,032	39	35	
Rhino Labs, Inc.	Warrant	3/12/2021	Common Stock	13,106	470	344	(15)
RumbleON, Inc.	Warrant	4/30/2018	Common Stock	5,139	88	1	(4)
Savage X Holding, LLC	Warrant	6/27/2014	Class A Units	206,185	—	875	
SeatGeek, Inc.	Warrant	6/12/2019	Common Stock	1,379,761	842	1,692	(16)
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	69	(12)
	Warrant	6/30/2016	Preferred Series A	1,800,000	782	120	(12)
	Warrant	8/1/2018	Preferred Series B	1,211,537	62	69	(12)
Total Snagajob.com, Inc.				3,611,537	860	258	
TFG Holding, Inc.	Warrant	6/27/2014	Common Stock	206,185	—	17	
The Faction Group LLC	Warrant	11/3/2014	Preferred Series AA	8,076	234	387	
Thumbtack, Inc.	Warrant	5/1/2018	Common Stock	267,225	844	459	
Veem, Inc.	Warrant	3/31/2022	Common Stock	98,428	126	48	
Worldremit Group Limited	Warrant	2/11/2021	Preferred Series D	77,215	129	399	(5)(10)(16)
	Warrant	8/27/2021	Preferred Series E	1,868	26	6	(5)(10)(16)
Total Worldremit Group Limited				79,083	155	405	
Subtotal: Internet Consumer & Business Services (0.43%)*					**6,110**	**5,800**	
Manufacturing Technology							
Bright Machines, Inc.	Warrant	3/31/2022	Common Stock	196,335	151	320	
MacroFab, Inc.	Warrant	3/23/2022	Common Stock	1,111,111	528	603	
Xometry, Inc.	Warrant	5/9/2018	Common Stock	87,784	47	3,415	(4)
Subtotal: Manufacturing Technology (0.32%)*					**726**	**4,338**	
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	110,946	362	—	(12)
	Warrant	9/21/2018	Preferred Series BB	725,806	352	—	
Total Flowonix Medical Incorporated				836,752	714	—	
Intuity Medical, Inc.	Warrant	12/29/2017	Preferred Series B-1	3,076,323	294	30	
Lucira Health, Inc.	Warrant	2/4/2022	Common Stock	59,642	110	—	(4)
Outset Medical, Inc.	Warrant	9/27/2013	Common Stock	62,794	401	413	(4)
Tela Bio, Inc.	Warrant	3/31/2017	Common Stock	15,712	61	—	(4)
Subtotal: Medical Devices & Equipment (0.03%)*					**2,035**	**443**	

See notes to consolidated financial statements

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2022 (unaudited)
(dollars in thousands)

Portfolio Company	Type of Investment	Acquisition Date (4)	Series (3)	Shares	Cost (2)	Value	Footnotes
Semiconductors							
Achronix Semiconductor Corporation	Warrant	6/26/2015	Preferred Series D-2	750,000	$ 99	$ 638	
Fungible, Inc.	Warrant	12/16/2021	Common Stock	800,000	751	77	(15)
Subtotal: Semiconductors (0.05%)*					**850**	**715**	
Software							
Automation Anywhere, Inc.	Warrant	9/23/2022	Common Stock	254,778	448	437	
Bitsight Technologies, Inc.	Warrant	11/18/2020	Common Stock	29,691	284	597	
Brain Corporation	Warrant	10/4/2021	Common Stock	194,629	165	61	(15)
CloudBolt Software, Inc.	Warrant	9/30/2020	Common Stock	211,342	117	2	
Cloudian, Inc.	Warrant	11/6/2018	Common Stock	477,454	71	17	
Couchbase, Inc.	Warrant	4/25/2019	Common Stock	105,350	462	563	(4)
Cutover, Inc.	Warrant	9/21/2022	Common Stock	102,898	26	25	(5)(10)
Dashlane, Inc.	Warrant	3/11/2019	Common Stock	453,641	353	120	
Delphix Corp.	Warrant	10/8/2019	Common Stock	718,898	1,594	2,306	
Demandbase, Inc.	Warrant	8/2/2021	Common Stock	727,047	545	140	
DNAnexus, Inc.	Warrant	3/21/2014	Preferred Series C	909,091	97	114	
DroneDeploy, Inc.	Warrant	6/30/2022	Common Stock	95,911	278	307	
Eigen Technologies Ltd.	Warrant	4/13/2022	Common Stock	522	8	8	(5)(10)
Esme Learning Solutions, Inc.	Warrant	1/27/2022	Common Stock	56,765	198	-	
Evernote Corporation	Warrant	9/30/2016	Common Stock	62,500	107	15	
Lightbend, Inc.	Warrant	2/14/2018	Preferred Series D	89,685	131	1	
Mixpanel, Inc.	Warrant	9/30/2020	Common Stock	82,362	252	233	
Nuvolo Technologies Corporation	Warrant	3/29/2019	Common Stock	70,000	172	190	
Poplicus, Inc.	Warrant	5/28/2014	Common Stock	132,168	—	—	
Reltio, Inc.	Warrant	6/30/2020	Common Stock	69,120	215	296	
SignPost, Inc.	Warrant	1/13/2016	Series Junior 1 Preferred	474,019	314	—	
SingleStore, Inc.	Warrant	4/28/2020	Preferred Series D	312,596	103	258	
Tact.ai Technologies, Inc.	Warrant	2/13/2020	Common Stock	1,041,667	206	90	
Udacity, Inc.	Warrant	9/25/2020	Common Stock	486,359	218	21	
VideoAmp, Inc.	Warrant	1/21/2022	Common Stock	152,048	1,275	416	(15)
Subtotal: Software (0.46%)*					**7,639**	**6,217**	
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	1,536	(4)
Subtotal: Surgical Devices (0.11%)*					**152**	**1,536**	
Sustainable and Renewable Technology							
Agrivida, Inc.	Warrant	6/20/2013	Preferred Series D	471,327	120	—	
Ampion, PBC	Warrant	4/15/2022	Common Stock	18,472	53	42	
Fulcrum Bioenergy, Inc.	Warrant	4/30/2013	Preferred Series C-1	93,632	64	220	
Halio, Inc.	Warrant	4/22/2014	Preferred Series A	325,000	155	83	
	Warrant	4/7/2015	Preferred Series B	131,883	63	28	
Total Halio, Inc.				456,883	218	111	
Polyera Corporation	Warrant	12/11/2012	Preferred Series C	311,612	337	—	
Subtotal: Sustainable and Renewable Technology (0.03%)*					**792**	**373**	
Total: Warrant Investments (1.99%)*					**31,148**	**27,159**	
Total Investments in Securities (207.14%)*					**$ 2,866,330**	**$ 2,822,692**	
Investment Funds & Vehicles Investments							
Drug Discovery & Development							
Forbion Growth Opportunities Fund I C.V.	Investment Funds & Vehicles	11/16/2020			2,353	2,291	(5)(10)(17)
Forbion Growth Opportunities Fund II C.V.	Investment Funds & Vehicles	6/23/2022			405	374	(5)(10)(17)
Subtotal: Drug Discovery & Development (0.20%)*					**2,758**	**2,665**	
Software							
Liberty Zim Co-Invest L.P.	Investment Funds & Vehicles	7/21/2022			381	381	(5)(10)
Subtotal: Software (0.03%)*					**381**	**381**	
Total: Investment Funds & Vehicles Investments (0.22%)*					**$ 3,139**	**$ 3,046**	
Total Investments before Cash and Cash Equivalents (207.36%)*					**$ 2,869,469**	**$ 2,825,738**	
Cash & Cash Equivalents							
GS Financial Square Government Fund	Cash & Cash Equivalents		FGTXX/38141W273		25,000	25,000	
Total: Investments in Cash & Cash Equivalents (1.83%)*					**$ 25,000**	**$ 25,000**	
Total: Investments after Cash and Cash Equivalents (209.19%)*					**$ 2,894,469**	**$ 2,850,738**	

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 6.25% as of September 30, 2022. 1-month LIBOR, 3-month LIBOR and 6-month LIBOR represent 3.1427%, 3.7547%, and 4.2320%, respectively, as of September 30, 2022.

(2) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled $68.4 million, $110.0 million and $41.6 million, respectively. The tax cost of investments is $2.9 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 42 publicly traded companies, all investments are restricted as of September 30, 2022 and were valued at fair value using Level 3 significant unobservable inputs as determined in good faith by the Company's valuation committee (the "Valuation Committee") and approved by the board of directors (the "Board").

(5) Non-U.S. company or the company's principal place of business is outside the United States.

(6) 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 September 30, 2022, and is therefore considered non-income producing. Note that as of September 30, 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 MUFG Bank Facility (as defined in "Note 5 — Debt").

(13) Denotes that all or a portion of the debt investment secures the 2031 Asset-Backed Notes (as defined in "Note 5 — Debt").

(14) Denotes that all or a portion of the debt investment principal includes accumulated PIK interest and is net of repayments.

(15) Denotes that all or a portion of the investment in this portfolio company is held by Hercules Capital IV, L.P., the Company's wholly owned small business investment company.

(16) Denotes that the fair value of the Company's total investments in this portfolio company represent greater than 5% of the Company's total net assets as of September 30, 2022.

(17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company as of September 30, 2022 (Refer to "Note 11 - Commitments and Contingencies").

(18) Denotes unitranche debt with first lien "last-out" senior secured position and security interest in all assets of the portfolio company whereby the "last-out" portion will be subordinated to the "first-out" portion in a liquidation, sale or other disposition.

(19) Denotes second lien senior secured debt.

(20) Denotes all or a portion of the public equity or warrant investment was acquired in a transaction exempt from registration under the Securities Act of 1933 ("Securities Act") and may be deemed to be "restricted securities" under the Securities Act.

(21) Denotes investment in a non-voting security in the form of a promissory note. The terms of the notes provide the Company with a lien on the issuers' shares of Common Stock for Black Crow AI, Inc., subject to release upon repayment of the outstanding balance of the notes. As of September 30, 2022, the Black Crow AI, Inc. affiliates promissory notes had an outstanding balance of $3.0 million.

(22) Denotes the security holds rights to royalty fee income associated with certain products of the portfolio company. The approximate cost and fair value of the royalty contract are $4.6 million and $4.3 million, respectively.

See notes to consolidated financial statements

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

Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor [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)

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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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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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Portfolio Company	Type of Investment	Maturity Date	Interest Rate and Floor [1]		Principal Amount		Cost [2]		Value	Footnotes
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**	

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)

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
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**	
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**	

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
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	
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**	

See notes to consolidated financial statements

(dollars in thousands)

Portfolio Company	Type of Investment	Acquisition Date (4)	Series (3)	Shares	Cost (2)	Value	Footnotes
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)
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	

(dollars in thousands)

Portfolio Company	Type of Investment	Acquisition Date (4)	Series (3)	Shares	Cost (2)	Value	Footnotes
LogicSource	Warrant	3/21/2016	Preferred Series C	79,625	$ 30	$ 210	
Rhino Labs, Inc.	Warrant	3/12/2021	Common Stock	13,106	470	77	(14)
RumbleON, Inc.	Warrant	4/30/2018	Common Stock	5,139	88	33	(4)
SeatGeek, Inc.	Warrant	6/12/2019	Common Stock	1,379,761	842	1,140	
ShareThis, Inc.	Warrant	12/14/2012	Preferred Series C	493,502	547	—	
Skyword, Inc.	Warrant	8/23/2019	Preferred Series B	444,444	83	7	
Snagajob.com, Inc.	Warrant	4/20/2020	Common Stock	600,000	16	121	(12)
	Warrant	6/30/2016	Preferred Series A	1,800,000	782	171	(12)
	Warrant	8/1/2018	Preferred Series B	1,211,537	62	90	(12)
Total Snagajob.com, Inc.				3,611,537	860	382	
Tapjoy, Inc.	Warrant	7/1/2014	Preferred Series D	748,670	317	443	
The Faction Group LLC	Warrant	11/3/2014	Preferred Series AA	8,076	234	650	
Thumbtack, Inc.	Warrant	5/1/2018	Common Stock	190,953	552	786	
Xometry, Inc.	Warrant	5/9/2018	Common Stock	87,784	47	3,038	(4)
Zepz (p.k.a. Worldremit Group Limited)	Warrant	2/11/2021	Preferred Series D	77,215	129	1,962	(5)(10)(15)
	Warrant	8/27/2021	Preferred Series E	1,868	26	25	(5)(10)(15)
Total Zepz (p.k.a. Worldremit Group Limited)				79,083	155	1,987	
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	—	

See notes to consolidated financial statements

(dollars in thousands)

Portfolio Company	Type of Investment	Acquisition Date [4]	Series [3]	Shares	Cost [2]	Value	Footnotes
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**	
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**	

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 3.25% as of December 31, 2021. 1-month LIBOR, 3-month LIBOR, and 6-month LIBOR represent, 0.14%, 0.24%, and 0.26%, respectively, as of December 31, 2021.

(2) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled $121.0 million, $75.7 million, and $45.3 million, respectively. The tax cost of investments is $2.4 billion.

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

(4) Except for warrants in 26 publicly traded companies and common stock in 36 publicly traded companies, all investments are restricted as of December 31, 2021 and were valued at fair value using Level 3 significant unobservable inputs as determined in good faith by the Company's Board.

(5) Non-U.S. company or the company's principal place of business is outside the United States.

(6) Affiliate investment as defined under the 1940 Act in which Hercules owns at least 5% but generally less than 25% of the company's voting securities.

(7) Control investment as defined under the 1940 Act in which Hercules owns at least 25% of the company's voting securities or has greater than 50% representation on its board.

(8) Debt is on non-accrual status as of December 31, 2021, and is therefore considered non-income producing. Note that only the PIK portion is on non-accrual for the Company's debt investment in Tectura Corporation and Pineapple Energy LLC.

(9) Denotes that all or a portion of the debt investment is convertible debt.

(10) Indicates assets that the Company deems not "qualifying assets" under section 55(a) of 1940 Act. Qualifying assets must represent at least 70% of the Company's total assets at the time of acquisition of any additional non-qualifying assets.

(11) Denotes that all or a portion of the debt investment is pledged as collateral under the SMBC Facility (as defined in "Note 5 — Debt").

(12) Denotes that all or a portion of the investment is pledged as collateral under the Union Bank Facility (as defined in "Note 5 — Debt").

(13) Denotes that all or a portion of the debt investment principal includes accumulated PIK interest and is net of repayments.

(14) Denotes that all or a portion of the investment in this portfolio company is held by HC IV, the Company's wholly owned SBIC subsidiary.

(15) Denotes that the fair value of the Company's total investments in this portfolio company represent greater than 5% of the Company's total net assets as of December 31, 2021.

(16) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company as of December 31, 2021. Refer to "Note 11 — Commitments and Contingencies".

(17) Denotes unitranche debt with first lien "last-out" senior secured position and security interest in all assets of the portfolio company whereby the "last-out" portion will be subordinated to the "first-out" portion in a liquidation, sale or other disposition.

(18) Denotes second lien senior secured debt.

(19) Denotes all or a portion of the public equity or warrant investment was acquired in a transaction exempt from registration under the Securities Act of 1933 ("Securities Act") and may be deemed to be "restricted securities" under the Securities Act.

(20) Denotes investment in a non-voting security in the form of a promissory note. The terms of the notes provide the Company with a lien on the issuers' shares of Common Stock in portfolio company Black Crow AI, Inc., subject to release upon repayment of the outstanding balance of the notes. As of December 31, 2021, the Black Crow AI, Inc. affiliates promissory notes had an outstanding balance of $3.0 million.

See notes to consolidated financial statements

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 Variable Interest Entities ("VIE") for 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 September 30, 2022, the Company's Consolidated Financial Statements included the accounts of the securitization trust, a VIE, formed in conjunction with the issuance of the 2031 Asset-Backed Notes (as defined in "Note 5 – Debt"). The Company held no interests in a VIE as of December 31, 2021. The assets of the Company's securitization VIE are restricted to be used to settle obligations of its consolidated securitization VIE, which are disclosed parenthetically on the Consolidated Statements of Assets and Liabilities. The liabilities are the only obligations of its consolidated securitization VIE, and the creditors (or beneficial interest holders) do not have recourse to the Company's general credit.

Fair Value Measurements

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

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

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

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

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

Valuation of Investments

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

As of September 30, 2022, approximately 96.6% of the Company's total assets represented investments in portfolio companies whose fair value is determined in good faith by the Company's Valuation Committee and approved by the Board. Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value is as determined in good faith by the valuation designee of the Board. The Company's investments are carried at fair value in accordance with the 1940 Act and ASC Topic 946 and measured in accordance with ASC Topic 820. The Company's debt securities are primarily invested in venture capital-backed and institutional-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of the Company's investments in these portfolio companies are considered Level 3 assets under ASC Topic 820 because there generally is no known or accessible market or market indexes for these investment securities to be traded or exchanged. As such, the Company values substantially all of its investments at fair value as determined in good faith pursuant to a consistent valuation policy established by the Board in accordance with the provisions of ASC Topic 820 and the 1940 Act. Due to the inherent uncertainty in determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments determined in good faith by the Company's Valuation Committee and approved by the Board may differ significantly from the value that would have been used had a readily available market existed for such investments, and the differences could be material.

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

(1) The Company's quarterly valuation process begins with each portfolio company being initially valued by the investment professionals responsible for the portfolio investment;

(2) Preliminary valuation conclusions and business-based assumptions, along with any applicable fair value marks provided by an independent firm, are reviewed with the Company's investment committee and certain member(s) of credit group as necessary;

(3) The Valuation Committee reviews the preliminary valuations recommended by the investment committee and certain member(s) of the credit group of each investment in the portfolio and determines the fair value of each investment in the Company's portfolio in good faith and recommends the valuation determinations to the Audit Committee of the Board;

(4) The Audit Committee of the Board provides oversight of the quarterly valuation process in accordance with Rule 2a-5, which includes a review of the quarterly reports prepared by the Valuation Committee, reviews the fair valuation determinations made by the Valuation Committee, and approves such valuations for inclusion in public reporting and disclosures, as appropriate; and

(5) The Board, upon the recommendation of the Audit Committee, discusses valuations and approves the fair value of each investment in the Company's portfolio.

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

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

Debt Investments

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

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

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

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

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

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

Equity Securities and Warrants

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

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

Investment Funds & Vehicles

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

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents consist solely of funds deposited with financial institutions and short-term liquid investments in money market deposit accounts. Cash and cash equivalents are carried at cost, which approximates fair value. As of September 30, 2022, the Company held $679 thousand (Cost basis $726 thousand) of foreign cash. As of December 31, 2021, the Company held $95 thousand (Cost basis $93 thousand) of foreign cash. Restricted cash includes amounts that are held as collateral securing certain of the Company's financing transactions, including amounts held in a securitization trust by trustees related to our 2031 Asset-Backed Notes (refer to "Note 5 – Debt").

Other Assets

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

Escrow Receivables

Escrow receivables are collected in accordance with the terms and conditions of the escrow agreement. Escrow balances are typically distributed over a period greater than one year and may accrue interest during the escrow period. Escrow balances are measured for collectability on at least a quarterly basis and fair value is determined based on the amount of the estimated recoverable balances and the contractual maturity date. As of both September 30, 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 September 30, 2022 and December 31, 2021 was $1.3 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 $53.6 million of unamortized fees as of September 30, 2022, of which approximately $42.1 million was included as an offset to the cost basis of its current debt investments and approximately $11.5 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 $0.5 million and $1.7 million in one-time fee income during the three months ended September 30, 2022 and 2021, respectively. The Company recorded approximately $1.3 million and $6.2 million in one-time fee income during the nine months ended September 30, 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 September 30, 2022, the Company had approximately $36.5 million in exit fees receivable, of which approximately $32.0 million was included as a component of the cost basis of its current debt investments and approximately $4.5 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 $4.9 million and $2.9 million in PIK income during the three months ended September 30, 2022 and 2021, respectively. The Company recorded approximately $14.9 million and $8.1 million in PIK income during the nine months ended September 30, 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 and nine months ended September 30, 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 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 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 and nine months ended September 30, 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 and nine months ended September 30, 2022, the Company issued 62,726 shares and 184,197 shares, respectively, of common stock to stockholders in connection with the dividend reinvestment plan. During the three and nine months ended September 30, 2021, the Company issued 55,413 shares and 189,356 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.

Recent Accounting Pronouncements

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

In June 2022, the FASB issued ASU 2022-03, "Fair Value Measurement (Topic 820) ̃ Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions", which was issued to (1) clarify the guidance in Topic 820, Fair Value Measurement, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, (2) to amend a related illustrative example, and (3) to introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. The new guidance is effective for interim and annual periods beginning after December 15, 2023. The Company does not anticipate the new standard will have a material impact to the consolidated financial statements and related disclosures.

3. Fair Value of Financial Instruments

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Investments measured at fair value on a recurring basis are categorized in the tables below based upon the lowest level of significant input to the valuations as of September 30, 2022 and December 31, 2021.

(in thousands) Description	Balance as of September 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents				
Money Market Fund	$ 25,000	$ 25,000	$ —	$ —
Other assets				
Escrow Receivables	$ 1,282	$ —	$ —	$ 1,282
Investments				
Senior Secured Debt	$ 2,607,006	$ —	$ —	$ 2,607,006
Unsecured Debt	54,393	—	—	54,393
Preferred Stock	41,038	—	—	41,038
Common Stock	93,096	58,319	7,175	27,602
Warrants	27,159	—	9,520	17,639
	$ 2,822,692	$ 58,319	$ 16,695	$ 2,747,678
Investment Funds & Vehicles measured at Net Asset Value [(1)]	3,046			
Total Investments excluding cash equivalents	$ 2,825,738			
Total Investments including cash equivalents	$ 2,850,738			

(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 nine months ended September 30, 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 September 30, 2022
Investments									
Senior Secured Debt	$ 2,156,709	$ (1,883)	$ (11,377)	$ 854,978	$ (73,500)	$ (314,417)	$ —	$ (3,504)	$ 2,607,006
Unsecured Debt	52,890	—	(1,880)	3,383	—	—	—	—	54,393
Preferred Stock	69,439	7,966	(22,458)	3,614	(11,101)	—	—	(6,422)	41,038
Common Stock	21,968	(74)	9,462	—	(19)	—	207	(3,942)	27,602
Warrants	27,477	992	(13,795)	6,127	(3,162)	—	—	—	17,639
Other Assets									
Escrow Receivable	561	401	(328)	1,148	(500)	—	—	—	1,282
Total	$ 2,329,044	$ 7,402	$ (40,376)	$ 869,250	$ (88,282)	$ (314,417)	$ 207	$ (13,868)	$ 2,748,960

(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 September 30, 2021
Investments									
Senior Secured Debt	$ 2,079,465	$ (3,744)	$ 7,066	$ 884,833	$ —	$ (754,373)	$ —	$ —	$ 2,213,247
Unsecured Debt	14,970	—	(1,194)	36,519	—	—	—	—	50,295
Preferred Stock	58,981	—	54,508	13,954	(61,732)	—	—	(1,267)	64,444
Common Stock	27,398	(60,904)	15,592	4,371	60,900	—	—	(16,025)	31,332
Warrants	21,483	2,584	9,043	1,854	(4,630)	—	—	(1,769)	28,565
Other Assets									
Escrow Receivable	65	584	(1,515)	2,473	(1,036)	—	—	—	571
Total	$ 2,202,362	$ (61,480)	$ 83,500	$ 944,004	$ (6,498)	$ (754,373)	$ —	$ (19,061)	$ 2,388,454

(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 nine months ended September 30, 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 nine months ended September 30, 2022 related to the decline of liquidity of Kaleido Biosciences, Inc. shares.
(4) Transfers out of Level 3 during the nine months ended September 30, 2021, related to the initial public offerings of Proterra, Inc., 23andMe, Inc., Sprinklr, Inc., Century Therapeutics, Couchbase, Inc., and Xometry, Inc. There was no activity related to transfers into Level 3 during the nine months ended September 30, 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 nine months ended September 30, 2022, approximately $23.2 million in net unrealized depreciation and $9.5 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 $12.2 million and $13.4 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 nine months ended September 30, 2021, approximately $6.5 million in net unrealized depreciation and $15.6 million in net unrealized appreciation were recorded for preferred stock and common stock Level 3 investments, respectively, relating to assets still held at the reporting date. For the nine months ended September 30, 2021, approximately $0.4 million and $8.0 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 September 30, 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 September 30, 2022 (in thousands)	Valuation Techniques/Methodologies	Unobservable Input [1]	Range	Weighted Average [2]
Pharmaceuticals	$ 37,851	Originated Within 4-6 Months	Origination Yield	9.28% - 10.26%	10.16%
	982,922	Market Comparable Companies	Hypothetical Market Yield	10.48% - 18.10%	13.17%
			Premium/(Discount)	(0.75)% - 1.50%	0.02%
Technology	43,732	Originated Within 4-6 Months	Origination Yield	9.90% - 12.53%	10.41%
	910,488	Market Comparable Companies	Hypothetical Market Yield	11.72% - 17.52%	14.22%
			Premium/(Discount)	(0.75)% - 1.50%	0.16%
	20,354	Convertible Note Analysis	Probability weighting of alternative outcomes	1.00% - 50.00%	35.83%
	4,270	Liquidation [3]	Probability weighting of alternative outcomes	15.00% - 55.00%	46.57%
Sustainable and Renewable Technology	2,961	Market Comparable Companies	Hypothetical Market Yield	13.67%-13.67%	13.67%
			Premium/(Discount)	0.75%-0.75%	0.75%
Medical Devices	14,835	Originated Within 4-6 Months	Origination Yield	14.84% - 14.84%	14.84%
			Premium/(Discount)	0.50% - 0.50%	0.50%
Lower Middle Market	25,595	Originated Within 4-6 Months	Origination Yield	9.67% - 9.67%	9.67%
	308,155	Market Comparable Companies	Hypothetical Market Yield	12.71% - 17.82%	13.94%
			Premium/(Discount)	(2.00)% - 1.50%	(0.38)%
	8,318	Liquidation [3]	Probability weighting of alternative outcomes	20.00% - 80.00%	80.00%
Debt Investments for which Cost Approximates Fair Value					
	130,945	Debt Investments originated within 3 months			
	77,801	Imminent Payoffs [4]			
	93,172	Debt Investments Maturing in Less than One Year			
	$ 2,661,399	**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 for which Cost Approximates Fair Value					
	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 September 30, 2022 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input [1]	Range	Weighted Average [5]
Equity Investments	$ 29,721	Market Comparable Companies	EBITDA Multiple [2]	11.5x - 11.5x	11.5x
			Revenue Multiple [2]	0.6x - 15.4x	6.6x
			Tangible Book Value Multiple [2]	1.7x - 1.7x	1.7x
			Discount for Lack of Marketability [3]	7.19% - 32.68%	20.53%
	13,397	Market Adjusted OPM Backsolve	Market Equity Adjustment [4]	(97.29)% - 7.80%	(16.68)%
	21,945	Discounted Cash Flow	Discount Rate [7]	17.08% - 28.80%	23.32%
	—	Liquidation	Revenue Multiple [2]	2.1x - 2.1x	2.1x
			Discount for Lack of Marketability [3]	84.00% - 84.00%	84.00%
	3,577	Other [6]			
Warrant Investments	10,968	Market Comparable Companies	EBITDA Multiple [2]	11.5x - 11.5x	11.5x
			Revenue Multiple [2]	0.6x - 9.3x	3.6x
			Discount for Lack of Marketability [3]	0.00% - 32.7%	21.35%
	6,671	Market Adjusted OPM Backsolve	Market Equity Adjustment [4]	(97.29)% - 10.57%	(18.68)%
	—	Liquidation	Revenue Multiple [2]	7.1x - 7.1x	7.1x
			Discount for Lack of Marketability [3]	90.00% - 90.00%	90.00%
	—	Other [6]			
Total Level 3 Warrant and Equity Investments	$ 86,279				

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

As of September 30, 2022, the 2033 Notes were trading on the New York Stock Exchange ("NYSE") at $23.48 per unit at par value. The par value at underwriting for the 2033 Notes was $25.00 per unit. Based on market quotations on or around September 30, 2022, the 2031 Asset-Backed Notes were quoted for 0.970. The fair values of the SBA debentures, July 2024 Notes, February 2025 Notes, June 2025 Notes, June 2025 3-Year Notes, March 2026 A Notes, March 2026 B Notes, September 2026, and January 2027 Notes are calculated based on the net present value of payments over the term of the notes using estimated market rates for similar notes and remaining terms. The fair values of the outstanding debt under the MUFG Bank Facility and the SMBC Facility are equal to their outstanding principal balances as of September 30, 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 September 30, 2022 and December 31, 2021:

(in thousands)	September 30, 2022				
Description	Carrying Value	Approximate Fair Value	Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
SBA Debentures	$ 169,591	$ 153,614	$ —	$ —	$ 153,614
July 2024 Notes	104,459	99,364	—	—	99,364
February 2025 Notes	49,723	45,739	—	—	45,739
June 2025 Notes	69,555	63,834	—	—	63,834
June 2025 3-Year Notes	49,577	47,626	—	—	47,626
March 2026 A Notes	49,676	44,107	—	—	44,107
March 2026 B Notes	49,647	44,181	—	—	44,181
September 2026 Notes	321,112	261,406	—	—	261,406
January 2027 Notes	344,271	286,885	—	—	286,885
2031 Asset-Backed Notes	147,810	145,500	—	145,500	—
2033 Notes	38,799	37,568	—	37,568	—
MUFG Bank Facility[(1)]	102,000	102,000	—	—	102,000
SMBC Facility	25,000	25,000	—	—	25,000
Total	$ 1,521,220	$ 1,356,824	$ —	$ 183,068	$ 1,173,756

(in thousands)	December 31, 2021				
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(1)	—	—	—	—	—
SMBC Facility	29,925	29,925	—	—	29,925
Total	$ 1,236,303	$ 1,268,425	$ —	$ 431,627	$ 836,798

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

4. Investments

Control and Affiliate Investments

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

The following table summarizes the Company's realized gains and losses and changes in unrealized appreciation and depreciation on control and affiliate investments for the three and nine months ended September 30, 2022 and 2021.

(in thousands)			Three Months Ended September 30, 2022				Nine Months Ended September 30, 2022			
Portfolio Company(1)	Type	Fair Value as of September 30, 2022	Interest Income	Fee Income	Net Change in Unrealized Appreciation (Depreciation)	Realized Gain (Loss)	Interest Income	Fee Income	Net Change in Unrealized Appreciation (Depreciation)	Realized Gain (Loss)
Control Investments										
Coronado Aesthetics, LLC	Control	$ 400	$ —	$ —	$ (22)	$ —	$ —	$ —	$ (165)	$ —
Gibraltar Business Capital, LLC	Control	37,662	853	18	(1,423)	—	2,531	51	(6,228)	—
Hercules Adviser LLC	Control	33,945	154	—	(1,236)	—	393	—	9,955	—
Tectura Corporation	Control	8,318	174	—	110	—	516	—	49	—
Total Control Investments		$ 80,325	$ 1,181	$ 18	$ (2,571)	$ —	$ 3,440	$ 51	$ 3,611	$ —
Affiliate Investments										
Black Crow AI, Inc.(2)	Affiliate	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ (120)	$ 3,772
Pineapple Energy LLC(2)	Affiliate	—	81	—	4,631	(2,014)	1,204	—	4,209	(2,014)
Total Affiliate Investments		$ —	$ 81	$ —	$ 4,631	$ (2,014)	$ 1,204	$ —	$ 4,089	$ 1,758
Total Control & Affiliate Investments		$ 80,325	$ 1,262	$ 18	$ 2,060	$ (2,014)	$ 4,644	$ 51	$ 7,700	$ 1,758

(in thousands)			Three Months Ended September 30, 2021				Nine Months Ended September 30, 2021			
Portfolio Company(1)	Type	Fair Value as of September 30, 2021	Interest Income	Fee Income	Net Change in Unrealized Appreciation (Depreciation)	Realized Gain (Loss)	Interest Income	Fee Income	Net Change in Unrealized Appreciation (Depreciation)	Realized Gain (Loss)
Control Investments										
Gibraltar Business Capital, LLC	Control	$ 40,737	$ 853	$ 15	$ (3,475)	$ —	$ 2,325	$ 38	$ (17,690)	$ —
Hercules Adviser LLC	Control	16,804	45	—	(219)	—	59	—	10,669	—
Tectura Corporation	Control	8,294	174	5	(80)	—	516	5	(306)	—
Total Control Investments		$ 65,835	$ 1,072	$ 20	$ (3,774)	$ —	$ 2,900	$ 43	$ (7,327)	$ —
Affiliate Investments										
Black Crow AI, Inc.	Affiliate	$ 1,243	$ —	$ —	$ (66)	$ —	$ —	$ —	$ 2,028	$ —
Pineapple Energy LLC	Affiliate	8,469	1	—	(52)	—	3	—	9	—
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	—	—	—	—	—	—	—	62,183	(62,143)
Total Affiliate Investments		$ 9,712	$ 1	$ —	$ (118)	$ —	$ 3	$ —	$ 64,220	$ (62,143)
Total Control & Affiliate Investments		$ 75,547	$ 1,073	$ 20	$ (3,892)	$ —	$ 2,903	$ 43	$ 56,893	$ (62,143)

(1) In accordance with Rules 3-09, 4-08(g), and Rule 10-01(b)(1) of Regulation S-X, ("Rule 3-09", "Rule 4-08(g)", and "Rule 10-01(b)(1)", respectively), the Company must determine if its unconsolidated subsidiaries are considered "significant subsidiaries". As of September 30, 2022 and September 30, 2021, there were no unconsolidated subsidiaries that are considered "significant subsidiaries".
(2) As of September 30, 2022, Black Crow AI, Inc. and Pineapple Energy LLC are no longer affiliates as defined under the 1940 Act.

Portfolio Composition

The following table shows the fair value of the Company's portfolio of investments by asset class as of September 30, 2022 and December 31, 2021:

	September 30, 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	$ 2,607,006	92.3%	$ 2,156,709	88.6%
Unsecured Debt	54,393	1.9%	52,890	2.2%
Preferred Stock	41,038	1.4%	69,439	2.8%
Common Stock	93,096	3.3%	115,271	4.7%
Warrants	27,159	1.0%	38,399	1.6%
Investment Funds & Vehicles	3,046	0.1%	1,814	0.1%
Total	$ 2,825,738	100.0%	$ 2,434,522	100.0%

A summary of the Company's investment portfolio, at value, by geographic location as of September 30, 2022 and December 31, 2021 is shown as follows:

	September 30, 2022		December 31, 2021	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
United States	$ 2,545,973	90.1%	$ 2,138,184	87.8%
United Kingdom	158,491	5.6%	169,407	7.0%
Netherlands	88,174	3.1%	82,925	3.4%
Canada	19,373	0.7%	27,673	1.1%
Israel	9,005	0.3%	8,980	0.4%
Ireland	3,313	0.1%	5,459	0.2%
Germany	924	0.1%	1,894	0.1%
Other	485	0.0%	—	0.0%
Total	$ 2,825,738	100.0%	$ 2,434,522	100.0%

The following table shows the fair value of the Company's portfolio by industry sector as of September 30, 2022 and December 31, 2021:

(in thousands)	September 30, 2022		December 31, 2021	
	Investments at Fair Value	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
Drug Discovery & Development	$ 1,091,827	38.6%	$ 967,383	39.7%
Software	680,216	24.1%	585,622	24.1%
Internet Consumer & Business Services	489,968	17.3%	395,506	16.3%
Healthcare Services, Other	203,599	7.2%	121,003	5.0%
Communications & Networking	101,094	3.6%	105,490	4.3%
Diversified Financial Services	72,061	2.5%	65,073	2.7%
Information Services	59,735	2.1%	74,417	3.1%
Manufacturing Technology	43,892	1.6%	14,995	0.6%
Consumer & Business Products	25,497	0.9%	28,099	1.2%
Semiconductors	20,621	0.7%	22,498	0.9%
Medical Devices & Equipment	17,421	0.6%	12,612	0.5%
Sustainable and Renewable Technology	15,683	0.6%	39,387	1.6%
Electronics & Computer Hardware	2,498	0.1%	1,040	0.0%
Surgical Devices	1,536	0.1%	1,029	0.0%
Drug Delivery	90	0.0%	368	0.0%
Total	$ 2,825,738	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 September 30, 2022 or December 31, 2021.

Concentrations of Credit Risk

The Company's customers are primarily privately held companies and public companies which are active in the "Drug Discovery & Development", "Software", "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.

As of September 30, 2022 and December 31, 2021, the Company's ten largest portfolio companies represented approximately 30.1% and 30.5% of the total fair value of the Company's investments in portfolio companies, respectively. As of September 30, 2022 and December 31, 2021, the Company had eight and six portfolio companies, respectively, that represented 5% or more of the Company's net assets. As of September 30, 2022, the Company had three equity investments representing approximately 36.6% of the total fair value of the Company's equity investments, and each represented 5% or more of the total fair value of the Company's equity investments. As of December 31, 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 September 30, 2022, approximately 77.4% of the Company's debt investments at fair value were in a senior secured first lien position, with 40.2% secured by a first priority security in all of the assets of the portfolio company, including its intellectual property, 27.9% 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 9.3% 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 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 2.0% 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 September 30, 2022 and December 31, 2021, the Company had the following available and outstanding debt:

(in thousands)	September 30, 2022			December 31, 2021		
	Total Available	Principal	Carrying Value (1)	Total Available	Principal	Carrying Value (1)
SBA Debentures	$ 175,000	$ 175,000	$ 169,591	$ 175,000	$ 150,500	$ 145,498
2022 Notes	—	—	—	150,000	150,000	149,563
July 2024 Notes	105,000	105,000	104,459	105,000	105,000	104,238
February 2025 Notes	50,000	50,000	49,723	50,000	50,000	49,637
June 2025 Notes	70,000	70,000	69,555	70,000	70,000	69,433
June 2025 3-Year Notes	50,000	50,000	49,577	—	—	—
March 2026 A Notes	50,000	50,000	49,676	50,000	50,000	49,605
March 2026 B Notes	50,000	50,000	49,647	50,000	50,000	49,570
September 2026 Notes	325,000	325,000	321,112	325,000	325,000	320,376
January 2027 Notes	350,000	350,000	344,271	—	—	—
2031 Asset-Backed Notes	150,000	150,000	147,810	—	—	—
2033 Notes	40,000	40,000	38,799	40,000	40,000	38,718
2022 Convertible Notes	—	—	—	230,000	230,000	229,740
MUFG Bank Facility (2)(3)	545,000	102,000	102,000	400,000	—	—
SMBC Facility (2)	225,000	25,000	25,000	100,000	29,925	29,925
Total	$ 2,185,000	$ 1,542,000	$ 1,521,220	$ 1,745,000	$ 1,250,425	$ 1,236,303

(1) Except for the SMBC Facility and MUFG Bank Facility (f.k.a. Union Bank Facility), all carrying values represent the principal amount outstanding less the remaining unamortized debt issuance costs and unaccreted premium or discount, if any, associated with the debt as of the balance sheet date.
(2) Availability subject to the Company meeting the borrowing base requirements.
(3) The June 2022 amendment of the MUFG Bank Facility replaced the Union Bank Facility via an amendment which changed the lead lender.

Debt issuance costs, net of accumulated amortization, were as follows as of September 30, 2022 and December 31, 2021:

(in thousands)	September 30, 2022	December 31, 2021
SBA Debentures	$ 5,409	$ 5,002
2022 Notes	—	300
July 2024 Notes	541	762
February 2025 Notes	277	363
June 2025 Notes	445	567
June 2025 3-Year Notes	423	—
March 2026 A Notes	324	395
March 2026 B Notes	353	430
September 2026 Notes	3,888	4,624
January 2027 Notes	5,729	—
2031 Asset-Backed Notes	2,190	—
2033 Notes	1,201	1,282
2022 Convertible Notes	—	149
MUFG Bank Facility (1)	1,346	1,239
SMBC Facility (1)	1,574	922
Total	$ 23,700	$ 16,035

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

For the three and nine months ended September 30, 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)	Three Months Ended September 30, 2022					Nine Months Ended September 30, 2022				
Description	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	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	$ 1,160	$ 148	$ —	$ 1,308	$ 2,086	$ 2,848	$ 434	$ —	$ 3,282	$ 2,835
2022 Notes	—	—	—	—	—	1,011	50	—	1,061	2,293
July 2024 Notes	1,252	74	—	1,326	2,504	3,756	222	—	3,978	5,008
February 2025 Notes	535	29	—	564	1,070	1,605	86	—	1,691	2,140
June 2025 Notes	754	40	—	794	—	2,263	121	—	2,384	1,509
June 2025 3-Year Notes	750	38	—	788	—	817	42	—	859	—
March 2026 A Notes	563	24	—	587	1,125	1,688	72	—	1,760	2,250
March 2026 B Notes	569	26	—	595	1,137	1,706	78	—	1,784	2,275
September 2026 Notes	2,174	204	—	2,378	4,266	6,523	612	—	7,135	8,532
January 2027 Notes	3,079	207	—	3,286	5,906	8,552	575	—	9,127	5,906
2031 Asset-Backed Notes	1,903	100	—	2,003	1,815	2,072	109	—	2,181	1,815
2033 Notes	625	27	—	652	625	1,875	81	—	1,956	1,875
2022 Convertible Notes	—	—	—	—	—	923	149	—	1,072	5,004
MUFG Bank Facility(2)	1,000	253	720	1,973	1,025	2,483	665	1,682	4,830	2,240
SMBC Facility	135	98	195	428	181	722	211	328	1,261	700
Total	$ 14,499	$ 1,268	$ 915	$ 16,682	$ 21,740	$ 38,844	$ 3,507	$ 2,010	$ 44,361	$ 44,382

(1) Interest expense includes amortization of original issue discounts for the three months ended September 30, 2022 of $42 thousand, $126 thousand, and $47 thousand related to the September 2026 Notes, January 2027 Notes, and 2031 Asset-Backed Notes, respectively. For the nine months ended September 30, 2022, $23 thousand, $112 thousand, $125 thousand, $349 thousand, and $51 thousand related to the 2022 Notes, 2022 Convertible Notes, September 2026 Notes, January 2027 Notes, and 2031 Asset-Backed Notes, respectively.
(2) The June 2022 amendment of the MUFG Bank Facility replaced the Union Bank Facility via an amendment which changed the lead lender.

For the three and nine months ended September 30, 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 September 30, 2021** Interest expense(1)	Amortization of debt issuance cost (loan fees)(2)	Unused facility and other fees (loan fees)	Total interest expense and fees	Cash paid for interest expense	**Nine Months Ended September 30, 2021** Interest expense(1)	Amortization of debt issuance cost (loan fees)(2)	Unused facility and other fees (loan fees)	Total interest expense and fees	Cash paid for interest expense
SBA Debentures	$ 114	$ 50	$ —	$ 164	$ 183	$ 1,228	$ 367	$ —	$ 1,595	$ 2,272
2022 Notes	1,776	90	—	1,866	—	5,327	270	—	5,597	3,469
July 2024 Notes	1,252	74	—	1,326	2,504	3,756	221	—	3,977	5,008
February 2025 Notes	535	29	—	564	1,070	1,605	86	—	1,691	2,140
April 2025 Notes(3)	—	1,477	—	1,477	667	1,969	1,667	—	3,636	2,635
June 2025 Notes	754	40	—	794	—	2,263	121	—	2,384	1,509
March 2026 A Notes	563	24	—	587	1,125	1,688	70	—	1,758	1,875
March 2026 B Notes	569	26	—	595	1,138	1,308	59	—	1,367	1,138
September 2026 Notes	338	32	—	370	—	338	32	—	370	—
2033 Notes	625	27	—	652	625	1,875	81	—	1,956	1,875
2027 Asset-Backed Notes(3)	1,344	72	—	1,416	1,348	4,593	922	—	5,515	4,677
2028 Asset-Backed Notes(3)	2,226	251	—	2,477	2,256	7,684	867	—	8,551	7,785
2022 Convertible Notes	2,683	223	—	2,906	5,031	8,050	669	—	8,719	10,062
Wells Facility(3)	—	43	146	189	—	—	132	460	592	—
MUFG Bank Facility(4)	290	314	458	1,062	327	625	968	1,404	2,997	540
Total	$ 13,069	$ 2,772	$ 604	$ 16,445	$ 16,274	$ 42,309	$ 6,532	$ 1,864	$ 50,705	$ 44,985

(1) Interest expense includes amortization of original issue discounts for the three months ended September 30, 2021 of $41 thousand, $168 thousand, and $6 thousand, for the 2022 Notes, 2022 Convertible Notes, and September 2026 Notes, respectively. Interest expense includes for the nine months ended September 30, 2021, $123 thousand, $504 thousand, and $6 thousand for the 2022 Notes, 2022 Convertible Notes, and September 2026 Notes, respectively.

(2) "Amortization of debt issuance cost (loan fees)" includes $1,477 thousand, $28 thousand, and $197 thousand related to debt extinguishment costs for the April 2025 Notes, 2027 Asset-Backed Notes, and 2028 Asset-Backed Notes, respectively during both the three and nine months ended September 30, 2021 disclosed as a "Loss on debt extinguishment" in the Consolidated Statement of Operations.

(3) The April 2025 Notes, 2027 Asset-Backed Notes and 2028 Asset-Backed Notes were retired on July 1, 2021 and October 20, 2021, respectively. The Wells Facility was terminated on November 29, 2021.

(4) The June 2022 amendment of the MUFG Bank Facility replaced the Union Bank Facility via an amendment which changed the lead lender.

As of September 30, 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 September 30, 2022 and December 31, 2021:

(in thousands)

Issuance/Pooling Date	**Maturity Date**	**Interest Rate (1)**	**September 30, 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 September 30, 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 September 30, 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 September 30, 2022, the Company held investments in HC IV in 18 companies with a fair value of approximately $277.1 million, accounting for approximately 9.8% of the Company's total investment portfolio. Further, HC IV held approximately $287.6 million in tangible assets which accounted for approximately 9.8% of the Company's total assets as of September 30, 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. Interest on the June 2025 Notes is due semiannually. The June 2025 Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

June 2025 3-Year Notes

On June 23, 2022, the Company issued $50.0 million in aggregate principal amount of 6.00% interest-bearing unsecured notes due June 23, 2025 (the "June 2025 3-Year Notes"), unless repurchased in accordance with their terms, to qualified institutional investors in a private placement notes offering. Interest on the June 2025 3-Year Notes is due semiannually. The June 2025 3-Year Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

March 2026 A Notes

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

March 2026 B Notes

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

September 2026 Notes

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

January 2027 Notes

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

2031 Asset-Backed Notes

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

Under the terms of the 2031 Asset-Backed Notes, the Company is required to maintain a reserve cash balance, funded through proceeds from the sale of the 2031 Asset-Backed Notes and through interest and principal collections from the underlying securitized debt portfolio, which may be used to pay monthly interest and principal payments on the 2031 Asset-Backed Notes. The Company has segregated these funds and classified them as restricted cash. As of September 30, 2022, there was approximately $8.3 million and none as of December 31, 2021 of funds segregated as restricted cash related to the 2031 Asset-Backed Notes.

2033 Notes

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

Credit Facilities

As of September 30, 2022 and December 31, 2021, the Company has two available credit facilities, the MUFG Bank Facility and the SMBC Facility (together, the "Credit Facilities"). For the nine months ended September 30, 2022 and year ended December 31, 2021, the weighted average interest rate was 3.70% and 2.54%, respectively, and the average debt outstanding under the Credit Facilities was $115.6 million and $28.8 million, respectively.

MUFG Bank Facility

On June 10, 2022, the Company entered into a second amended credit facility agreement, which amends the agreement dated as of February 20, 2020. The Company, through a special purpose wholly owned subsidiary, Hercules Funding IV LLC ("Hercules Funding IV"), as borrower, entered into the credit facility (the "MUFG Bank Facility") with MUFG Bank Ltd. (formerly MUFG Union Bank and known as the "Union Bank Facility") as the arranger and administrative agent, and the lenders party to the MUFG Bank Facility from time to time.

Under the MUFG Bank Facility, the lenders have made commitments of $545.0 million, which is an increase from $400.0 million as of December 31, 2021. The MUFG Bank Facility contains an accordion feature, in which the Company can increase the credit line up to an aggregate of $600.0 million, funded by existing or additional lenders and with the agreement of MUFG Bank and subject to other customary conditions. There can be no assurances that additional lenders will join the MUFG Bank Facility to increase available borrowings. Debt under the MUFG Bank Facility generally bears interest at a rate per annum equal to SOFR plus 2.60% for SOFR loans with a one-month interest period and 2.65% for SOFR loans with a three-month interest period. The MUFG Bank Facility matures on February 22, 2024, unless sooner terminated in accordance with its terms. The MUFG Bank Facility is secured by all of the assets of Hercules Funding IV. The MUFG Bank Facility requires payment of a non-use fee during the revolving credit availability period.

The MUFG Bank Facility also includes financial and other covenants applicable to the Company and the Company's subsidiaries, in addition to those applicable to Hercules Funding IV, including covenants relating to certain changes of control of Hercules Funding IV. Among other things, these covenants require the Company to maintain certain financial ratios, including a minimum interest coverage ratio with respect to Hercules Funding IV and a minimum tangible net worth in an amount that is in excess of $723.0 million.

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

SMBC Facility

On June 14, 2022, the Company entered into a second amendment to a revolving credit agreement, which amends the revolving credit agreement, dated as of November 9, 2021, with Sumitomo Mitsui Banking Corporation (the "SMBC Facility"), as administrative agent, and the lenders and issuing banks to the SMBC Facility. As of September 30, 2022, the SMBC Facility provides for borrowings in U.S. dollars and certain agreed upon foreign currencies of up to $225.0 million, from which the Company may access subject to certain conditions. As of December 31, 2021, the Company had access to $100.0 million, subject to certain conditions. Additionally, the SMBC Facility provides for the issuance of letters of credit on the account of the Company or its designee in U.S. dollars and certain agreed upon foreign currencies in an aggregate face amount not to exceed $15.0 million. The Company's obligations under the SMBC Facility may in the future be guaranteed by certain of the Company's subsidiaries and primarily secured by a first priority security interest (subject to certain exceptions) in only certain specified property and assets of the Company and the subsidiary guarantors thereunder. Availability under the SMBC Facility will terminate on November 7, 2025, and the outstanding loans under the SMBC Facility will mature on November 9, 2026. Borrowings under the SMBC Facility are subject to compliance with a borrowing base and an aggregate portfolio balance.

Interest under the SMBC Facility is determined by the nature and denomination of the borrowing. Interest rates are determined by the appropriate benchmark rate (SOFR, EURIBOR, Prime, CDOR, or TIBOR) as applicable for the type of borrowing plus an applicable margin adjustment which can range from 0.875% to 2.0% per annum subject to certain conditions. In addition to interest, the SMBC Facility is subject to a non-usage fee of 0.375% per annum (based on the immediately preceding period's average usage) on the unused portion of the commitment under the SMBC Facility during the revolving period. The Company is required to pay letter of credit participation fees and a fronting fee on the average daily amount of any lender's exposure with respect to any letters of credit issued under the SMBC Facility.

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

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, income is required to 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 September 30, 2022, was approximately $49.1 million or $0.39 per share. Taxable net realized losses for the same period were $(2.0) million or approximately $(0.02) per share. Taxable income for the three months ended September 30, 2021, was approximately $43.3 million or $0.38 per share. Taxable net realized gains for the same period were $23.0 million or approximately $0.20 per share.

Taxable income for the nine months ended September 30, 2022, was approximately $122.2 million or $0.99 per share. Taxable net realized losses for the same period were $(0.1) million or approximately $(0.00) per share. Taxable income for the nine months ended September 30, 2021, was approximately $125.3 million or $1.09 per share. Taxable net realized gains for the same period were $80.5 million or approximately $0.70 per share.

For the three and nine months ended September 30, 2022, the Company paid approximately $0.1 million and $7.3 million of income tax, respectively, including excise tax, and had $4.0 million of accrued but unpaid tax expense as of September 30, 2022. For the three and nine months ended September 30, 2021, the Company paid approximately $0.1 million and $3.7 million of income tax, including excise tax, and had $4.9 million of accrued but unpaid tax expense as of September 30, 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 and nine months ended September 30, 2022, the Company declared and paid distributions of $0.50 and $1.46 per share, respectively. 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 September 30, 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 May 9, 2022, the Company entered into an At-The-Market ("ATM") equity distribution agreement with JMP Securities LLC ("JMP") and Jefferies LLC ("Jeffries") (the "2022 Equity Distribution Agreement"). The 2022 Equity Distribution Agreement provides that the Company may offer and sell up to 17.5 million shares of its common stock from time to time through JMP or Jeffries, as its sales agents. Sales of the Company's common stock, if any, may be made in negotiated transactions or transactions that are deemed to be "at the market," as defined in Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices. The 2022 Equity Distribution Agreement replaces the ATM equity distribution agreement between the Company and JMP executed on July 2, 2020 (the "2020 Equity Distribution Agreement").

Under the 2020 Equity Distribution Agreement, the Company sold no shares and approximately 5.6 million shares, respectively, of common stock during the three and nine months ended September 30, 2022. From the sale of shares under the 2020 Equity Distribution Agreement during the nine months ended September 30, 2022, the Company received total accumulated net proceeds of approximately $98.5 million, including $1.1 million of offering expenses. Under the 2022 Equity Distribution agreement, the Company sold common stock shares of approximately 2.9 million and 6.2 million for the three and nine months ended September 30, 2022. From the sale of shares, the Company received total accumulated net proceeds of approximately $42.9 million and $91.5 million including $0.4 million and $1.0 million of offering expenses for the three and nine months ended September 30, 2022. During the three and nine months ended September 30, 2021, there were no shares sold under the existing 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 September 30, 2022, approximately 11.3 million shares remain available for issuance and sale under the 2022 Equity Distribution Agreement. The 2020 Equity Distribution Agreement is no longer effective. The Company has issued stock options for common stock subject to future issuance, of which 207,794 and 210,569 were outstanding as of September 30, 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-based awards in the period they are forfeited. For the three months ended September 30, 2022, and 2021, the Company recognized $2.5 million and $3.3 million of stock based compensation expense in the Consolidated Statement of Operations, respectively. For the nine months ended September 30, 2022, and 2021, the Company recognized $10.6 million and $9.0 million of stock based compensation expense in the Consolidated Statement of

Operations, respectively. As of September 30, 2022, and 2021, approximately $16.0 million and $18.3 million of total unrecognized compensation costs expected to be recognized over the next 1.8 and 1.9 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 nine months ended September 30, 2022, and 2021, were approximately $11.1 million, and $11.2 million, respectively.

The Company has granted restricted stock equity awards in the form of restricted stock awards and restricted stock units. The Company determines the grant date fair values of restricted stock equity awards using the grant date stock close price. The activities for the Company's unvested restricted stock equity awards for each of the nine months ended September 30, 2022, and 2021, are summarized below:

	Nine Months Ended September 30,			
	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	632,831	$ 17.24	748,519	$ 14.80
Vested [(1)]	(578,579)	$ 14.39	(517,076)	$ 13.71
Forfeited	(25,407)	$ 15.99	(71,020)	$ 14.16
Unvested Shares End of Period	1,066,693	$ 16.16	1,149,523	$ 14.42

(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 nine months ended September 30, 2022 and 2021, was approximately $143,000 and $123,000, respectively. During the nine months ended September 30, 2022 and 2021, approximately $52,000, and $23,000, 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. During the nine months ended September 30, 2022, all 487,409 Performance Award shares vested. Additionally, 241,770 distribution equivalent units ("DEUs") were issued with a grant date fair value of $4.0 million. During the nine months ended September 30, 2021, there were no Performance Awards or DEUs granted or vested. As of September 30, 2022 and 2021, there were no shares and 487,409 shares of unvested Performance Awards.

Liability Classified Awards

The Company has granted equity-based awards which are subject to both service and performance conditions. These awards are settled either in cash or a fixed dollar value of shares, subject to the terms of each individual award, and therefore classified as liability awards (the "Liability Awards"). The remaining maximum total potential value of the Liability Awards granted is $4.3 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 September 30, 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 September 30, 2022, all Liability Awards are unvested and there was approximately $2.3 million of total unrecognized compensation costs expected to be recognized over a weighted average period of 1.6 years. For the nine months ended September 30, 2022, there was approximately $2.3 million of compensation expense related to the Liability Awards recognized in the Consolidated Statement of Operations and $2.0 million accrued within Accounts Payable and Accrued Liabilities in the Consolidated Statements of Assets and Liabilities. During the nine months ended September 30, 2022 and 2021, $6.0 million and $0 of the Liability Awards vested.

As of September 30, 2021, all Liability Awards are unvested and there was approximately $4.2 million of total unrecognized compensation costs expected to be recognized over a weighted average period of 2.2 years. For the nine months ended September 30, 2021, there was approximately $1.3 million of compensation expense related to the Liability Awards recognized in the Consolidated Statement of Operations and $5.3 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share data)	**2022**	**2021**	**2022**	**2021**
Numerator				
Net increase in net assets resulting from operations	$ 53,202	$ 23,549	$ 39,548	$ 170,443
Less: Distributions declared-common and restricted shares	(63,950)	(45,190)	(181,825)	(133,143)
(Over-)Undistributed earnings (loss)	(10,748)	(21,641)	(142,277)	37,300
Undistributed earnings-common shares	(10,748)	(21,641)	(142,277)	36,931
Add: Distributions declared-common shares	63,421	44,770	180,114	131,829
Numerator for basic and diluted change in net assets per common share	$ 52,673	$ 23,129	$ 37,837	$ 168,760
Denominator				
Basic weighted average common shares outstanding	127,484	114,805	123,379	114,590
Incremental shares from assumed conversion of 2022 Convertible Notes	—	661	—	293
Common shares issuable	1,850	773	1,388	667
Weighted average common shares outstanding assuming dilution	129,334	116,239	124,767	115,550
Change in net assets per common share				
Basic	$ 0.41	$ 0.20	$ 0.31	$ 1.47
Diluted	$ 0.41	$ 0.20	$ 0.30	$ 1.46

In the table above, unvested share-based payment awards that have non-forfeitable rights to distributions or distribution equivalents are treated as participating securities for calculating earnings per share. Unvested common stock options and restricted stock units are also considered for the purpose of calculating diluted earnings per share.

As disclosed in "Note 5 – Debt", on February 1, 2022, the Company fully repaid the 2022 Convertible Notes. As these notes were fully repaid, there is no dilutive impact for the current period ended September 30, 2022. In July 2021, the Company irrevocably elected combination settlement for the 2022 Convertible Notes. Therefore the dilutive impact of the 2022 Convertible Notes, was calculated for only the portion expected to be settled in stock as it relates to the diluted shares outstanding for the three and nine months ended September 30, 2021.

The calculation of change in net assets resulting from operations per common share assuming dilution, excludes all anti-dilutive shares. For the three and nine months ended September 30, 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:

	Three months ended September 30,		Nine Months Ended September 30,	
Anti-dilutive Securities	**2022**	**2021**	**2022**	**2021**
2022 Convertible Notes	—	—	—	—
Unvested common stock options	865	198	1,725	88
Restricted stock units*	—	—	—	—
Unvested restricted stock awards	3,982	710	1,611	720
Performance awards*	—	—	—	—

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

As of both September 30, 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 nine months ended September 30, 2022 and 2021:

(in thousands, except per share data and ratios)	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Per share data [(1)]:		
Net asset value at beginning of period	$ 11.22	$ 11.26
Net investment income	1.01	0.95
Net realized gain (loss)	0.01	0.12
Net unrealized appreciation (depreciation)	(0.71)	0.40
Total from investment operations	0.31	1.47
Net increase (decrease) in net assets from capital share transactions [(1)]	0.31	(0.11)
Distributions of net investment income [(6)]	(1.11)	(1.06)
Distributions of capital gains [(6)]	(0.35)	(0.09)
Stock-based compensation expense included in investment income [(2)]	0.09	0.07
Net asset value at end of period	$ 10.47	$ 11.54
Ratios and supplemental data:		
Per share market value at end of period	$ 11.58	$ 16.61
Total return [(3)]	(24.34)%	23.05 %
Shares outstanding at end of period	130,191	115,925
Weighted average number of common shares outstanding	123,379	114,590
Net assets at end of period	$ 1,362,718	$ 1,337,532
Ratio of total expense to average net assets [(4)]	9.51 %	9.93 %
Ratio of net investment income before investment gains and losses to average net assets [(4)]	12.53 %	11.01 %
Portfolio turnover rate [(5)]	14.12 %	33.14 %
Weighted average debt outstanding	$ 1,430,814	$ 1,246,769
Weighted average debt per common share	$ 11.60	$ 10.88

(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 nine months ended September 30, 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 nine months ended September 30, 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. As of September 30, 2022, a portion of these unfunded contractual commitments are dependent upon the portfolio company reaching certain milestones before the debt commitment becomes available. Furthermore, the Company’s credit agreements with its portfolio companies generally contain customary lending provisions which allow the Company relief from funding obligations for previously made unfunded commitments in instances where the underlying portfolio company experiences materially adverse events that affect 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 September 30, 2022, and December 31, 2021, the Company had approximately $659.0 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 September 30, 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)	Unfunded Commitments [(1)] as of	
Portfolio Company	September 30, 2022	December 31, 2021
Debt Investments:		
Phathom Pharmaceuticals, Inc.	$ 66,500	$ 43,250
Oak Street Health, Inc.	44,250	—
Axsome Therapeutics, Inc.	42,000	—
Thumbtack, Inc.	40,000	—
Vida Health	40,000	—
Skydio, Inc.	37,500	37,500
HilleVax, Inc.	36,000	—
Automation Anywhere, Inc.	29,400	—
Iveric Bio Gene Therapy LLC	24,750	—
Brain Corporation	20,020	20,000
Aryaka Networks, Inc.	20,000	—
Finch Therapeutics Group, Inc.	20,000	—
G1 Therapeutics, Inc.	19,375	19,375
Tarsus Pharmaceuticals, Inc.	18,563	—
Locus Robotics Corporation	18,281	—
Alladapt Immunotherapeutics Inc.	15,000	—
ATAI Life Sciences N.V.	14,000	—
Dronedeploy, Inc.	12,500	—
Carbon Health Technologies, Inc.	11,625	11,625
Nuvolo Technologies Corporation	10,200	—
AppDirect, Inc.	10,000	—
Blue Sprig Pediatrics, Inc.	10,000	30,000
Dashlane, Inc.	10,000	19,300
RVShare, LLC	8,500	13,500
Viridian Therapeutics, Inc.	8,000	—
Elation Health, Inc.	7,500	—
Gritstone Bio, Inc.	7,500	—
Ouster, Inc.	7,000	—
Akero Therapeutics, Inc.	5,000	—
Alamar Biosciences, Inc.	5,000	—
Fulfil Solutions, Inc.	5,000	—
Demandbase, Inc.	3,750	9,375
Signal Media Limited	3,750	—
Riviera Partners LLC	3,500	—
Yipit, LLC	2,250	2,250
Khoros (p.k.a Lithium Technologies)	1,812	1,812
Ceros, Inc.	1,707	3,845
ThreatConnect, Inc.	1,600	1,600
Dispatch Technologies, Inc.	1,250	—
LogicSource	1,209	—
Zimperium, Inc.	1,088	—
Ikon Science Limited	1,050	1,050
Omeda Holdings, LLC	938	—
Alchemer LLC	890	—
Agilence, Inc.	800	800
Mobile Solutions Services	742	424
3GTMS, LLC	725	1,583
Constructor.io Corporation	625	—
Cybermaxx Intermediate Holdings, Inc.	471	471
Enmark Systems, Inc.	457	457
Annex Cloud	386	—
Gryphon Networks Corp.	268	268
Cytracom Holdings LLC	225	225
Syndax Pharmaceutics Inc.	—	30,000
Equality Health, LLC	—	17,500
Bicycle Therapeutics PLC	—	10,000
Better Therapeutics, Inc.	—	4,000
Logicworks	—	2,000
ShadowDragon, LLC	—	333
ePayPolicy Holdings, LLC	—	250
Pineapple Energy LLC	—	120
Total Unfunded Debt Commitments:	652,957	282,913
Investment Funds & Vehicles:[(2)]		
Forbion Growth Opportunities Fund I C.V.	3,187	3,839
Forbion Growth Opportunities Fund II C.V.	2,826	—
Total Unfunded Commitments in Investment Funds & Vehicles:	6,013	3,839
Total Unfunded Commitments	$ 658,970	$ 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 $203.2 million and $34.9 million of unfunded commitments as of September 30, 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 private equity funds.

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

(in thousands)	September 30, 2022	December 31, 2021
Unfunded Debt Commitments:		
Expiring during:		
2022	$ 198,281	$ 199,681
2023	312,457	43,675
2024	121,586	25,800
2025	1,694	2,232
2026	9,053	11,525
2027	7,745	—
2028	2,141	—
Total Unfunded Debt Commitments	652,957	282,913
Unfunded Commitments in Investment Funds & Vehicles:		
Expiring during:		
2030	3,187	3,839
2032	2,826	—
Total Unfunded Commitments in Investment Funds & Vehicles	6,013	3,839
Total Unfunded Commitments	$ 658,970	$ 286,752

The following tables provide the Company's contractual obligations as of September 30, 2022 and December 31, 2021:

As of September 30, 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]	$ 1,542,000	$ —	$ 377,000	$ 800,000	$ 365,000
Lease and License Obligations [4]	6,821	3,060	1,908	1,853	—
Total	$ 1,548,821	$ 3,060	$ 378,908	$ 801,853	$ 365,000

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 investment funds.

(2) Includes $175.0 million in principal outstanding under the SBA Debentures, $105.0 million of the July 2024 Notes, $50.0 million of the February 2025 Notes, $70.0 million of the June 2025 Notes, $50.0 million of the June 2025 3-Year Notes, $50.0 million of the March 2026 A Notes, $50.0 million of the March 2026 B Notes, $150.0 million of the 2031 Asset-Backed Notes, $40.0 million of the 2033 Notes, $325.0 million of the September 2026 Notes and $350.0 million of the January 2027 Notes as of September 30, 2022. There was also $25.0 million outstanding under the SMBC Facility and $102.0 million outstanding under the MUFG Bank Facility as of September 30, 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 and nine months ended September 30, 2022, total rent expense, including short-term leases, amounted to approximately $0.8 million and $2.4 million, respectively. For the three and nine months ended September 30, 2021, total rent expense, including short-term leases, amounted to approximately $0.8 million and $2.4 million, respectively. The Company recognizes an operating lease liability and a ROU asset for all leases, with the exception of short-term leases. The lease payments on short-term leases are recognized as rent expense on a straight-line basis. The discount rate applied to measure each ROU asset and lease liability is based on the Company's incremental weighted average cost of debt. The Company considers the general economic environment and its credit rating and factors in various financing and asset specific adjustments to ensure the discount rate applied is appropriate to the intended use of the underlying lease. While some of the leases contained options to extend and terminate, it is not reasonably certain that either option will be utilized and therefore, only the payments in the initial term of the leases were included in the lease liability and ROU asset.

The following table sets forth information related to the measurement of the Company's operating lease liabilities and supplemental cash flow information related to operating leases as of September 30, 2022, and 2021:

(in thousands)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Total operating lease cost	$ 744	$ 724	$ 2,185	$ 2,196
Cash paid for amounts included in the measurement of lease liabilities	$ 642	$ 578	$ 2,411	$ 1,733

	As of September 30, 2022	As of September 30, 2021
Weighted-average remaining lease term (in years)	4.17	4.37
Weighted-average discount rate	4.53 %	4.87 %

The following table shows future minimum lease payments under the Company's operating leases and a reconciliation to the operating lease liability as of September 30, 2022:

(in thousands)	As of September 30, 2022
2022	$ 652
2023	2,500
2024	848
2025	887
Thereafter	1,804
Total lease payments	6,691
Less: imputed interest	(599)
Total operating lease liability	$ 6,092

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 and nine months ended September 30, 2022, are net of expenses allocated to the Adviser Subsidiary of $1.9 million and $6.3 million, respectively. As of September 30, 2022, the Adviser Subsidiary owed $0.5 million to the Company. The Company's total expenses for the three and nine months ended September 30, 2021, are net of expenses allocated to the Adviser Subsidiary of $1.3 million and $3.5 million, respectively. As of December 31, 2021, there was $0.1 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 nine months ended September 30, 2022, $610.9 million of all investment commitments of the Company and the Adviser Subsidiary were assigned to or directly committed by the Adviser Funds. During the nine months ended September 30, 2022, fundings of $247.8 million were assigned to, directly originated, or funded by the Adviser Funds. The Company received $114.9 million from the Adviser Funds relating to the assigned investments during the nine months ended September 30, 2022. Additionally, on May 31, 2022, the Company sold $73.5 million of assets to the Adviser Funds and realized a $0.1 million gain.

During the nine months ended September 30, 2021, $204.5 million of all investment commitments of the Company and the Adviser Subsidiary were assigned to or directly committed by the Adviser Funds, respectively. During the nine months ended September 30, 2021, fundings of $139.6 million were assigned to, directly originated, or funded by the Adviser Funds. The Company received $107.6 million from the Adviser Funds relating to the assigned investments during the nine months ended September 30, 2021.

13. Subsequent Events

Dividend Distribution Declaration

On October 13, 2022, the Board declared a cash distribution of $0.36 per share to be paid on November 17, 2022 to stockholders of record as of November 10, 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 November 17, 2022 to stockholders of record as of November 10, 2022. Including the $0.15 per share supplemental cash distributions paid to stockholders of record as of March 9, 2022, May 17, 2022, and August 9, 2022, the Board has declared the full $0.60 per share supplemental cash distribution declared on February 16, 2022.

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 Adviser Funds and External Parties. The Adviser Subsidiary is not consolidated for reporting purposes as noted in "Note 1 Description of Business". In addition to the Adviser Subsidiary, we have established other wholly owned subsidiaries which are consolidated for reporting. However, certain of these subsidiaries are not consolidated for 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 $2.8 billion and $2.4 billion as of September 30, 2022 and December 31, 2021, respectively. The fair value of our debt investment portfolio as of September 30, 2022 was approximately $2.7 billion, compared to a fair value of approximately $2.2 billion at December 31, 2021. The fair value of the equity portfolio as of September 30, 2022 was approximately $134.1 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 September 30, 2022 was approximately $27.2 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 nine months ended September 30, 2022, Hercules and the Adviser Funds directly committed or originated an aggregate total of $2,476.4 million of investment commitments. Of the aggregated total directly committed or originated by Hercules and the Adviser Funds, $610.9 million of investment commitments were directly committed or originated by the Adviser Funds. Of the aggregate total direct fundings or originations, $247.8 million of debt, equity, and warrant fundings during the period, were assigned to, directly funded or originated by the Adviser Funds.

During the nine months ended September 30, 2021, Hercules and the Adviser Funds directly committed or originated an aggregate total of $1,691.4 million of investment commitments. Of the aggregated total directly committed or originated by Hercules and the Adviser Funds, $204.5 million of investment commitments were directly committed or originated by the Adviser Funds. Of the aggregate total direct fundings or originations, $139.6 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 nine months ended September 30, 2022 and September 30, 2021 was comprised of the following:

(in millions)	**September 30, 2022**	**September 30, 2021**
Gross Debt Commitments Originated by Hercules Capital and the Adviser Funds [1]		
New portfolio company	$ 2,083.5	$ 1,258.1
Existing portfolio company	369.7	413.6
Sub-total	$ 2,453.2	$ 1,671.7
Less: Debt commitments assigned to or directly committed by the Adviser Funds [3]	(606.5)	(202.5)
Net Total Debt Commitments	$ 1,846.7	$ 1,469.2
Gross Debt Fundings by Hercules Capital and the Adviser Funds [2]		
New portfolio company	$ 758.4	$ 786.2
Existing portfolio company	318.3	258.4
Sub-total	$ 1,076.7	$ 1,044.6
Less: Debt fundings assigned to or directly funded by the Adviser Funds [3]	(243.4)	(137.6)
Net Total Debt Fundings	$ 833.3	$ 907.0
Equity Investments and Investment Funds and Vehicles Fundings by Hercules Capital and the Adviser Funds		
New portfolio company	$ 5.0	$ 15.3
Existing portfolio company	16.1	5.2
Sub-total	$ 21.1	$ 20.5
Less: Equity fundings assigned to or directly funded by the Adviser Funds [3]	(4.4)	(2.0)
Net Total Equity and Investments Funds and Vehicle Fundings	$ 16.7	$ 18.5
Unfunded Contractual Commitments [4]		
Total	$ 659.0	$ 309.9
Non-Binding Term Sheets		
New portfolio company	$ 208.0	$ 185.2
Existing portfolio company	2.1	63.0
Total	$ 210.1	$ 248.2

(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 $203.2 million and $7.2 million, of unfunded commitments as of September 30, 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 nine months ended September 30, 2022, we received approximately $301.1 million in aggregate principal repayments. Approximately $58.7 million of the aggregate principal repayments related to scheduled principal payments and approximately $242.4 million represented early principal repayments from 18 portfolio companies. Further, $26.7 million of the early principal repayments was an early repayment due to merger and acquisition transaction of two portfolio companies. Additionally, we sold $73.5 million of assets and realized a $0.1 million gain on May 31, 2022.

Total portfolio investment activity (inclusive of unearned income and excluding activity related to taxes payable and escrow receivables) as of and for the nine months ended September 30, 2022 and September 30, 2021 was as follows:

(in millions)	**September 30, 2022**	**September 30, 2021**
Beginning portfolio	$ 2,434.5	$ 2,354.1
New fundings and restructures	1,097.8	1,065.1
Fundings assigned to or directly funded by the Adviser Funds[1]	(247.8)	(139.6)
Warrants not related to current period fundings	1.5	0.7
Principal repayments received on investments	(58.7)	(62.0)
Early payoffs	(242.4)	(678.3)
Proceeds from sale of debt investments	(73.5)	—
Proceeds from sale of equity investments	(16.7)	(97.9)
Accretion of loan discounts and paid-in-kind principal	40.2	32.7
Net acceleration of loan discounts and loan fees due to early payoff or restructure	(13.3)	(14.0)
New loan fees	(10.0)	(12.2)
Gain (loss) on investments due to sales or write offs	1.5	15.5
Net change in unrealized appreciation (depreciation)	(87.4)	47.8
Ending portfolio	$ 2,825.7	$ 2,511.9

(1) Funded amounts include $132.9 million and $31.9 million direct fundings of investments made by the Adviser Funds, for the nine months ended September 30, 2022 and September 30, 2021, respectively.

Periodically, we may hold investments held in debt, warrant, or equity positions of portfolio companies that have filed a registration statement on Form S-1 with the SEC in contemplation of a potential initial public offering. There can be no assurance that companies that have yet to complete their initial public offerings will do so in a timely manner or at all.

The following table presents certain selected information regarding our debt investment portfolio as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Number of portfolio companies with debt outstanding	116	92
Percentage of debt bearing a floating rate	95.1 %	94.0 %
Percentage of debt bearing a fixed rate	4.9 %	6.0 %
Weighted average core yield (1)	12.4 %	11.4 %
Weighted average effective yield (2)	12.9 %	12.9 %
Prime rate at the end of the period	6.25 %	3.25 %

(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 September 30, 2022, our debt investments generally have a term of between two and five years and typically bear interest at a rate ranging from approximately 6.0% to approximately 13.8%. 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 $53.6 million of unamortized fees as of September 30, 2022, of which approximately $42.1 million was included as an offset to the cost basis of our current debt investments and approximately $11.5 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 September 30, 2022, we had approximately $36.5 million in exit fees receivable, of which approximately $32.0 million was included as a component of the cost basis of our current debt investments and approximately $4.5 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 $4.9 million and $2.9 million in PIK income during the three months ended September 30, 2022 and 2021, respectively. We recorded approximately $14.9 million and $8.1 million in PIK income during the nine months ended September 30, 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.

	Three months ended	
	September 30, 2022	**September 30, 2021**
Total Yield	12.0%	11.8%
Effective Yield	12.9%	12.7%
Core Yield (Non-GAAP)	12.4%	11.4%

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

(in thousands)	Three months ended	
	September 30, 2022	**September 30, 2021**
GAAP Basis:		
Total investment income	$ 84,229	$ 70,193
Less: fee and income accelerations attributed to early payoffs, restructuring, loan modifications, and other one-time events, but including income from expired commitments	(3,140)	(7,212)
Non-GAAP Basis:		
Core investment income	$ 81,089	$ 62,981

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 (24.3)% and 23.1% during the nine months ended September 30, 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 September 30, 2022 and December 31, 2021:

	September 30, 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	$ 1,091,827	38.6 %	$ 967,383	39.7 %
Software	680,216	24.1 %	585,622	24.1 %
Internet Consumer & Business Services	489,968	17.3 %	395,506	16.3 %
All other industries [(1)]	563,727	20.0 %	486,011	19.9 %
Total	$ 2,825,738	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 September 30, 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", "Healthcare Services, Other", 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 nine months ended September 30, 2022 and the year ended December 31, 2021, our ten largest portfolio companies represented approximately 30.1% and 30.5% of the total fair value of our investments in portfolio companies, respectively. As of September 30, 2022 and December 31, 2021, we had eight and six investments that represented 5% or more of our net assets, respectively. As of September 30, 2022, we had three equity investments representing approximately 36.6% 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 September 30, 2022 and December 31, 2021.

As of September 30, 2022 and December 31, 2021, approximately 95.1% and 94.0% of the debt investment portfolio was priced at floating interest rates or floating interest rates with a Prime, LIBOR, SOFR, Eurodollar, or BSBY-based interest rate floor, respectively. Changes in interest rates, including Prime, LIBOR, SOFR, 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 September 30, 2022, we held warrants in 107 portfolio companies, with a fair value of approximately $27.2 million. The fair value of our warrant portfolio decreased by approximately $11.2 million, as compared to a fair value of $38.4 million as of December 31, 2021, primarily related to the decrease in fair value of the portfolio companies.

Our existing warrant holdings would require us to invest approximately $71.5 million to exercise such warrants as of September 30, 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 September 30, 2022 and December 31, 2021, respectively:

(in thousands)	September 30, 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	15	$ 412,141	15.5 %	15	$ 408,975	18.5 %
2	53	1,380,414	51.9 %	47	1,208,323	54.7 %
3	44	827,379	31.1 %	28	581,424	26.3 %
4	4	41,465	1.5 %	1	8,269	0.4 %
5	0	—	0.0 %	1	2,608	0.1 %
	116	$ 2,661,399	100.0 %	92	$ 2,209,599	100.0 %

As of September 30, 2022, our debt investments had a weighted average investment grading of 2.20 on a cost basis, as compared to 2.10 as of December 31, 2021. Changes in a portfolio company's investment grading may be a result of changes in portfolio company's performance and/or timing of expected liquidity events. For instance, we may downgrade a portfolio company if it is not meeting our financing criteria or are underperforming relative to their respective business plans. We may also downgrade a portfolio company as it approaches a point in time when it will require additional equity capital to continue operations. Conversely, we may upgrade a portfolio company's investment grading when it is exceeding our financial performance expectations and/or is expected to mature/repay in full due to a liquidity event. The overall downgrade of the portfolio's weighted average investment grading is reflective of the impact the current macroeconomic environment.

As the recent macro-economic events continue to cause disruption in the capital markets and to businesses, we are continuing to monitor and work with the management teams and stakeholders of our portfolio companies to navigate the significant market, operational, and economic challenges created by these events. This includes increasing our proactive assessments of credit performance, in an effort to 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 September 30, 2022 and December 31, 2021:

(in millions)	As of September 30, 2022		As of December 31, 2021	
	Amortized Cost	**Percentage of Total Portfolio at Amortized Cost**	**Amortized Cost**	**Percentage of Total Portfolio at Amortized Cost**
Performing	$ 2,856	99.5 %	$ 2,367	99.0 %
Non-accrual	13	0.5 %	24	1.0 %
Total Investments	$ 2,869	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.

Macroeconomic Market Developments

Our investment portfolio continues to be focused on industries and sectors that are generally expected to be more resilient to economic cycles. However, the U.S and global capital markets continue to evolve as a result of the increasing market volatility caused by the ongoing COVID-19 pandemic, recent geopolitical events, and the related supply chain and inflation issues. We are continuing to closely monitor the impact of these macro market developments on all aspects of our business, including impacts to our portfolio companies, employees, due diligence and underwriting processes, and financial markets. As a result, pressure on liquidity and financial results to certain of our portfolio companies have persisted, and our portfolio companies may draw on most, if not all, of the unfunded portion of any revolving or delayed draw term loans made by us, subject to availability under the terms of such loans. The extent to which the ongoing macroeconomic market events will continue to affect the financial condition and liquidity of our portfolio companies' results of operations are highly uncertain and cannot be predicted.

Equally the extent of the impact of the COVID-19 pandemic, geopolitical events, and related supply chain and inflation issues have 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 these matters. Inflation has not historically had a significant effect on our results of operations in any of the reporting periods presented herein. However, the impact that these macroeconomic events have on our portfolio companies could have a negative impact on the fair value of our investments in these portfolio companies. Further, an extended period of global supply chain and economic disruption, including inflation, could materially affect our business, results of operations, access to sources of liquidity and financial condition. Given the fluidity of these market events, neither our management nor our Board is able to predict the full impact of the current macroeconomic events on our business, future results of operations, financial position, or cash flows at this time.

Results of Operations

Refer below for a discussion of our operating results for three and nine months ended September 30, 2022 as compared to the same periods for 2021.

Investment Income

Total investment income for the three and nine months ended September 30, 2022 was approximately $84.2 million and $221.5 million, respectively as compared to approximately $70.2 million and $208.5 million, respectively for the three and nine months ended

September 30, 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 and nine months ended September 30, 2022 and 2021:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Contractual interest income	$ 66,451	$ 50,597	$ 172,057	$ 150,901
Exit fee interest income	8,696	9,029	22,077	26,599
PIK interest income	4,944	2,893	14,888	8,105
Other interest income (1)	1,317	793	3,369	2,795
Total interest income	$ 81,408	$ 63,312	$ 212,391	$ 188,400

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

Interest income for the three months ended September 30, 2022 totaled approximately $81.4 million as compared to approximately $63.3 million for the three months ended September 30, 2021. Interest income for the nine months ended September 30, 2022 totaled approximately $212.4 million as compared to approximately $188.4 million for the nine months ended September 30, 2021. The increase in interest income for the three and nine months ended September 30, 2022 as compared to the same periods ended September 30, 2021, was attributable to a higher weighted average principal outstanding and increase in core yield due to the increase in benchmark rates during the three and nine months ended September 30, 2022.

Interest income is comprised of recurring interest income from the contractual servicing of loans and non-recurring interest income that is related to the acceleration of income due to early loan repayments and other one-time events during the period. The following table summarizes recurring and non-recurring interest income for the three and nine months ended September 30, 2022 and 2021:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Recurring interest income	$ 78,984	$ 60,116	$ 208,479	$ 178,283
Non-recurring interest income	2,424	3,196	3,912	10,117
Total interest income	$ 81,408	$ 63,312	$ 212,391	$ 188,400

The following table shows the PIK-related activity for the nine months ended September 30, 2022 and 2021, at cost:

(in thousands)	Nine Months Ended September 30,	
	2022	2021
Beginning PIK interest receivable balance	$ 11,801	$ 14,817
PIK interest income during the period	14,888	8,105
Payments received from PIK loans	(4,482)	(5,692)
Realized gain (loss)	(367)	(180)
Ending PIK interest receivable balance	$ 21,840	$ 17,050

The increase in PIK interest income during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 is primarily due to an increase in the weighted average principal outstanding of loans which earn PIK interest. Payments on PIK loans are normally received only in the event of payoffs. As of both September 30, 2022 and December 31, 2021 PIK receivable represented less than 1% of total debt investments.

Fee Income

Fee income from commitment, facility and loan related fees for the three and nine months ended September 30, 2022 totaled approximately $2.8 million and $9.1 million, respectively, as compared to approximately $6.9 million and $20.1 million, for the three and nine months ended September 30, 2021, respectively. The decrease in fee income for the three and nine months ended September 30, 2022 is primarily due to a decrease in the acceleration of unamortized fees, and one-time fees as a result of a lower volume of early repayments on our loan portfolio.

Fee income is comprised or recurring fee income from commitment, facility, and loan related fees, acceleration of fee income due to expired commitments, and acceleration of fee income due to early loan repayments during the period. The following table summarizes the components of fee income for the three and nine months ended September 30, 2022 and 2021:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Recurring fee income	$ 2,076	$ 1,903	$ 5,762	$ 5,625
Accelerated fee income - expired commitments	29	960	550	2,372
Accelerated fee income - early repayments	716	4,018	2,798	12,114
Total fee income	$ 2,821	$ 6,881	$ 9,110	$ 20,111

In certain investment transactions, we may earn income from advisory services; however, we had no income from advisory services in the three and nine months ended September 30, 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. During the three and nine months ended September 30, 2022 and 2021, our net operating expenses totaled approximately $34.2 million and $32.1 million, respectively for the three month periods, and approximately $95.6 million and $98.9 million, respectively for the nine month periods.

Interest and Fees on our Debt

Interest and fees on our debt totaled approximately $16.7 million and $14.7 million for the three months ended September 30, 2022 and 2021, respectively. Our higher weighted average borrowings offset the lower weighted average borrowing costs during the three months ended September 30, 2022, resulting in higher interest and fee expenses as compared to the three months ended September 30, 2021. Interest and fees on our debt totaled approximately $44.4 million and $49.0 million for the nine months ended September 30, 2022 and 2021, respectively. The decline of interest and fee expenses during the nine months ended September 30, 2022, was a result of our lower weighted average borrowing costs as compared to the nine months ended September 30, 2021.

We had a weighted average cost of debt of approximately 4.4% and 4.9% for the three months ended September 30, 2022 and 2021, respectively and 4.1% and 5.1%, for the nine months ended September 30, 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 during 2022 as compared to 2021, was attributable to our debt refinancing activities completed over the past two years.

General and Administrative Expenses and Tax Expenses

General and administrative expenses include legal fees, consulting fees, accounting fees, printer fees, insurance premiums, rent, expenses associated with the workout of underperforming investments, and various other expenses. Our general and administrative expenses increased to $4.4 million from $4.1 million for the three months ended September 30, 2022 and 2021, respectively and increased to $12.5 million from $11.7 million for the nine months ended September 30, 2022. The increase in general and administrative expenses for the three and nine months ended September 30, 2022 is primarily attributable to an increase in information technology related expenses. Tax expenses primarily relate to excise tax accruals. Tax expenses were $1.6 million and $2.4 million during the three months ended September 30, 2022 and 2021, respectively and $4.1 million and $5.6 million for nine months ended September 30, 2022 and 2021, respectively.

Employee Compensation

Employee compensation and benefits totaled approximately $11.0 million and $30.4 million, for the three and nine months ended September 30, 2022 as compared to approximately $8.9 million and $27.1 million respectively, for the three and nine months ended September 30, 2021. The increase between the three and nine months ended September 30, 2022 and 2021 was primarily due to an increase in variable compensation.

Employee stock-based compensation totaled approximately $2.5 million and $10.6 million, for the three and nine months ended September 30, 2022 as compared to approximately $3.3 million and $9.0 million, respectively for the three and nine months ended September 30, 2021. The decrease between the three month comparative periods was primarily attributable to the Performance Awards, which fully vested as of the quarter ended June 30, 2022. The increase between the nine month 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 September 30, 2022 and 2021, are net of expenses allocated to the Adviser Subsidiary of $1.9 million and $1.3 million, respectively and $6.3 million and $3.5 million for the nine months ended September 30, 2022 and 2021, respectively. The increase in expenses allocated to the Adviser Subsidiary is a result of higher average assets under management and higher allocations to the Adviser Funds. As of September 30, 2022, $0.5 million was receivable from the Adviser Subsidiary related to investment allocation transactions during the period. As of December 31, 2021, $0.1 million was due from the Adviser Subsidiary.

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

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

A summary of net realized gains and losses for the three and nine months ended September 30, 2022 and 2021 is as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Realized gains	$ 6,050	$ 24,999	$ 12,264	$ 82,364
Realized losses	(3,091)	(2,186)	(10,079)	(66,063)
Realized foreign exchange gains (losses)	2,330	—	2,276	—
Realized loss on debt extinguishment	—	(1,702)	(3,686)	(1,702)
Net realized gains (losses)	$ 5,289	$ 21,111	$ 775	$ 14,599

During the three and nine months ended September 30, 2022, we recognized net realized gains of $5.3 million and $0.8 million. The net realized gain was comprised of gross realized gains of $6.1 million and $12.3 million primarily from the sale of our equity position in Black Crow AI, Inc and Peerless Network Holdings, Inc. Our gains were offset by gross realized losses of $3.1 million and $10.1 million primarily from the write-off of our investments in Regent Education, Medrobotics Corporation, Genocea Biosciences, Inc, Kaleido Biosciences, Inc., and Pineapple Energy LLC during the period. During the three months ended September 30, 2022, we repaid £19.4 million of principal borrowings under our SMBC Facility and realized a $2.3 million foreign exchange gain. In addition, as part of the retirement of the 2022 Notes in Q1 2022, we incurred a $3.7 million loss on debt extinguishment. The realized loss on debt extinguishment was related to fees, accrued interest, and the acceleration of debt issuance costs amortization, and is included as a realized loss within the “Loss on debt extinguishment” on the Consolidated Statement of Operations.

During the three and nine months ended September 30, 2021, we recognized net realized gains of $21.1 million and $14.6 million, respectively. During the three and nine months ended September 30, 2021, we recorded gross realized gains of $25.0 million and $82.4 million, respectively, primarily from the sale of DoorDash, Inc., Palantir Technologies, Ology Bioservices, and TransMedics Group, Inc. Our gains were offset by gross realized losses of $2.2 million and $66.1 million, respectively, primarily from the write-off of our investments in Intent (p.k.a. Intent Media, Inc.) and Solar Spectrum Holdings, LLC. Additionally, on July 1, 2021, we fully redeemed the aggregate outstanding $75.0 million of principal and $0.6 million of accrued interest pursuant to the redemption terms of the April 2025 Notes Indenture. Combined with other debt redemptions, we accelerated recognition of $1.7 million of debt issuance costs associated with the extinguishment of the debt, which is included as a realized loss within the “Loss on debt extinguishment” on the Consolidated Statement of Operations for the three and nine months ended September 30, 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 Valuation Committee and approved by the Board. The following table summarizes the movements in net change in unrealized appreciation or depreciation for the three and nine months ended September 30, 2022 and 2021:

(in thousands)	For the three months ended September 30		Nine Months Ended September 30,	
	2022	2021	2022	2021
Gross unrealized appreciation	$ 30,010	$ 27,946	$ 68,824	$ 142,016
Gross unrealized depreciation	(27,483)	(35,827)	(154,939)	(88,866)
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	373	(27,770)	4,267	(5,404)
Net unrealized appreciation (depreciation) on debt, equity, warrant and fund investments	2,900	(35,651)	(81,848)	47,746
Other net unrealized appreciation (depreciation)	(4,989)	—	(5,299)	(1,515)
Total net unrealized appreciation (depreciation)	$ (2,089)	$ (35,651)	$ (87,147)	$ 46,231

During the three months ended September 30, 2022 and 2021, we recorded approximately $2.1 million and $35.6 million of net unrealized depreciation on our investments, respectively. During the nine months ended September 30, 2022, and 2021, we recorded approximately $87.1 million of net unrealized depreciation and $46.2 million of net unrealized appreciation on our investments, respectively. The following table summarizes the key drivers of change in net unrealized appreciation (depreciation) of investments for the three months ended September 30, 2022 and 2021:

	For the three months ended September 30						For the Nine Months Ended September 30,					
	2022			2021			2022			2021		
(in thousands)	Debt	Equity, Warrants and Investment Funds	Total	Debt	Equity, Warrants and Investment Funds	Total	Debt	Equity, Warrants and Investment Funds	Total	Debt	Equity, Warrants and Investment Funds	Total
Valuation appreciation (depreciation)	$ 3,690	$ (1,163)	$ 2,527	$ 450	$ (8,331)	$ (7,881)	$ (11,817)	$ (74,298)	$ (86,115)	$ 2,864	$ 50,286	$ 53,150
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	3,558	(3,185)	373	(4,109)	(23,661)	(27,770)	3,394	873	$ 4,267	3,007	(8,411)	(5,404)
Other net unrealized appreciation (depreciation)	(4,418)	(571)	(4,989)	—	—	—	(4,383)	(916)	(5,299)	—	(1,515)	(1,515)
Net realized appreciation (depreciation)	$ 2,830	$ (4,919)	$ (2,089)	$ (3,659)	$ (31,992)	$ (35,651)	$ (12,806)	$ (74,341)	$ (87,147)	$ 5,871	$ 40,360	$ 46,231

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 September 30, 2022 and 2021, we had net increases in net assets of approximately $53.2 million and $23.5 million resulting from operations, respectively. For the nine months ended September 30, 2022 and 2021, our net increase in net assets were approximately $39.6 million and $170.4 million resulting from operations, respectively. For the three and nine months ended September 30, 2022, the basic net increase in net assets per common share was $0.41 and $0.31 per share, and for the three and nine months ended September 30, 2021 was $0.20 and $1.47 per share. On a fully diluted basis, the net increase in net assets per common share was $0.41 and $0.30 per share and $0.20 and $1.46 per share, for the same periods each respectively.

Hercules Adviser LLC

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

Hercules Adviser LLC, the Adviser Subsidiary, receives fee income for the services provided to the Adviser Funds. The Adviser Subsidiary’s contribution to our net investment income is derived from dividend income declared by the Adviser Subsidiary and interest income earned on loans to the Adviser Subsidiary. For the three and nine months ended September 30, 2022 and 2021, no dividends were declared by the Adviser Subsidiary.

Financial Condition, Liquidity, Capital Resources and Obligations

Our liquidity and capital resources are derived from our debt borrowings and cash flows from operations, including investment sales and repayments, and income earned. Our primary use of funds from operations includes investments in portfolio companies and payments of fees and other operating expenses we incur. We have used, and expect to continue to use, our debt and the proceeds from the turnover of our portfolio and from public and private offerings of securities to finance our investment objectives. We may also raise additional equity or debt capital through registered offerings off a shelf registration, At-the-Market (“ATM”), and private offerings of securities, by securitizing a portion of our investments, or by borrowing from the SBA through our SBIC subsidiary. This “Financial Condition, Liquidity and Capital Resources” section should be read in conjunction with the “COVID-19 Developments” section above.

During the nine months ended September 30, 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 nine months ended September 30, 2022, our operating activities used $359.9 million of cash and cash equivalents, compared to $28.7 million provided during the nine months ended September 30, 2021. The $388.6 million increase in cash used in operating activities was primarily due to a $360.2 million decrease in principal, fee repayments, and proceeds received from the sale of debt investments, $84.3 million fewer proceeds received from the sale of equity investments, which was offset by a decrease of $75.4 million in net purchases of investments due to increased assignments to the Adviser Funds.

During the nine months ended September 30, 2022, our investing activities used approximately $86 thousand of cash, compared to $12 thousand used during the nine months ended September 30, 2021. The $74 thousand increase in cash used in investing activities was due to an increase in purchases of capital equipment.

During the nine months ended September 30, 2022, our financing activities provided $289.1 million of cash, compared to $16.9 million used in financing activities during the nine months ended September 30, 2021. The $306.0 million increase of cash flows from financing activities was primarily due to $1,169.2 million of new debt issuances related to the issuance of our January 2027 Notes, June 2025 3-Year Notes, 2031 Asset-Backed Notes, SBA Debenture borrowings, and increased utilization of our Credit Facilities during the nine months ended September 30, 2022. The debt issuances were used in our operating activities and to repay the $230.0 million of 2022 Convertible Notes and $150.0 million to retire the 2022 Notes. Additionally, we issued $190.0 million of ATM equity (net of offering costs) during the nine months ended September 30, 2022. We did not issue any common stock issued during the nine months ended September 30, 2021. These amounts offset the $48.8 million increase in dividend distributions, which totaled $178.9 million during the nine months ended September 30, 2022, compared to $130.1 million during the nine months ended September 30, 2021.

As of September 30, 2022, our net assets totaled $1.4 billion, with a NAV per share of $10.47. 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 September 30, 2022

As of September 30, 2022, we had $700.1 million in available liquidity, including $57.1 million in cash and cash equivalents. We had available borrowing capacity of $200.0 million under the SMBC Facility and $443.0 million under the MUFG Bank Facility. In addition, the MUFG Bank Facility has accordion provision through which the available borrowing capacity can be increased by $55.0 million, subject to certain conditions.

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 September 30, 2022, our asset coverage ratio under our regulatory requirements as a BDC was 199.4% 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 188.1% as of September 30, 2022.

As of September 30, 2022, we had $127.0 million outstanding under our Credit Facilities, which are floating interest rate obligations. As of September 30, 2022, the remaining $1,415.0 million of debt outstanding are all fixed interest rate debt obligations.

During the nine months ended September 30, 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 issued $150 million and $50 million in aggregate principal which generated net proceeds of approximately $147.7 million and $49.5 million related to the 2031 Asset-Backed Notes and June 2025 3-Year Notes, respectively. We also borrowed the remaining $24.5 million of capital available through our SBIC, and raised $190.0 million through ATM equity offerings of common shares.

Lastly, as of September 30, 2022, $8.3 million of cash was classified as restricted cash. Our restricted cash relates to amounts that are held as collateral securing certain of the Company's financing transactions, including collections of interest and principal payments on assets that are securitized related to the 2031 Asset-Backed Notes. Based on current characteristics of the securitized debt investment portfolios, the restricted funds may be used to pay monthly interest and principal on the securitized debt with any excess distributed to us or available for our general operations. Refer to "Note 5 – Debt" included in the notes to our consolidated financial statements appearing elsewhere in this report for additional discussion of our debt obligations.

As detailed above, our diverse and well-structured balance sheet is designed to provide a long-term focused and sustainable investment platform. Currently, we believe we have ample liquidity to support our near-term capital requirements. As the impact of current 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 May 9, 2022, we entered into an ATM equity distribution agreement (the "2022 Equity Distribution Agreement") with JMP and Jeffries (the "Sales Agents"). The 2022 Equity Distribution Agreement provides that we may offer and sell up to 17.5 million shares of our common stock from time to time through the Sales Agents. Sales of our common stock, if any, may be made in negotiated transactions or transactions that are deemed to be "at the market," as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices. The 2022 Equity Distribution Agreement replaces the ATM equity distribution agreement between the Company and JMP executed on July 2, 2020 (the "2020 Equity Distribution Agreement").

Under the 2020 Equity Distribution Agreement, the Company sold no shares and approximately 5.6 million shares, respectively, of common stock during the three and nine months ended September 30, 2022. From the sale of shares under the 2020 Equity Distribution Agreement during the nine months ended September 30, 2022, the Company received total accumulated net proceeds of approximately $98.5 million, including $1.1 million of offering expenses. Under the 2022 Equity Distribution agreement, the Company sold common stock shares of approximately 2.9 million and 6.2 million for the three and nine months ended September 30, 2022. From the sale of shares, the Company received total accumulated net proceeds of approximately $42.9 million and $91.5 million including $0.4 million and $1.0 million of offering expenses for the three and nine months ended September 30, 2022. During the three and nine months ended September 30, 2021, there were no shares sold under the existing equity distribution agreement.

Commitments and Obligations

Our significant cash requirements generally relate to our debt obligations. As of September 30, 2022, we had $1,542.0 million of debt outstanding, which includes $377.0 million within 1 to 3 years, and $1,165.0 million beyond 3 years. In addition to our debt obligations, in the normal course of business, we are party to financial instruments with off-balance sheet risk. These consist primarily of unfunded contractual commitments to extend credit, in the form of loans, to our portfolio companies. Unfunded contractual commitments to provide funds to portfolio companies are not reflected on our balance sheet.

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

As of September 30, 2022, we had approximately $659.0 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 private equity funds. This excludes $203.2 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 September 30, 2022, we also had approximately $210.1 million of non-binding term sheets outstanding to three new companies and two existing companies, which generally convert to contractual commitments within approximately 90 days of signing. Non-binding outstanding term sheets are subject to completion of our due diligence and final investment committee approval process, as well as the negotiation of definitive documentation with the prospective portfolio companies. Not all non-binding term sheets are expected to close and do not necessarily represent future cash requirements.

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

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)	$ 37,153
(50)	$ 19,429
50	$ (19,631)
100	$ (39,185)

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates. Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments, cash and cash equivalents and idle fund investments. Our investment income will be affected by changes in various interest rates, including Prime, LIBOR, SOFR, Eurodollar, and BSBY rates, to the extent our debt investments include variable interest rates. As of September 30, 2022, approximately 95.1% of the loans in our portfolio had variable rates based on floating Prime, LIBOR, SOFR, Eurodollar, or BSBY rates with a floor. As of September 30, 2022, approximately 11.6% of our debt investments have variable rates based on LIBOR and 9.6% of our debt investments have variable rates based on SOFR, BSBY or Euordollar rates. Additionally, all of our LIBOR rate based debt securities have interest rate floors. We are actively considering and discussing the preferred alternative benchmark with our portfolio companies and prioritize the inclusion of LIBOR fallback language in our documentation. The Alternative Reference Rates Committee ("ARRC") has recommended for US based debt securities to use the SOFR rate as the alternative benchmark. Our debt borrowings under the Credit Facilities bear interest at a floating rate, all other outstanding debt borrowings bear interest at a fixed rate. Changes in interest rates can also affect, among other things, our ability to acquire and originate loans and securities and the value of our investment portfolio.

Based on our Consolidated Statements of Assets and Liabilities as of September 30, 2022, the following table shows the approximate annualized increase (decrease) in components of net assets resulting from operations of hypothetical base rate changes in interest rates, assuming no changes in our investments and debt:

(in thousands) Basis Point Change	Interest Income	Interest Expense	Net Income	EPS
(75)	$ (18,645)	$ (711)	$ (17,934)	$ (0.14)
(50)	$ (12,413)	$ (504)	$ (11,909)	$ (0.09)
(25)	$ (6,207)	$ (262)	$ (5,945)	$ (0.05)
25	$ 6,145	$ 262	$ 5,883	$ 0.05
50	$ 12,288	$ 525	$ 11,763	$ 0.09
75	$ 18,431	$ 787	$ 17,644	$ 0.14
100	$ 24,463	$ 1,050	$ 23,413	$ 0.18
200	$ 48,442	$ 2,099	$ 46,343	$ 0.36

We do not currently engage in any hedging activities. However, we may, in the future, hedge against interest rate fluctuations and foreign currency by using standard hedging instruments such as futures, options, and forward contracts. While hedging activities may insulate us against changes in interest rates and foreign currency, they may also limit our ability to participate in the benefits of lower interest rates with respect to our borrowed funds and higher interest rates with respect to our portfolio of investments. During the nine months ended September 30, 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") and Part II, Item 1A "Risk Factors" of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 filed with the SEC on May 5, 2022.

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 September 30, 2022 that represent greater than 5% of our net assets:

(in thousands)	September 30, 2022	
	Fair Value	Percentage of Net Assets
Corium, Inc.	$ 135,828	10.0 %
Phathom Pharmaceuticals, Inc.	$ 94,119	6.9 %
Worldremit Group Limited	$ 92,698	6.8 %
SeatGeek, Inc.	$ 87,812	6.4 %
Rocket Lab Global Services, LLC	$ 87,283	6.4 %
Axsome Therapeutics, Inc.	$ 85,438	6.3 %
Convoy, Inc.	$ 73,674	5.4 %
uniQure B.V.	$ 73,527	5.4 %

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

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

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

Dividend Reinvestment Plan

During the nine months ended September 30, 2022, we issued 184,197 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 $2.9 million.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1*	Form of Dividend Reinvestment Plan, dated September 22, 2022
10.2*	Transfer Agency and Service Agreement, dated October 3, 2022, between Hercules Capital, Inc. and Computershare Trust Company, N.A. and Computershare Inc.
31.1*	Chief Executive Officer Certification Pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Chief Financial Officer Certification Pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, has been formatted in Inline XBRL

* Filed herewith.

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES
For the Nine Months Ended September 30, 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 September 30, 2022
Control Investments								
Majority Owned Control Investments								
Coronado Aesthetics, LLC [10]	Preferred Stock	$ —	$ —	$ 500	$ —	$ —	$ (109)	$ 391
	Common Stock	—	—	65	—	—	(56)	9
Gibraltar Business Capital, LLC [5]	Unsecured Debt	2,581	—	23,212	60	—	(1,233)	22,039
	Preferred Stock	—	—	19,393	—	—	(4,904)	14,489
	Common Stock	—	—	1,225	—	—	(91)	1,134
Hercules Adviser LLC [6]	Unsecured Debt	393	—	8,850	3,150	—	—	12,000
	Member Units	—	—	11,990	—	—	9,955	21,945
Total Majority Owned Control Investments		$ 2,974	$ —	$ 65,235	$ 3,210	$ —	$ 3,562	$ 72,007
Other Control Investments								
Tectura Corporation [7]	Senior Debt	$ 516	$ —	$ 8,269	$ —	$ —	$ 49	$ 8,318
	Preferred Stock	—	—	—	—	—	—	—
	Common Stock	—	—	—	—	—	—	—
Total Other Control Investments		$ 516	$ —	$ 8,269	$ —	$ —	$ 49	$ 8,318
Total Control Investments		$ 3,490	$ —	$ 73,504	$ 3,210	$ —	$ 3,611	$ 80,325
Affiliate Investments								
Black Crow AI, Inc. [8]	Preferred Stock	$ —	$ 3,772	$ 1,120	$ —	$ (1,000)	$ (120)	$ —
Pineapple Energy LLC [9]	Senior Debt	1,204	(2,014)	7,747	—	(7,780)	33	—
	Common Stock	—	—	591	—	(4,767)	4,176	—
Total Affiliate Investments		$ 1,204	$ 1,758	$ 9,458	$ —	$ (13,547)	$ 4,089	$ —
Total Control and Affiliate Investments		$ 4,694	$ 1,758	$ 82,962	$ 3,210	$ (13,547)	$ 7,700	$ 80,325

(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 nine months ended September 30, 2022, the Company sold its investments in Black Crow AI, Inc., as a result it is no longer an affiliate investment.
(9) During the three months ended September 30, 2022, the Company sold a portion of its investments in Pineapple Energy LLC, as a result it is no longer an affiliate investment..
(10) As of December 31, 2021, the Company's investment in Coronado Aesthetics, LLC became classified as a control investment as a result of obtaining more than 25% of the voting securities of the portfolio company.

Schedule 12 – 14

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES
For the Nine Months Ended September 30, 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 September 30, 2021
Control Investments								
Majority Owned Control Investments								
Gibraltar Business Capital, LLC [5]	Unsecured Debt	$ 2,363	$ —	$ 14,970	$ 9,627	$ —	$ (1,194)	$ 23,403
	Preferred Stock	—	—	31,554	—	—	(15,386)	16,168
	Common Stock	—	—	2,276	—	—	(1,110)	1,166
Hercules Adviser LLC [6]	Unsecured Debt	59	—	—	6,100	—	—	6,100
	Member Units	—	—	—	35	—	10,669	10,704
Total Majority Owned Control Investments		$ 2,422	$ —	$ 48,800	$ 15,762	$ —	$ (7,021)	$ 57,541
Other Control Investments								
Tectura Corporation [7]	Senior Debt	$ 521	$ —	$ 8,600	$ —	$ —	$ (306)	$ 8,294
	Preferred Stock	—	—	—	—	—	—	—
	Common Stock	—	—	—	—	—	—	—
Total Other Control Investments		$ 521	$ —	$ 8,600	$ —	$ —	$ (306)	$ 8,294
Total Control Investments		$ 2,943	$ —	$ 57,400	$ 15,762	$ —	$ (7,327)	$ 65,835
Affiliate Investments								
Black Crow AI, Inc. [8]	Preferred Stock	$ —	$ —	$ —	$ 1,000	$ —	$ 243	$ 1,243
	Convertible Debt	—	—	—	2,208	(3,993)	1,785	—
Pineapple Energy LLC [9]	Senior Debt	3	—	7,500	120	—	—	7,620
	Common Stock	—	—	840	—	—	9	849
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) [10]	Senior Debt	—	(641)	—	—	(681)	681	—
	Common Stock	—	(61,502)	—	—	(61,502)	61,502	—
Total Affiliate Investments		$ 3	$ (62,143)	$ 8,340	$ 3,328	$ (66,176)	$ 64,220	$ 9,712
Total Control and Affiliate Investments		$ 2,946	$ (62,143)	$ 65,740	$ 19,090	$ (66,176)	$ 56,893	$ 75,547

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

Schedule 12 – 14

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES
As of September 30, 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	$ 391
	Medical Devices & Equipment	Common Stock			180,000	—	9
Total Coronado Aesthetics, LLC						$ 250	$ 400
Gibraltar Business Capital, LLC	Diversified Financial Services	Unsecured Debt	September 2026	Interest rate FIXED 14.50%	$ 15,000	$ 14,701	$ 13,033
	Diversified Financial Services	Unsecured Debt	September 2026	Interest rate FIXED 11.50%	$ 10,000	9,844	9,006
	Diversified Financial Services	Preferred Series A Equity			10,602,752	26,122	14,489
	Diversified Financial Services	Common Stock			830,000	1,884	1,134
Total Gibraltar Business Capital, LLC						$ 52,551	$ 37,662
Hercules Adviser LLC		Unsecured Debt	June 2025	Interest rate FIXED 5.00%	$ 12,000	$ 12,000	$ 12,000
		Member Units			1	35	21,945
Total Hercules Adviser LLC						$ 12,035	$ 33,945
Total Majority Owned Control Investments (5.28%)*						$ 64,836	$ 72,007
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	68
	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	$ 8,318
Total Other Control Investments (0.61%)*						$ 22,413	$ 8,318
Total Control Investments (5.89%)*						**$ 87,249**	**$ 80,325**
Total Control and Affiliate Investments (5.89%)*						**$ 87,249**	**$ 80,325**

* Value as a percent of net assets

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

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

Schedule 12 – 14

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES
As of and for the year ended December 31, 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: November 2, 2022	/S/ SCOTT BLUESTEIN
	Scott Bluestein **President, Chief Executive Officer, and** **Chief Investment Officer**
Dated: November 2, 2022	/S/ SETH H. MEYER
	Seth H. Meyer **Chief Financial Officer, and** **Chief Accounting Officer**

DIVIDEND REINVESTMENT PLAN

Hercules Capital, Inc., a Maryland corporation (the "Company"), hereby adopts the following plan (the "Plan") with respect to dividends and distributions declared by its Board of Directors (the "Board") on shares of its common stock, par value $0.001 per share (the "Common Stock"):

Unless a stockholder specifically elects to receive cash as set forth below, all cash dividends and distributions hereafter declared by the Board shall be payable in shares of the Common Stock of the Company, and no action shall be required on such stockholder's part to receive a distribution in stock.

Such cash dividends and distributions shall be payable on such date or dates as may be fixed from time to time by the Board to stockholders of record at the close of business on the record date(s) established by the Board for the dividend and/or distribution involved.

The Company intends to use primarily newly-issued shares of its Common Stock to implement the Plan, whether its shares are trading at a premium or at a discount to net asset value however, the Company reserves the right to purchase shares in the open market in connection with its obligations under the Plan. If dividends and distributions are reinvested in newly-issued shares, then the number of shares to be issued to a stockholder shall be determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of the Company's Common Stock at the close of regular trading on the New York Stock Exchange on the record date fixed by the Board for such distribution on the New York Stock Exchange or, if no sale is reported for such day, at the average of their reported bid and asked prices. If dividends and distributions are reinvested in shares purchased on the open market, then the number of shares received by a stockholder shall be determined by dividing the total dollar amount of the distribution payable to such stockholder by the weighted average price per share for all shares purchased by the Plan Administrator on the open market in connection with such distribution.

A stockholder may, however, elect to receive his, her or its dividends and distributions in cash. To exercise this option, such stockholder shall notify Computershare Trust Company, N.A., the plan administrator (the "Plan Administrator"), so that such notice is received by the Plan Administrator prior to the record date fixed by the Board for the dividend and/or distribution involved for the payment to be paid in cash. If such notice is received by the Plan Administrator after the record date, then that dividend will be reinvested pursuant to the terms of the Plan and any subsequent dividends will be paid in cash.

The Plan Administrator will set up an account for shares acquired pursuant to the Plan for each stockholder who has not so elected to receive dividends and distributions in cash (each a "Participant"). The Plan Administrator may hold each Participant's shares, together with the shares of other Participants, in non-certificated form in the Plan Administrator's name or that of its nominee. Upon request by a Participant, received prior to a record date, the Plan Administrator will promptly terminate the Participant's account and, instead of crediting shares to and/or carrying shares in a Participant's account, will issue a certificate registered in the Participant's name for the number of whole shares registered to the Participant and a check for any fractional interest, the value of which will be calculated using the market value of the Company's shares determined in accordance with Section 3 hereof, less any fees If a request to terminate a Participant's account is received by the Plan Administrator after a payment date, the Plan Administrator, in its sole discretion, may either distribute such dividends and distributions in cash or reinvest them in shares on behalf of the terminating Participant. If such dividends are reinvested, the Plan Administrator will process the termination as soon as practicable, but in no event later than five business days after the reinvestment is completed .

Upon request by a Participant, the Plan Administrator will issue a certificate registered in the Participant's name for the number of whole shares registered to the Participant without terminating the Participant's account. Issuance of certificates may be subject to a transaction fee. Please contact the Plan Administrator at www.computershare.com/investor or at 1-800-736-3001 to determine at if there is a certificate issuance fee.

The Plan Administrator will confirm to each Participant each acquisition made pursuant to the Plan as soon as practicable after the date of each acquisition. Although each Participant may from time to time have an undivided fractional interest (computed to six decimal places) in a share of Common Stock of the Company, no certificates for a fractional share will be issued. However, dividends and distributions on fractional shares will be credited to each Participant's account. In the event of termination of a Participant's account under the Plan, the Plan Administrator will adjust for any such undivided fractional interest in cash at the market value of the Company's shares at the time of termination.

The Plan Administrator will forward to each Participant any Company-related proxy solicitation materials and each Company report or other communication to stockholders and will vote any shares held by it under the Plan in accordance with the instructions set forth on proxies returned by Participants to the Company.

In the event that the Company makes available to its stockholders rights to purchase additional shares or other securities, the shares held by the Plan Administrator for each Participant under the Plan will be added to any other shares held by the Participant in certificated form in calculating the number of rights to be issued to the Participant.

The Plan Administrator's fees, if any, for purchases made pursuant to the Plan, and expenses for administering the Plan will be paid for by the Company.

Each Participant may terminate his, her or its account under the Plan by so notifying the Plan Administrator via the Plan Administrator's website at www.computershare.com/investor, by filling out the transaction request form located at the bottom of the Participant's Statement and sending it to Computershare Trust Company, N.A., Attn: Investment Services Department, P.O. Box 43006 , Providence, RI 02940-3006 or by calling the Plan Administrator at 1-800-736-3001. See sixth paragraph of these Terms and Conditions for termination procedures. The Plan may be terminated by the Company upon notice in writing mailed to each Participant at least 30 days prior to any record date for the payment of any dividend or distribution by the Company. Upon any termination, the Plan Administrator will cause a certificate or certificates to be issued for the full shares held for the Participant under the Plan and a cash adjustment for any fractional share to be delivered to the Participant less any applicable fees .

You may sell some or all of your shares of Hercules Capital, Inc. common stock held in your Plan account, even if you are not withdrawing from this Plan. You may sell your shares either through your broker or through the Plan Administrator. If you elect to sell through a broker that you have selected, you must first request the Plan Administrator to move your shares to the Direct Registration System and then have your broker request the Plan Administrator to electronically transfer the number of whole shares you want to sell through the DRS Profile System.

Alternatively, you may request the Plan Administrator to send you a certificate representing the number of shares you want to sell. Issuance of a stock certificate may be subject to a transaction fee. The Plan Administrator will generally move your shares to DRS or issue certificates for your shares approximately three business days after your request is received. Alternatively, you may send the Plan Administrator a request to sell some or all of the shares held in your Plan account.

You have the following choices when making a sale:

Batch Order: A batch order is an accumulation of all sale requests by any security holder for a security submitted together as a collective request. Batch orders are submitted on each trading day, to the extent that there are sale requests. Sale instructions for batch orders received by the Plan Administrator will be processed no later than five business days after the date on which the order is received (except where deferral is required under applicable federal or state laws or regulations), assuming the applicable market is open for trading and sufficient market liquidity exists. All sales requests received in writing will be submitted as batch order sales. The Plan Administrator will cause your shares to be sold in the open market within five business days of its receipt of your request. To maximize cost savings for batch order sale requests, the Plan Administrator will seek to sell shares in round lot transactions. For this purpose, the Plan Administrator may combine each selling Plan Participant's shares with those of other selling Plan Participants. In every case of a batch order sale, the price to each selling Plan Participant will be the weighted average sale price obtained by the Plan Administrator's broker for each aggregate order placed by the Plan Administrator and executed by the broker, less a service fee of $25 and a fee of $0.12 per share sold.

Market Order: A market order is a request to sell shares promptly at the then current market price. You may request a market order sale only online at www.computerhsare.com/investor by calling the Plan Administrator directly at 1-800-736-3001. Market order sale requests made in writing will be submitted as batch order sales. Market order sale requests received online or by telephone will be placed promptly upon receipt during normal market hours (9:30 a.m. to 4:00 p.m. Eastern Time). Any orders received after 4:00 p.m. Eastern Time will be placed promptly on the next trading day. The price will be the market price for shares obtained by the Plan Administrator's broker, less a service fee of $25 and a fee of $0.12 per share sold. The Plan Administrator will use commercially reasonable efforts to honor requests by Participants to cancel market orders placed outside of market hours. Depending on the number of shares being sold and current trading volume in the shares, a market order may only be partially filled or not filled at all on the trading day in which it is placed, in which case the order, or remainder of the order, as applicable, will be cancelled at the end of such day. To determine if your shares were sold, you should check your account online at www.computershare.com/investor or call the Plan

Administrator directly at 1-800-736-3001. If your market order sale was not filled and you still want the shares to be sold, you will need to re-enter the sale request.

Day Limit Order: A day limit order is an order to sell shares when and if they reach a specific trading price on a specific day. The order is automatically cancelled if the price is not met by the end of that day (or, for orders placed during aftermarket hours, the next trading day the market is open). Depending on the number of shares of common stock being sold and the current trading volume in the shares, such an order may only be partially filled, in which case the remainder of the order will be cancelled. The order may be cancelled by the applicable stock exchange, by the Plan Administrator at its sole discretion or, if the Plan Administrator's broker has not filled the order, at your request made online at www.computershare.com/investor or by calling the Plan Administrator directly at 1-800-736-3001 . There is a service fee of $25 and a fee of $0.12 per share sold for each Day Limit Order sale.

Good-Til-Cancelled ("GTC") Limit Order: A GTC limit order is an order to sell shares of common stock when and if the shares reach a specific trading price at any time while the order remains open (generally up to 30 days). Depending on the number of shares being sold and current trading volume in the shares, sales may be executed in multiple transactions and over more than one day. If shares are traded on more than one day during which the market is open a separate fee will be charged for each such day. The order (or any unexecuted portion thereof) is automatically cancelled if the trading price is not met by the end of the order period. The order may be cancelled by the applicable stock exchange, by the Plan Administrator at its sole discretion or, if the Plan Administrator's broker has not filled the order, at your request made online at www.computershare.com/investor or by calling the Plan Administrator directly at 1-800-736-3001. There is a service fee of $25 and a fee of $0.12 per share sold for each Good-til-Cancelled Limit Order sale.

General: All sales requests processed over the telephone by a customer service representative entail an additional fee of $15. All per share fees include any brokerage commissions the Plan Administrator is required to pay. Any fractional share will be rounded up to a whole share for purposes of calculating the per share fee. Fees are deducted from the proceeds derived from the sale. The Plan Administrator may, under certain circumstances, require a transaction request to be submitted in writing. Please contact The Plan Administrator to determine if there are any limitations applicable to your particular sale request. Proceeds are normally paid by check, which are distributed within 24 hours of after your sale transaction has settled. The Plan Administrator reserves the right to decline to process a sale if it determines, in its sole discretion, that supporting legal documentation is required. In addition, no one will have any authority or power to direct the time or price at which shares for the Plan are sold (except for prices specified for day limit orders or GTC limit orders), and no one, other than The Plan Administrator, will select the broker(s) or dealer(s) through or from whom sales are to be made. Participants should be aware that the price may fluctuate during the period between a request for sale, its receipt by the Plan Administrator and the ultimate sale on the open market. Instructions sent to the Plan Administrator to sell shares for a market order or a batch order sale are binding and may not be rescinded.

Any shares issued in connection with a stock dividend or stock split declared by the Company will be added to the Participant's account with the Plan Administrator. Transaction processing may be curtailed or suspended until the completion of such stock split or payment of such stock dividend.

These terms and conditions may be amended or supplemented by the Company at any time but, except when necessary or appropriate to comply with applicable law or the rules or policies of the Securities and Exchange Commission or any other regulatory authority, only by mailing to each Participant appropriate written notice at least 30 days prior to the effective date thereof. The amendment or supplement shall be deemed to be accepted by each Participant unless, prior to the effective date thereof, the Plan Administrator receives written notice of the termination of his, her or its account under the Plan. Any such amendment may include an appointment by the Plan Administrator in its place and stead of a successor agent under these terms and conditions, with full power and authority to perform all or any of the acts to be performed by the Plan Administrator under these terms and conditions. Upon any such appointment of any agent for the purpose of receiving dividends and distributions, the Company will be authorized to pay to such successor agent, for each Participant's account, all dividends and distributions payable on shares of the Company held in the Participant's name or under the Plan for retention or application by such successor agent as provided in these terms and conditions.

The Plan Administrator will at all times act in good faith for all purchases and sales and will use its commercially reasonable best efforts to ensure its full and timely performance of all services to be performed by it under this Plan and to comply with applicable law, but assumes no responsibility and shall not be liable for loss or damage due to errors unless such error is caused by the Plan Administrator's gross negligence, bad faith, or willful misconduct or that of its employees or agents. In no event shall the Company, the Plan Administrator or their agents have any liability as to any inability to purchase shares or as to the timing of any purchase.

A Participant may request to have some or all of the Participant's shares certificated or sold without terminating his, her or its account with the Plan Administrator.

A Participant may deposit certificated shares into the Participant's account with the Plan Administrator at any time. Certificated shares may be deposited into the plan, to be held in book-entry form by the Plan Administrator, by delivering with a letter of instruction and such certificates to the Plan Administrator. These certificates should not be endorsed. We strongly recommend that certificates be sent by registered or certified mail, with adequate insurance. However, the method used to submit certificates to the Plan Administrator is at your option and risk.

These terms and conditions shall be governed by the laws of the State of New York, including without limitation, Section 5-1401 of the New York General Obligations Law.

September 22, 2022

Exhibit 10.2

Computershare

Transfer Agency and Service Agreement

Between

HERCULES CAPITAL, INC.

and

Computershare Trust Company, N.A.

and

Computershare Inc.

THIS TRANSFER AGENCY AND SERVICE AGREEMENT, effective as of October 3, 2022 ("**Effective Date**"), is by and between Hercules Capital, Inc., a Maryland corporation, having its principal office and place of business at 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301 ("**Company**"), and Computershare Inc., a Delaware corporation ("**Computershare**"), and its affiliate Computershare Trust Company, N.A., a federally chartered trust company ("**Trust Company**", and together with Computershare, "**Agent**"), each having a principal office and place of business at 150 Royall Street, Canton, Massachusetts 02021.

WHEREAS, Company desires to appoint Trust Company as its sole transfer agent and registrar for the Shares, and administrator of any dividend reinvestment plan or direct stock purchase plan for Company, and Computershare as processor of all payments received or made by Company under this Agreement;

WHEREAS, Trust Company and Computershare will each separately provide specified services covered by this Agreement and, in addition, Trust Company may arrange for Computershare to act on behalf of Trust Company in providing certain of its services covered by this Agreement; and

WHEREAS, Trust Company and Computershare desire to accept such respective appointments and perform the services related to such appointments;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. CERTAIN DEFINITIONS.

1.1. "**Account**" means the account of each Shareholder which reflects any full or fractional Shares held by such Shareholder, outstanding funds, or reportable tax information.

1.2. "**Agreement**" means this agreement and any and all exhibits or schedules attached hereto and any and all amendments or modifications which may from time to time be executed.

1.3. "**Confidential Information**" means any and all technical or business information relating to a party, including, without limitation, financial, marketing and product development information, Shareholder Data (including any non-public information of such Shareholder), Personal Information, Proprietary Information, and the terms and conditions (but not the existence) of this Agreement, that is disclosed or otherwise becomes known to the other party or its affiliates, agents or representatives before or during the term of this Agreement. Confidential Information constitutes trade secrets and is of great value to the owner (or its affiliates). Except for Personal Information and Proprietary Information, Confidential Information shall not include any information that is: (a) already known to the other party or its affiliates at the time of the disclosure; (b) publicly known at the time of the disclosure or becomes publicly known through no wrongful act or failure of the other party; (c) subsequently disclosed to the other party or its affiliates on a non-confidential basis by a third party not having a confidential relationship with the owner and which rightfully acquired such information; or (d) independently developed by one party without access to the Confidential Information of the other.

1.4. "**DSPP**" means direct stock purchase plan.

1.5. "**Personal Information**" means information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular living individual, including without limitation names, signatures, addresses, email addresses, telephone numbers, account numbers and information, social security numbers and other personal identification numbers, financial data, date of birth, transaction information, user names, passwords, security codes, employee ID numbers, identity photos, and any other information defined in applicable United States' privacy laws or regulations as personal information, that Agent receives from Company, is otherwise obtained by Agent in connection with the Agreement, or to which Agent has access in the course of performing the Services.

1.6. “**Plans**” means any dividend reinvestment plan, DSPP, or other investment programs administered by Trust Company for Company relating to the Shares, whether as of the Effective Date or at any time during the term of this Agreement.

1.7. “**Services**” means all services performed or made available by Agent pursuant to this Agreement.

1.8. “**Share**” means Company's common shares, par value $0.001 per share authorized by Company’s Articles of Incorporation, and other classes of Company’s shares to be designated by Company in writing and which Agent agrees to service under this Agreement.

1.9. “**Shareholder**” means a holder of record of Shares.

1.10. “**Shareholder Data**” means all information maintained on the records database of Agent concerning Shareholders, including any Personal Information of Shareholders.

2. APPOINTMENT OF AGENT.

2.1. Appointments. Company hereby appoints Trust Company to act as sole transfer agent and registrar for all Shares and as administrator of Plans in accordance with the terms and conditions hereof and appoints Computershare as the service provider to Trust Company and as processor of all payments received or made by or on behalf of Company under this Agreement, and Trust Company and Computershare accept the respective appointments.

2.2. Documents. In connection with the appointments herein, Company has provided or will provide the following appointment and corporate authority documents to Agent:

(a) Board resolution appointing Trust Company as the transfer agent;
(b) If applicable, specimens of all forms of outstanding Share certificates, in forms approved by the Board of Directors of Company, with a certificate of the Secretary of Company as to such approval;
(c) Board resolution and/or certificate of incumbency designating officers or other designated persons of Company authorized to sign written instructions and requests and, if applicable, Share certificates, in connection with this Agreement (each an “**Authorized Person**”);
(d) An opinion of counsel for Company addressed to both Trust Company and Computershare stating that:

a. Company is duly organized, validly existing and in good standing under the laws of its state of organization;
b. All Shares issued and outstanding on the date hereof were issued as part of an offering that was registered under the Securities Act of 1933, as amended (“**1933 Act**”) and any other applicable federal or state statute or that was exempt from such registration;
c. All Shares issued and outstanding on the date hereof are duly authorized, validly issued, fully paid and non-assessable; and
d. The use of facsimile signatures by Agent in connection with the countersigning and registering of Share certificates has been duly authorized by Company and is valid and effective.

(e) A certificate of Company as to the Shares authorized, issued and outstanding, as well as a description of all reserves of unissued Shares relating to the exercise of options;
(f) A completed Internal Revenue Service Form 2678; and
(g) A completed Form W-8 or W-9, as applicable.

In addition, upon any future original issuance of Shares for which Agent will act as transfer agent hereunder, Company shall deliver an opinion of counsel for Company addressed to both Trust Company and Computershare stating that such Shares (i) have been issued as part of an offering that was registered under the 1933 Act and any other applicable federal or state statute, or that was exempt from such registration, and (ii) are duly authorized, validly issued, fully paid and non-assessable.

2.3. Records. Agent may adopt as part of its records all Shareholder lists, Share ledgers, records, books, and documents provided to Agent by Company or any of its agents. In order to enable Agent to perform the duties of transfer agent and registrar, Company shall provide, or shall cause its prior transfer agent and registrar to provide, a complete and accurate register of Shareholders on or before the Effective Date, and shall indemnify Agent under Section 9.2 of this Agreement for the failure to provide such register on or before the Effective Date. Agent shall keep records relating to the Services, in the form and manner it deems advisable, but in any event consistent with the reasonable standards of the transfer agency industry. Agent agrees that all such records prepared or maintained by it relating to the Services are the property of Company and will be preserved, maintained and made available in accordance with the requirements of law and Agent's records management policy, and will be surrendered promptly to Company in accordance with its request subject to applicable law and Agent's records management policy.

2.4. Shares. Company shall, if applicable, inform Agent as soon as possible in advance as to: (a) the existence or termination of any restrictions on the transfer of Shares, the application to or removal from any Share of any legend restricting the transfer of such Shares (which may be subject, in the case of removal of any such legend, to delivery of such legal opinion in form and substance acceptable to Agent), or the substitution for such Share of a Share without such legend; (b) any authorized but unissued Shares reserved for specific purposes; (c) any outstanding Shares which are exchangeable for Shares and the basis for exchange; (d) reserved Shares subject to option and the details of such reservation; (e) any Share split or Share dividend; (f) any other relevant event or special instructions which may affect the Shares; and (g) any bankruptcy, insolvency or other proceeding regarding Company affecting the enforcement of creditors' rights.

2.5. Share Certificates. If applicable, Company shall provide Agent with (a) documentation required to print on demand Share certificates, or (b) an appropriate supply of Share certificates which contain a signature panel for use by an authorized signor of Agent and state that such certificates are only valid after being countersigned and registered, whichever is applicable.

2.6. Company Responsibility. Company shall perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, documents, instruments and assurances as Agent may reasonably require in order to carry out or perform its obligations under this Agreement.

2.7. Scope of Agency.

(a) Agent shall act solely as agent for Company under this Agreement and owes no duties hereunder to any other person. Agent undertakes to perform the duties and only the duties that are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against Agent.

(b) Agent may rely upon, and shall be protected in acting or refraining from acting in good faith reliance upon, (i) any communication from Company, any predecessor transfer agent or co-transfer agent or any registrar (other than Agent), predecessor registrar or co-registrar; (ii) any instruction, notice, request, direction, consent, report, certificate, opinion or other instrument, paper, document or electronic transmission believed in good faith by Agent to be genuine and to have been signed or given by the proper party or parties; (iii) any guaranty of signature by an "eligible guarantor institution" that is a member or participant in the Securities Transfer Agents Medallion Program or other comparable "signature guarantee program" or insurance program in addition to, or in substitution for, the foregoing; or (iv) any instructions received through Direct Registration System/Profile. In addition, Agent is authorized to refuse to make any transfer that it determines in good faith not to be in good order.

(c) From time to time, Company may provide Agent with instructions concerning the Services. Further, Agent may apply to any Authorized Person for instruction, and may consult with legal counsel for Company with respect to any matter arising in connection with the Services. Agent and its agents and subcontractors shall not be liable and shall be indemnified by Company under Section 9.2 of this Agreement for any action taken or omitted by Agent in good faith reliance upon any Company instructions given by an Authorized Person. Company shall promptly provide Agent with an updated board resolution and/or certificate of incumbency regarding any change of authority for any Authorized Person. Agent shall not be held to have notice of any change of authority of any Authorized Person, until receipt of written notice thereof from Company.

2.8. Compliance with Laws. Agent is obligated and agrees to comply with all applicable U.S. federal, state and local laws and regulations, codes, orders and government rules in the performance of its duties under this Agreement.

3. STANDARD SERVICES.

3.1. Share Services. Agent shall perform the Services set forth in the Fee and Service Schedule ("**Fee and Service Schedule**") attached hereto and incorporated herein. Further, Agent shall issue and record Shares as authorized, hold Shares in the appropriate Account, and effect transfers of Shares upon receipt of appropriate documentation.

3.2. Replacement Shares. Agent shall issue replacement Shares for those certificates alleged to have been lost, stolen or destroyed, upon receipt by Agent of an open penalty surety bond satisfactory to it and holding it and Company harmless, absent notice to Agent that such certificates have been acquired by a bona fide purchaser. Agent may, at its option, issue replacement Shares for mutilated certificates upon presentation thereof without such indemnity. Agent may, at its sole option, accept indemnification from Company to issue replacement Shares for those certificates alleged to have been lost, stolen or destroyed in lieu of an open penalty bond. Agent shall charge Shareholders an administrative fee for replacement of lost certificates, which shall be charged only once in instances where a single surety bond obtained covers multiple certificates. Agent may receive compensation, including in the form of commissions, for services provided in connection with surety programs offered to Shareholders.

3.3. Internet Services. Agent shall make available to Company and Shareholders, through its web sites, including but not limited to www.computershare.com (collectively, "**Web Site**"), online access to certain Account and Shareholder information and certain transaction capabilities ("**Internet Services**"), subject to Agent's security procedures and the terms and conditions set forth herein and on the Web Site. Agent provides Internet Services "as is," on an "as available" basis, and hereby specifically disclaims any and all representations or warranties, express or implied, regarding such Internet Services, including any implied warranty of merchantability or fitness for a particular purpose and implied warranties arising from course of dealing or course of performance.

3.4. Proprietary Information. Company agrees that the databases, programs, screen and report formats, interactive design techniques, Internet Services, software (including methods or concepts used therein, source code, object code, or related technical information) and documentation manuals furnished to Company by Agent as part of the Services are under the control and ownership of Agent or a third party (including its affiliates) and constitute copyrighted, trade secret, or other proprietary information (collectively, "**Proprietary Information**"). Shareholder Data is not Proprietary Information. Company agrees that Proprietary Information is of substantial value to Agent or other third party and will treat all Proprietary Information as confidential in accordance with Section 11 of this Agreement. Company shall take reasonable efforts to advise its relevant employees and agents of its obligations pursuant to this Section 3.4.

3.5. Third Party Content. Agent may provide real-time or delayed quotations and other market information and messages ("**Market Data**"), which Market Data is provided to Agent by certain third parties who may assert a proprietary interest in Market Data disseminated by them but do not guarantee the timeliness, sequence, accuracy or completeness thereof. Company agrees and acknowledges that

Agent shall not be liable in any way for any loss or damage arising from or occasioned by any inaccuracy, error, delay in, omission of, or interruption in any Market Data or the transmission thereof.

3.6. Lost Shareholders; In-Depth Shareholder Search.

(a) Agent shall conduct such database searches to locate lost Shareholders as are required by Rule 17Ad-17 ("**Rule 17Ad-17**") promulgated under the Securities Exchange Act of 1934, as amended ("**1934 Act**"), without charge to the Shareholder. If a new address is so obtained in a database search for a lost Shareholder, Agent shall conduct a verification mailing and update its records for such Shareholder accordingly.

(b) Computershare may facilitate the performance of a more in-depth search for the purpose of (i) locating lost Shareholders for whom a new address is not obtained in accordance with clause (a) above, (ii) identifying Shareholders who are deceased (or locating the deceased Shareholder's estate representative, heirs or other party entitled to act with respect to such Shareholder's Account ("**Authorized Representative**")), and (iii) locating Shareholders whose Accounts contain an uncashed check older than 180 days and who have already received the required unresponsive payee notification under Rule 17Ad-17, in each case using the services of a locating service provider selected by Computershare ("**Locating Service Provider**"), which Locating Service Provider may be an affiliate of Computershare. Such Locating Service Provider may compensate Computershare for processing and other services that Computershare provides in connection with such in-depth search, including providing Computershare a portion of its service fees.

(c) Upon locating any Shareholder (or such Shareholder's Authorized Representative) pursuant to clause (b) above, the Locating Service Provider shall clearly identify to such Shareholder (or such Shareholder's Authorized Representative) all assets held in such Shareholder's Account. Such Locating Service Provider shall inform any such located Shareholders (or such Shareholder's Authorized Representative) that such Shareholder (or such Shareholder's Authorized Representative) may choose either (i) to contact Agent directly to obtain the assets in such Account, at no charge other than any applicable fees to replace lost certificates, if applicable, or (ii) to use the services of such Locating Service Provider for a processing fee, which may not exceed 20% of the asset value of such Shareholder's property where the registered Shareholder is living, deceased, or not a natural person; provided that in no case shall such fee exceed the maximum statutory fee permitted by the applicable state jurisdiction. If Company selects a locating service provider other than one selected by Computershare, then Agent shall not be responsible for the terms of any agreement between such provider and Company and additional fees may apply.

(d) Pursuant to Section 2.7(c) of this Agreement, Company hereby authorizes and instructs Agent to provide to the Locating Service Provider:

(i) aggregate Shareholder Data including number of projected eligible Accounts, value of projected eligible Accounts (includes sum of outstanding checks and value of Shares) in order for the Locating Service Provider to determine the feasibility of providing in-depth search services;

(ii) upon determination by the Locating Service Provider that an in-depth Shareholder location program will be implemented and after notification of implementation to Company by Agent (including by e-mail):

(1) a complete Shareholder file (from which the Locating Service Provider will eliminate those Accounts for which a search is still required by Rule 17Ad-17), and

(2) preliminary escheatment files (used to block Accounts that may not be serviced under the program based on state unclaimed property laws); and

(iii) view-only access (during the time a program is in place) to Shareholder Data for the limited purposes of verifying Account information and reconcilement for program eligible Accounts.

4. PLAN SERVICES.

4.1. Trust Company shall perform all services under the Plans, as the administrator of such Plans, with the exception of payment processing for which Computershare has been appointed as agent by Company, and certain other services that Trust Company may subcontract to Computershare as permitted by applicable law (*e.g.*, ministerial services).

4.2. To the extent Company does not have a DSPP as of the Effective Date, Company agrees that Trust Company may implement and administer a Trust Company-sponsored DSPP on behalf of Company for the Shares at any time during the term of this Agreement, upon providing prior written notice to Company. In consideration of Trust Company receiving service and transaction fees from the DSPP participants in connection with its administration of the DSPP, Agent shall not charge any fees to Company for such administration.

4.3. Agent shall act as agent for Shareholders pursuant to the Plans in accordance with the terms and conditions of such Plans.

5. COMPUTERSHARE DIVIDEND DISBURSING AND PAYMENT SERVICES.

5.1. Declaration of Dividends. Company must provide Computershare with written notice from an Authorized Person of any declaration of a dividend. Computershare will initiate dividend payments to the extent Computershare receives sufficient funds from Company in advance of such initiation. The payment of such funds to Computershare for the purpose of being available for the payment of dividends from time to time is not intended by Company to confer any rights in such funds on Shareholders whether in trust, contract, or otherwise.

5.2. Stop Payments. Company hereby authorizes Computershare to stop payment of checks issued in payment of sales proceeds and of dividends, if applicable, but not presented for payment, when the payees thereof allege either that they have not received the checks or that such checks have been mislaid, lost, stolen, destroyed or, through no fault of theirs, are otherwise beyond their control and cannot be produced by them for presentation and collection, and Computershare shall issue and deliver duplicate checks in replacement thereof, and Company shall indemnify Agent against any loss or damage resulting from reissuance of the checks.

5.3. Tax Withholding. Company hereby authorizes Computershare to deduct from all payments of sales proceeds and of dividends declared by Company and disbursed by Computershare to Shareholders, if applicable, the tax required to be withheld pursuant to Sections 1441, 1442, 1445, 1471 through 1474, and 3406 of the Internal Revenue Code of 1986, as amended, or by any federal or state statutes subsequently enacted, and to make the necessary returns and payment of such tax to the relevant taxing authority. Company will provide withholding and reporting instructions to Computershare from time to time as relevant, and upon request of Computershare.

5.4. Plan Payments. If applicable, Company hereby authorizes Computershare to receive all payments made to Company (*i.e.*, optional cash purchases) or Agent under the Plans and make all payments required to be made under such Plans, including all payments required to be made to Company. For optional cash purchases, in the event funds are unavailable for any reason (including, without limitation, due to a rejection or reversal of the payment), Computershare shall sell the Shares purchased and any gain thereon shall accrue to Computershare.

5.5. Bank Accounts. All funds received by Computershare under this Agreement that are to be distributed or applied by Computershare in the performance of Services (the "**Funds**") shall be held by Computershare as agent for Company and deposited in one or more bank accounts to be maintained by Computershare in its name as agent for Company. Until paid pursuant to this Agreement, Computershare may hold or invest the Funds through such accounts in: (a) obligations of, or guaranteed by, the United States of America; (b) commercial paper obligations rated A-1 or P-1 or better by Standard & Poor's Corporation ("**S&P**") or Moody's Investors Service, Inc. ("**Moody's**"), respectively; (c) AAA rated money market funds that comply with Rule 2a-7 of the Investment Company Act of 1940; or (d) demand deposit accounts, short term certificates of deposit, bank repurchase agreements or bankers' acceptances, of commercial banks with Tier 1 capital exceeding $1 billion or with an average rating above investment grade by S&P (LT Local Issuer Credit Rating), Moody's (Long Term Rating) and Fitch Ratings, Inc. (LT Issuer Default Rating) (each as reported by Bloomberg Finance L.P.). Computershare shall have no responsibility or liability for any diminution of the Funds that may result from any deposit or investment made by Computershare in accordance with this paragraph, including any losses resulting from a default by any bank, financial institution or other third party. Computershare may from time to time receive interest, dividends or other earnings in connection with such deposits or investments. Computershare shall not be obligated to pay such interest, dividends or earnings to Company, any Shareholder or any other party.

6. ADDITIONAL SERVICES. To the extent that Company elects to engage any entity other than Agent ("**Vendor**") to provide any additional services (*e.g.*, plans, restricted stock, corporate actions, etc.), Company shall give Agent or its affiliates an opportunity to bid on such services upon the same terms and conditions as Vendor.

7. FEES AND EXPENSES.

7.1. Fee and Service Schedules. Company agrees to pay Agent the fees and expenses for Services performed pursuant to this Agreement as set forth in the Fee and Service Schedule. At least sixty (60) days before the expiration of the Initial Term (as defined below) or a Renewal Term (as defined below), whichever is applicable, the parties to this Agreement will agree upon a new fee schedule for the upcoming Renewal Term. If no new fee schedule is agreed upon, the fees will increase as set forth in the Term Section of the Fee and Service Schedule.

7.2. Out-of-Balance Conditions. If any out-of-balance condition caused by Company or any of its prior agents arises during any term of this Agreement, Company will, promptly upon Agent's request, provide Agent with funds or Shares sufficient to resolve the out-of-balance condition.

7.3. Invoices. Company agrees to pay all fees and expenses within 30 days of the date of the respective billing notice, except for any fees or expenses that are subject to good faith dispute. In the event of such dispute, Company must promptly notify Agent of such dispute and may only withhold that portion of the fee or expense subject to such dispute. Company shall settle such disputed amounts within five (5) business days of the date on which the parties agree on the amount to be paid by payment of the agreed amount. If no agreement is reached, then such disputed amounts shall be settled as may be required by law or legal process.

7.4. Late Payments.

(a) If any undisputed amount in an invoice of Agent is not paid within 30 days after the date of such invoice, Agent may charge Company interest thereon (from the due date to the date of payment) at a monthly rate equal to one and a half percent (1.5%). Notwithstanding any other provision hereof, such interest rate shall be no greater than permitted under applicable law.

(b) The failure by Company to (i) pay the undisputed portion of an invoice within 90 days after the date of such invoice or (ii) timely pay the undisputed portions of two consecutive invoices shall constitute a material breach of this Agreement by Company. Notwithstanding terms to the contrary in Section 12.2 below, Agent may terminate this Agreement for such material breach immediately and shall not be obligated to provide Company with 30 days to cure such breach.

7.5. Transaction Taxes. Company is responsible for all taxes, levies, duties, and assessments levied on Services purchased under this Agreement (collectively, "**Transaction Taxes**"). Computershare is responsible for collecting and remitting Transaction Taxes in all jurisdictions in which Computershare is registered to collect such Transaction Taxes. Computershare shall invoice Company for such Transaction Taxes that Computershare is obligated to collect upon the furnishing of Services. Company shall pay such Transaction Taxes according to the terms in Section 7.3. Computershare shall timely remit to the appropriate governmental authorities all such Transaction Taxes that Computershare collects from Company. To the extent that Company provides Computershare with valid exemption certificates, direct pay permits, or other documentation that exempts Computershare from collecting Transaction Taxes from Company, invoices issued for Services provided after Computershare's receipt of such certificates, permits, or other documentation will not reflect exempted Transaction Taxes. Computershare is solely responsible for the payment of all personal property taxes, franchise taxes, corporate excise or privilege taxes, property or license taxes, taxes relating to Computershare's personnel, and taxes based on Computershare's net income or gross revenues relating to Services.

8. REPRESENTATIONS AND WARRANTIES.

8.1. Agent. Agent represents and warrants to Company that:

(a) Governance. Trust Company is a federally chartered trust company duly organized, validly existing, and in good standing under the laws of the United States and Computershare is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware and each has full power, authority and legal right to execute, deliver and perform this Agreement; and

(b) Compliance with Laws. The execution, delivery and performance of this Agreement by Agent has been duly authorized by all necessary action, constitutes a legal, valid and binding obligation of Agent enforceable against Agent in accordance with its terms, will not require the consent of any third party that has not been given, and will not violate, conflict with or result in the breach of any material term, condition or provision of (i) any existing law, ordinance, or governmental rule or regulation to which Agent is subject, (ii) any judgment, order, writ, injunction, decree or award of any court, arbitrator or governmental or regulatory official, body or authority applicable to Agent, (iii) Agent's incorporation documents or by-laws, or (iv) any material agreement to which Agent is a party.

8.2. Company. Company represents and warrants to Agent that:

(a) Governance. It is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland, and it has full power, authority and legal right to enter into and perform this Agreement;

(b) Compliance with Laws. The execution, delivery and performance of this Agreement by Company has been duly authorized by all necessary action, constitutes a legal, valid and binding obligation of Company enforceable against Company in accordance with its terms, will not require the consent of any third party that has not been given, and will not violate, conflict with or result in the breach of any material term, condition or provision of (i) any existing law, ordinance, or governmental rule or regulation to which Company is subject, (ii) any judgment, order, writ, injunction, decree or award of any court, arbitrator or governmental or regulatory official, body or authority applicable to Company, (iii) Company's incorporation documents or by-laws, (iv) any material agreement to which Company is a party, or (v) any applicable stock exchange rules;

(c) Securities Laws. Registration statements under the 1933 Act and the 1934 Act have been filed and are currently effective, or will be effective prior to the sale of any Shares, and will remain so effective, and all appropriate state securities law filings have been made with respect to all Shares being offered for sale except for any Shares which are offered in a transaction or series of transactions which are exempt from the registration requirements of the 1933 Act, 1934 Act and state securities laws; Company will immediately notify Agent of any information to the contrary;

(d) Shares. The Shares issued and outstanding on the date hereof are duly authorized, validly issued, fully paid and non-assessable; and any Shares to be issued hereafter, when issued, will be duly authorized, validly issued, fully paid and non-assessable; and

(e) Facsimile Signatures. The use of facsimile signatures by Agent in connection with the countersigning and registering of Share certificates has been duly authorized by Company and is valid and effective.

9. INDEMNIFICATION AND LIMITATION OF LIABILITY.

9.1. Liability. Each party shall only be liable for any loss or damage arising out of or attributable to such party's refusal or failure to comply with the terms of this Agreement, or which arise out of such party's negligence or willful misconduct or which arise out of the breach of any representation or warranty of such party hereunder.

9.2. Indemnity. Company shall indemnify and hold Agent harmless from and against, and Agent shall not be responsible for, any and all losses, claims, damages, costs, charges, counsel fees and expenses, payments, expenses and liability (collectively, "**Losses**") arising out of or attributable to Agent's duties under this Agreement or this appointment, including the reasonable costs and expenses of defending itself against any Loss or enforcing this Agreement, except for any liability of Agent as set forth in Section 9.1 above. Agent shall indemnify and hold Company harmless from and against, and Company shall not be responsible for, any and all Losses arising out of or attributable to Company's duties under this Agreement, including the reasonable costs and expenses of defending itself against any Loss or enforcing this Agreement, except for any liability of Company as seth forth in Section 9.1 above. Upon the assertion of a claim for which one party may be required to indemnify the other, the party seeking indemnification shall promptly notify the other party of such assertion, and shall keep the other party advised with respect to all developments concerning such claim. The indemnifying party shall have the option to participate with the indemnified party in the defense of such claim or to defend against said claim in its own name or the name of the indemnified party. The indemnified party shall in no case confess any claim or make any compromise in any case in which the indemnifying party may be required to indemnify it, except with the indemnifying party's prior written consent.

10. DAMAGES. Notwithstanding anything in this Agreement to the contrary, neither party shall be liable to the other for any incidental, indirect, special or consequential damages of any nature whatsoever, including, but not limited to, loss of anticipated profits, occasioned by a breach of any provision of this Agreement even if apprised of the possibility of such damages.

11. CONFIDENTIALITY AND DATA PRIVACY.

11.1. General. All Confidential Information of a party will be held in confidence by the other party with at least the same degree of care as such party protects its own confidential or proprietary information of like kind and import, but not less than a reasonable degree of care. Neither party will disclose in any manner Confidential Information of the other party in any form to any person or entity without the other party's prior consent. However, each party may disclose relevant aspects of the other party's Confidential Information to its officers, affiliates, agents, subcontractors and employees to the extent reasonably necessary to perform its duties and obligations under this Agreement and such disclosure is not prohibited by applicable law. Without limiting the foregoing, each party will implement physical and other security measures and controls designed to protect (a) the security and confidentiality of Confidential Information; (b) against any threats or hazards to the security and integrity of Confidential Information; and (c) against any unauthorized access to or use of Confidential Information. To the extent that a party delegates any duties and responsibilities under this Agreement to an agent or other subcontractor, the party ensures that such agent and subcontractor are contractually bound to confidentiality terms consistent with the terms of this Section 11.

11.2. Required or Permitted Disclosure. In the event that any requests or demands are made for the disclosure of Confidential Information, other than requests to Agent for Shareholder records pursuant to subpoenas from state or federal government authorities (*e.g.*, probate, divorce and criminal actions), the party receiving such request will promptly notify the other party to secure instructions from an authorized officer of such party as to such request and to enable the other party the opportunity to obtain a protective order or other confidential treatment, unless such notification is otherwise prohibited by law or court order. Each party expressly reserves the right, however, to disclose Confidential Information to any person whenever it is advised by counsel that it may be held liable for the failure to disclose such Confidential Information or if required by law or court order.

11.3. Unauthorized Disclosure. As may be required by law and without limiting any party's rights in respect of a breach of this Section 11, each party will promptly:

(a) notify the other party in writing of any unauthorized possession, use or disclosure of the other party's Confidential Information by any person or entity that may become known to such party;
(b) furnish to the other party full details of the unauthorized possession, use or disclosure; and
(c) use commercially reasonable efforts to prevent a recurrence of any such unauthorized possession, use or disclosure of Confidential Information.

11.4. Data Privacy.

(a) Agent will not retain, use, process, or disclose Personal Information for any purpose other than (i) the specific purpose of performing the Services specified in the Agreement on behalf of Company and the services reasonably related thereto; (ii) Agent's business purposes, including, without limitation, as may be defined by applicable U.S. privacy laws, or (iii) as otherwise required or permitted by applicable law and the terms of the Agreement.
(b) Agent will not sell, rent, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, any Personal Information to a third party for monetary or other valuable consideration from such third party, except as permitted by applicable law.
(c) Agent will reasonably assist Company to support Company's obligations to respond to requests of Shareholders exercising their rights under applicable U.S. privacy laws, as directed by Company and agreed to by Agent.

12. TERM AND TERMINATION.

12.1. Term. The initial term of this Agreement shall be three (3) years from the Effective Date ("**Initial Term**") unless terminated pursuant to the provisions of this Section 12. This Agreement will renew automatically from year to year (each a "**Renewal Term**"), unless a terminating party gives written notice to the other party not less than sixty (60) days before the expiration of the Initial Term or Renewal Term, whichever is in effect.

12.2. Termination for Cause. This Agreement may be terminated at any time by any party (a) upon a material breach of a representation, covenant or term of this Agreement by any other party which is not cured within thirty (30) days after receipt of written notice thereof from the terminating party or (b) if any proceeding in bankruptcy, reorganization, receivership or insolvency is commenced by or against any other party, such other party shall become insolvent or shall cease paying its obligations as they become due or such other party shall make any assignment for the benefit of its creditors.

12.3. Fees and Expenses. Upon termination or expiration of this Agreement for any reason, Company shall pay to Agent on or before the effective date of such termination or expiration (a) all fees and expenses due and payable to Agent up to and including the date of such termination or expiration, and (b) in connection with the movement of records, materials, and services to Company or the successor agent, (i) all reasonable expenses and (ii) a conversion fee in an amount equal to 10% of the aggregate fees (not including expenses) incurred by Company during the immediately preceding twelve (12) month period, for the standard conversion services listed on the attached Exhibit A to this Agreement; provided, however, the fee under this Section 12.3(b)(ii) shall in no event be less than $5,000.00. In the event any of the extended conversion services listed on Exhibit A are requested by Company, the fee for each extended conversion service will be $2,500.00.

12.4. Early Termination. Notwithstanding anything in this Agreement to the contrary, if this Agreement is terminated prior to the expiration of the then-current term (including the Initial erm) (a) by Company for any reason other than pursuant to Section 12.2 above, including but not limited to, Company's liquidation, acquisition, merger or restructuring, or (b) by Agent pursuant to Section 12.2 above, then, in addition to the payments required in Section 12.3 above, Company shall pay to Agent all fees accelerated through the end of, and including all months that would have remained in, the then-current term at the time of termination. Such fees will be calculated using the rates, volumes, and Services in effect as of the termination date. If Company does not provide notice of early termination within the time period referenced in Section 12.1 above, Agent shall make a good faith effort, but cannot guarantee, to convert Company's records on the date requested by Company.

13. ASSIGNMENT. Neither this Agreement nor any rights or obligations hereunder may be assigned by Company or Agent without the written consent of the other, such consent not to be unreasonably withheld; provided, however, that Agent may, without further consent of Company, assign any of its rights and obligations hereunder to any affiliated transfer agent registered under Rule 17Ac2-1 promulgated under the 1934 Act.

14. SUBCONTRACTORS AND UNAFFILIATED THIRD PARTIES.

14.1. Subcontractors. Agent may, without further consent of Company, subcontract with (a) any affiliates, or (b) unaffiliated subcontractors for such services as may be required from time to time (*e.g.*, lost shareholder searches, escheatment, telephone and mailing services); provided, however, that Agent shall be as fully responsible to Company for the acts and omissions of any subcontractor as it is for its own acts and omissions under this Agreement.

14.2. Unaffiliated Third Parties. Nothing herein shall impose any duty upon Agent in connection with or make Agent liable for the actions or omissions to act of unaffiliated third parties (other than subcontractors referenced in Section 14.1 of this Agreement) such as, by way of example and not limitation, airborne services, delivery services, the U.S. mails, and telecommunication companies, provided, if Agent selected such company, Agent exercised due care in selecting the same.

15. MISCELLANEOUS.

15.1. Notices. Any notice or communication by Agent or Company to the other pursuant to this Agreement is duly given if in writing and delivered in person or sent by overnight delivery service or first-class mail, postage prepaid, to the other's address:

If to Company:	Hercules Capital, Inc. 400 Hamilton Avenue, Suite 310 Palo Alto, CA 94301 Attn: General Counsel Email: legal@htgc.com
If to Agent:	Computershare Trust Company, N.A. 150 Royall Street Canton, MA 02021 Attn: General Counsel

15.2. No Expenditure of Funds. No provision of this Agreement shall require Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if it shall believe in good faith that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

15.3. Successors. All the covenants and provisions of this Agreement by or for the benefit of Company or Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

15.4. Amendments. This Agreement may be amended or modified only by a written amendment executed by the parties hereto and, to the extent required, authorized by a resolution of the Board of Directors of Company.

15.5. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

15.6. Governing Law; Jurisdiction. This Agreement shall be governed by the laws of the State of New York, without regard to principles of conflicts of law. The parties irrevocably (a) submit to the non-exclusive jurisdiction of any New York State court sitting in New York City or the United States District Court for the Southern District of New York in any action or proceeding arising out of or relating to this Agreement, (b) waive, to the fullest extent they may effectively do so, any defense based on inconvenient forum, improper venue or lack of jurisdiction to the maintenance of any such action or proceeding, and (c) waive, to the fullest extent permitted by law, all right to trial by jury in any action, proceeding or counterclaim arising out of this Agreement or the transactions contemplated hereby. Agent shall not be required hereunder to comply with the laws or regulations of any country other than the United States of America or any political subdivision thereof. Agent may consult with foreign counsel, at Company's expense, to resolve any foreign law issues that may arise as a result of Company or any other party being subject to the laws or regulations of any foreign jurisdiction.

15.7. Force Majeure. Agent will not be liable for any delay or failure in performance when such delay or failure arises from circumstances beyond its reasonable control, including without limitation acts of God, acts of government in its sovereign or contractual capacity, acts of public enemy or terrorists, acts of civil or military authority, war, riots, civil strife, terrorism, blockades, sabotage, rationing, embargoes, epidemics, pandemics, outbreaks of infectious diseases or any other public health crises, earthquakes, fire, flood, other natural disaster, quarantine or any other employee restrictions, power shortages or failures, utility or communication failure or delays, labor disputes, strikes, or shortages, supply shortages, equipment failures, or software malfunctions.

15.8. Third Party Beneficiaries. The provisions of this Agreement are intended to benefit only Agent, Company and their respective permitted successors and assigns. No rights shall be granted to any other person by virtue of this Agreement, and there are no third party beneficiaries hereof.

15.9. Survival. All provisions regarding indemnification, warranty, liability and limits thereon, compensation and expenses and confidentiality and protection of proprietary rights and trade secrets shall survive the termination or expiration of this Agreement.

15.10. Priorities. In the event of any conflict, discrepancy, or ambiguity between the terms and conditions contained in this Agreement and any schedules or attachments hereto, the terms and conditions contained in this Agreement shall take precedence.

15.11. Merger of Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreement with respect to the subject matter hereof, whether oral or written.

15.12. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

15.13. Descriptive Headings. Descriptive headings contained in this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

15.14. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. A signature to this Agreement executed and/or transmitted electronically shall have the same authority, effect, and enforceability as an original signature.

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by one of its officers thereunto duly authorized, all as of the Effective Date.

Computershare Inc. and Computershare Trust Company, N. A. *On Behalf of Both Entities:*	**Hercules Capital, Inc.**
By: /s/ Dennis V. Moccia	By: /s/ Seth Meyer
Name: Dennis V. Moccia	Name: Seth Meyer
Title: Manager, Contract Administration	Title: Chief Financial Officer

[SIGNATURE PAGE TO TRANSFER AGENCY AND SERVICE AGREEMENT]

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: November 2, 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: November 2, 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 September 30, 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: November 2, 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 September 30, 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: November 2, 2022	By:	/S/ SETH H. MEYER
		Seth H. Meyer **Chief Financial Officer, and** **Chief Accounting Officer**