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Hercules Capital, Inc.
Form 10-Q
November 01, 2018
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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, 2018

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)

400 Hamilton Ave., Suite 310

Palo Alto, California

743113410
(IRS Employer

Identification No.)
94301

(Zip Code)

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(Address of Principal Executive Offices)

(650) 289-3060

(Registrant's Telephone Number, Including Area Code)

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 29, 2018, there were 96,731,791 shares outstanding of the Registrant's common stock, \$0.001 par value.

HERCULES CAPITAL, INC.

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Item 1.

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PART I: FINANCIAL INFORMATION

In this Quarterly Report, the “Company,” “Hercules,” “we,” “us” and “our” refer to Hercules Capital, Inc. and its wholly owned subsidiaries and its affiliated securitization trusts on or after February 25, 2016 and “Hercules Technology Growth Capital, Inc.” and its wholly owned subsidiaries and its affiliated securitization trusts prior to February 25, 2016, unless the context otherwise requires.

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS
HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(unaudited)

(dollars in thousands, except per share data)

	September 30, 2018	December 31, 2017
Assets		
Investments:		
Non-control/Non-affiliate investments (cost of \$1,663,658 and \$1,506,454, respectively)	\$1,670,034	\$1,491,458
Control investments (cost of \$64,630 and \$25,419, respectively)	62,387	19,461
Affiliate investments (cost of \$84,821 and \$87,956, respectively)	28,095	31,295
Total investments in securities, at value (cost of \$1,813,109 and \$1,619,829, respectively)	1,760,516	1,542,214
Cash and cash equivalents	43,212	91,309
Restricted cash	2,429	3,686
Interest receivable	15,722	12,262
Other assets	1,175	5,244
Total assets	\$1,823,054	\$1,654,715
Liabilities		
Accounts payable and accrued liabilities	\$21,473	\$26,896
SBA Debentures, net (principal of \$149,000 and \$190,200, respectively) ⁽¹⁾	147,527	188,141
2022 Notes, net (principal of \$150,000 and \$150,000, respectively) ⁽¹⁾	147,859	147,572
2024 Notes, net (principal of \$83,510 and \$183,510, respectively) ⁽¹⁾	81,791	179,001
2025 Notes, net (principal of \$75,000 and \$0, respectively) ⁽¹⁾	72,495	—
2033 Notes, net (principal of \$40,000 and \$0, respectively) ⁽¹⁾	38,752	—
2021 Asset-Backed Notes, net (principal of \$3,515 and \$49,153, respectively) ⁽¹⁾	3,423	48,650
2022 Convertible Notes, net (principal of \$230,000 and \$230,000, respectively) ⁽¹⁾	224,660	223,488
Credit Facilities	80,894	—
Total liabilities	\$818,874	\$813,748
Net assets consist of:		
Common stock, par value	96	85
Capital in excess of par value	1,060,875	908,501

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Unrealized appreciation (depreciation) on investments ⁽²⁾	(53,784)	(79,760)
Accumulated undistributed realized gains (losses) on investments	(30,855)	(20,374)
Undistributed net investment income	27,848	32,515
Total net assets	\$1,004,180	\$840,967
Total liabilities and net assets	\$1,823,054	\$1,654,715
Shares of common stock outstanding (\$0.001 par value, 200,000,000 authorized)	96,751	84,424
Net asset value per share	\$10.38	\$9.96

(1) The Company's SBA Debentures, 2022 Notes, 2024 Notes, 2025 Notes, 2033 Notes, 2021 Asset-Backed Notes and 2022 Convertible Notes, as each term is defined herein, are presented net of the associated debt issuance costs for each instrument. See "Note 4 – Borrowings".

(2) Amounts include \$1.2 million and \$2.1 million in net unrealized depreciation on other assets and accrued liabilities, including escrow receivables, and estimated taxes payable as of September 30, 2018 and December 31, 2017, respectively.

See notes to consolidated financial statements.

The following table presents the assets and liabilities of our consolidated securitization trust for the 2021 Asset-Backed Notes (see Note 4), which is a variable interest entity (“VIE”). The assets of our securitization VIE can only be used to settle obligations of our consolidated securitization VIE, these liabilities are only the obligations of our consolidated securitization VIE, and the creditors (or beneficial interest holders) do not have recourse to our general credit. These assets and liabilities are included in the Consolidated Statement of Assets and Liabilities above.

(Dollars in thousands)	September 30, 2018	December 31, 2017
Assets		
Restricted Cash	\$ 2,429	\$ 3,686
Total investments in securities, at value (cost of \$86,070 and \$146,208, respectively)	85,965	144,513
Total assets	\$ 88,394	\$ 148,199
Liabilities		
2021 Asset-Backed Notes, net (principal of \$3,515 and \$49,153, respectively) ⁽¹⁾	\$ 3,423	\$ 48,650
Total liabilities	\$ 3,423	\$ 48,650

(1) The Company’s 2021 Asset-Backed Notes are presented net of the associated debt issuance costs. See “Note 4 – Borrowings”.

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(unaudited)

(in thousands, except per share data)

	Three Months		Nine Months Ended	
	Ended September	30,	September 30,	
	2018	2017	2018	2017
Investment income:				
Interest income				
Non-control/Non-affiliate investments	\$47,662	\$41,725	\$134,031	\$124,049
Control investments	921	464	2,348	1,505
Affiliate investments	509	246	1,570	248
Total interest income	49,092	42,435	137,949	125,802
Fee income				
Commitment, facility and loan fee income:				
Non-control/Non-affiliate investments	1,858	2,239	6,228	7,613
Control investments	1	1	1	11
Affiliate investments	71	2	263	2
Total commitment, facility and loan fee income	1,930	2,242	6,492	7,626
One-time fee income:				
Non-control/Non-affiliate investments	1,580	1,188	6,423	7,254
Total one-time fee income	1,580	1,188	6,423	7,254
Total fee income	3,510	3,430	12,915	14,880
Total investment income	52,602	45,865	150,864	140,682
Operating expenses:				
Interest	9,451	9,185	28,715	28,046
Loan fees	1,502	1,314	6,039	5,500
General and administrative				
Legal Expenses	677	925	1,889	3,792
Other Expenses	3,044	2,623	9,515	8,570
Total general and administrative	3,721	3,548	11,404	12,362
Employee compensation:				
Compensation and benefits	5,294	6,014	18,069	17,276
Stock-based compensation	3,332	1,831	8,498	5,573
Total employee compensation	8,626	7,845	26,567	22,849
Total operating expenses	23,300	21,892	72,725	68,757
Net investment income	29,302	23,973	78,139	71,925
Net realized gain (loss) on investments				
Non-control/Non-affiliate investments	3,350	(8,911)	(4,115)	(10,940)
Control investments	—	(15,543)	(4,308)	(15,989)
Affiliate investments	—	—	(2,058)	—
Total net realized gain (loss) on investments	3,350	(24,454)	(10,481)	(26,929)

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Net change in unrealized appreciation (depreciation) on investments				
Non-control/Non-affiliate investments	3,967	11,320	22,327	45,420
Control investments	378	17,624	3,715	17,703
Affiliate investments	(1,368)	4,609	(66)	(47,486)
Total net unrealized appreciation (depreciation) on investments	2,977	33,553	25,976	15,637
Total net realized and unrealized gain (loss)	6,327	9,099	15,495	(11,292)
Net increase (decrease) in net assets resulting from operations	\$35,629	\$33,072	\$93,634	\$60,633
Net investment income before investment gains and losses per common share:				
Basic	\$0.31	\$0.29	\$0.87	\$0.87
Change in net assets resulting from operations per common share:				
Basic	\$0.37	\$0.40	\$1.04	\$0.73
Diluted	\$0.37	\$0.40	\$1.04	\$0.73
Weighted average shares outstanding				
Basic	95,460	82,496	89,100	82,073
Diluted	95,671	82,607	89,212	82,173
Distributions declared per common share:				
Basic	\$0.31	\$0.31	\$0.93	\$0.93

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(unaudited)

(dollars and shares in thousands)

	Common Shares	Stock Par Value	Capital in excess of par value	Unrealized Appreciation (Depreciation) on Investment	Accumulated Undistributed Realized Gains (Losses) on Investment	Undistributed Net Investment Income	Net Assets
Balance at December 31, 2016	79,555	\$ 80	\$839,657	\$ (89,025)	\$ 14,314	\$ 22,918	\$787,944
Net increase (decrease) in net assets resulting from operations	—	—	—	15,637	(26,929)	71,925	60,633
Public offering, net of offering expenses	4,077	4	56,330	—	—	—	56,334
Issuance of common stock due to stock option exercises	46	—	213	—	—	—	213
Retired shares from net issuance	(18)	—	(172)	—	—	—	(172)
Issuance of common stock under restricted stock plan	10	—	—	—	—	—	—
Retired shares for restricted stock vesting	(187)	—	(2,483)	—	—	—	(2,483)
Distributions reinvested in common stock	132	—	1,780	—	—	—	1,780
Issuance of Convertible Notes	—	—	3,413	—	—	—	3,413
Distributions	—	—	—	—	(14,893)	(62,104)	(76,997)
Stock-based compensation ⁽¹⁾	—	—	5,619	—	—	—	5,619
Balance at September 30, 2017	83,615	\$ 84	\$904,357	\$ (73,388)	\$ (27,508)	\$ 32,739	\$836,284
Balance at December 31, 2017	84,424	\$ 85	\$908,501	\$ (79,760)	\$ (20,374)	\$ 32,515	\$840,967
Net increase (decrease) in net assets resulting from operations	—	—	—	25,976	(10,481)	78,139	93,634
Public offering, net of offering expenses	11,953	11	143,787	—	—	—	143,798
Issuance of common stock due to stock option exercises	63	—	704	—	—	—	704
	(57)	—	(718)	—	—	—	(718)

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Retired shares from net issuance							
Issuance of common stock under restricted stock plan	336	—	—	—	—	—	—
Retired shares for restricted stock vesting	(76)	—	(937)	—	—	—	(937)
Distributions reinvested in common stock	108	—	1,372	—	—	—	1,372
Distributions	—	—	—	—	—	(82,806)	(82,806)
Stock-based compensation ⁽¹⁾	—	—	8,166	—	—	—	8,166
Balance at September 30, 2018	96,751	\$ 96	\$1,060,875	\$ (53,784)	\$ (30,855)	\$ 27,848	\$1,004,180

(1) Stock-based compensation includes \$33 and \$46 of restricted stock and option expense related to director compensation for the nine months ended September 30, 2018 and 2017, respectively.

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

(dollars in thousands)

	For the Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	\$93,634	\$60,633
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(706,113)	(487,321)
Principal and fee payments received on investments	503,971	486,985
Proceeds from the sale of investments	17,521	21,945
Net unrealized depreciation (appreciation) on investments	(25,976)	(15,637)
Net realized loss (gain) on investments	10,481	26,929
Accretion of paid-in-kind principal	(7,040)	(7,078)
Accretion of loan discounts	(2,961)	(5,242)
Accretion of loan discount on Convertible Notes	504	448
Accretion of loan exit fees	(12,482)	(14,413)
Change in deferred loan origination revenue	3,472	1,083
Unearned fees related to unfunded commitments	1,908	441
Amortization of debt fees and issuance costs	5,197	4,534
Depreciation	147	153
Stock-based compensation and amortization of restricted stock grants ⁽¹⁾	8,166	5,619
Change in operating assets and liabilities:		
Interest and fees receivable	(3,460)	1,107
Prepaid expenses and other assets	2,141	(1,100)
Accounts payable	(187)	—
Accrued liabilities	(4,282)	(2,457)
Net cash provided by (used in) operating activities	(115,359)	76,629
Cash flows from investing activities:		
Purchases of capital equipment	(325)	(127)
Net cash provided by (used in) investing activities	(325)	(127)
Cash flows from financing activities:		
Issuance of common stock, net	143,498	56,334
Retirement of employee shares	(651)	(2,442)
Distributions paid	(81,434)	(75,217)
Issuance of 2022 Convertible Notes	—	230,000
Issuance of 2024 Notes	—	5,637

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Issuance of 2025 Notes	75,000	—
Issuance of 2033 Notes	40,000	—
Repayments of 2019 Notes	—	(110,364)
Repayments of 2024 Notes	(100,000)	—
Repayments of 2021 Asset-Backed Notes	(45,637)	(43,729)
Repayments of Long-Term SBA Debentures	(41,200)	—
Borrowings of credit facilities	216,109	8,497
Repayments of credit facilities	(135,216)	(13,513)
Cash paid for debt issuance costs	(3,978)	(4,662)
Fees paid for credit facilities and debentures	(161)	(28)
Net cash provided by (used in) financing activities	66,330	50,513
Net increase (decrease) in cash, cash equivalents and restricted cash	(49,354)	127,015
Cash, cash equivalents and restricted cash at beginning of period	94,995	21,366
Cash, cash equivalents and restricted cash at end of period	\$45,641	\$148,381
Supplemental non-cash investing and financing activities:		
Distributions reinvested	1,372	1,780

(1) Stock-based compensation includes \$33 and \$46 of restricted stock and option expense related to director compensation for the nine months ended September 30, 2018 and 2017, respectively.

See notes to consolidated financial statements.

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

(Dollars in thousands)	For the Nine Months Ended September 30,	
	2018	2017
Cash and cash equivalents	\$43,212	\$140,568
Restricted cash	2,429	7,813
Total cash, cash equivalents and restricted cash presented in the Consolidated Statements of Cash Flows	\$45,641	\$148,381

See “Note 2 – Summary of Significant Accounting Policies” and “Note 11- Recent Accounting Pronouncements” for a description of restricted cash and cash equivalents.

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾	
Debt Investments								
Biotechnology Tools								
Under 1 Year Maturity								
Excicure, Inc. ⁽¹²⁾	Biotechnology Tools	Senior Secured	September 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%, 3.85% Exit Fee	\$4,999	\$5,171	\$5,171	
Subtotal: Under 1 Year Maturity						5,171	5,171	
Subtotal: Biotechnology Tools (0.51%)*						5,171	5,171	
Consumer & Business Products								
1-5 Years Maturity								
WHOOP, INC. ⁽¹²⁾	Consumer & Business Products	Senior Secured	July 2021	Interest rate PRIME + 3.75% or Floor rate of 8.50%, 6.95% Exit Fee	\$6,000	5,970	5,970	
Subtotal: 1-5 Years Maturity						5,970	5,970	
Subtotal: Consumer & Business Products (0.59%)*						5,970	5,970	
Diversified Financial Services								
1-5 Years Maturity								
Gibraltar Business Capital, LLC ⁽⁷⁾	Diversified Financial Services	Unsecured	March 2023	Interest rate FIXED 14.50%	\$15,000	14,718	14,865	
Subtotal: 1-5 Years Maturity						14,718	14,865	
Subtotal: Diversified Financial Services (1.48%)*						14,718	14,865	
Drug Delivery								
Under 1 Year Maturity								
Drug Delivery						\$5,939	6,523	6,523

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Agile Therapeutics, Inc. ⁽¹¹⁾		Senior Secured	December 2018	Interest rate PRIME + 4.75%			
				or Floor rate of 9.00%, 3.70%			
				Exit Fee			
Subtotal: Under 1 Year Maturity						6,523	6,523
1-5 Years Maturity							
AcelRx Pharmaceuticals, Inc. ⁽¹¹⁾	Drug Delivery	Senior Secured	March 2020	Interest rate PRIME + 6.05%			
				or Floor rate of 9.55%, 11.69%			
				Exit Fee	\$ 12,943	13,786	13,733
Antares Pharma Inc. ⁽¹⁰⁾⁽¹⁵⁾	Drug Delivery	Senior Secured	July 2022	Interest rate PRIME + 4.50%			
				or Floor rate of 9.25%, 4.25%			
				Exit Fee	\$ 25,000	25,233	25,304
Subtotal: 1-5 Years Maturity						39,019	39,037
Subtotal: Drug Delivery (4.54%)*						45,542	45,560

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
Drug Discovery & Development							
Under 1 Year Maturity							
Auris Medical Holding, AG ⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Senior Secured	February 2019	Interest rate PRIME + 6.05% or Floor rate of 9.55%, 5.75% Exit Fee	\$ 1,527	\$ 2,209	\$ 2,209
Brickell Biotech, Inc. ⁽¹²⁾	Drug Discovery & Development	Senior Secured	September 2019	Interest rate PRIME + 5.70% or Floor rate of 9.20%, 7.82% Exit Fee	\$ 5,581	5,996	5,996
Epirus Biopharmaceuticals, Inc. ⁽⁸⁾	Drug Discovery & Development	Senior Secured	December 2018	Interest rate PRIME + 4.70% or Floor rate of 7.95%, 3.00% Exit Fee	\$ 2,277	2,561	65
Subtotal: Under 1 Year Maturity						10,766	8,270
1-5 Years Maturity							
Acacia Pharma Inc. ⁽¹⁰⁾	Drug Discovery & Development	Senior Secured	January 2022	Interest rate PRIME + 4.50%	\$ 10,000	9,815	9,815

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				or Floor rate of 9.25%, 3.95% Exit Fee			
Aveo Pharmaceuticals, Inc. (10)(13)	Drug Discovery Senior & Development Secured	July 2021	Interest rate PRIME + 4.70%				
				or Floor rate of 9.45%, 5.40% Exit Fee	\$ 10,000	10,053	9,954
	Drug Discovery Senior & Development Secured	July 2021	Interest rate PRIME + 4.70%				
				or Floor rate of 9.45%, 3.00% Exit Fee	\$ 10,000	10,144	10,123
Total Aveo Pharmaceuticals, Inc.					\$ 20,000	20,197	20,077
Axovant Sciences Ltd. (5)(10)(16)	Drug Discovery Senior & Development Secured	March 2021	Interest rate PRIME + 6.80%				
				or Floor rate of 10.55%	\$ 55,000	54,107	54,262
BridgeBio Pharma LLC (13)	Drug Discovery Senior & Development Secured	January 2022	Interest rate PRIME + 4.35%				
				or Floor rate of 9.35%, 6.35% Exit Fee	\$ 35,000	34,850	34,850
Chemocentryx, Inc. (10)(15)(17)	Drug Discovery Senior & Development Secured	December 2021	Interest rate PRIME + 3.30%				
				or Floor rate of 8.05%, 6.25% Exit Fee	\$ 15,000	14,976	14,990
Genocea Biosciences, Inc. (11)	Drug Discovery Senior & Development Secured	May 2021	Interest rate PRIME +		\$ 14,000	14,762	14,767

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				2.75%			
				or Floor rate of 7.75%, 10.12%			
Merrimack Pharmaceuticals, Inc. ⁽¹²⁾	Drug Discovery & Development	Senior Secured	August 2021	Interest rate PRIME + 4.00%			
				or Floor rate of 9.25%, 5.55% Exit Fee	\$ 15,000	14,928	14,928
Mesoblast ⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Senior Secured	March 2022	Interest rate PRIME + 4.95%			
				or Floor rate of 9.45%, 6.95% Exit Fee	\$ 35,000	35,116	35,519
Metuchen Pharmaceuticals LLC ⁽¹⁴⁾	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 7.25%			
				or Floor rate of 10.75%, PIK Interest 1.35%, 2.25% Exit Fee	\$ 19,902	20,508	20,480
Motif BioSciences Inc. ⁽⁵⁾⁽¹⁰⁾⁽¹⁵⁾	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 5.50%			
				or Floor rate of 10.00%, 2.15% Exit Fee	\$ 15,000	14,839	14,787
Myovant Sciences, Ltd. ⁽⁵⁾⁽¹⁰⁾⁽¹³⁾	Drug Discovery & Development	Senior Secured	November 2021	Interest rate PRIME + 4.00%	\$ 40,000	40,050	39,638

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				or Floor rate of 8.25%, 6.55% Exit Fee			
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) (10)(15)(16)	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75%			
				or Floor rate of 8.50%, 4.50% Exit Fee	\$ 40,000	40,776	40,383
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75%			
				or Floor rate of 8.50%, 4.50% Exit Fee	\$ 10,000	10,210	10,096
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75%			
				or Floor rate of 8.50%, 2.25% Exit Fee	\$ 10,000	10,064	9,980
	Drug Discovery & Development	Senior Secured	August 2022	Interest rate PRIME + 2.10%			
				or Floor rate of 7.85%, 6.95% Exit Fee	\$ 10,000	9,959	9,959
Total Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)					\$ 70,000	71,009	70,418
Stealth Bio Therapeutics Corp. (5)(10)(12)	Drug Discovery & Development	Senior Secured	January 2021	Interest rate PRIME + 5.50%	\$ 20,000	20,253	20,059
				or Floor rate of 9.50%, 6.00% Exit			

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			Fee			
Tricida, Inc. ⁽¹⁵⁾⁽¹⁷⁾	Drug Discovery Senior & Development Secured	March 2022	Interest rate PRIME + 3.35%			
			or Floor rate of 8.35%, 11.14%			
			Exit Fee	\$ 25,000	25,132	25,096
uniQure B.V. ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾	Drug Discovery Senior & Development Secured	May 2020	Interest rate PRIME + 3.00%			
			or Floor rate of 8.25%, 5.48%			
			Exit Fee	\$ 20,000	20,608	20,551
Verastem, Inc. ⁽¹²⁾	Drug Discovery Senior & Development Secured	December 2020	Interest rate PRIME + 6.00%			
			or Floor rate of 10.50%, 4.50%			
			Exit Fee	\$ 5,000	5,031	5,026
	Drug Discovery Senior & Development Secured	December 2020	Interest rate PRIME + 6.00%			
			or Floor rate of 10.50%, 4.50%			
			Exit Fee	\$ 5,000	5,059	5,054
	Drug Discovery Senior & Development Secured	December 2020	Interest rate PRIME + 6.00%			
			or Floor rate of 10.50%, 4.50%			
			Exit Fee	\$ 5,000	5,030	5,023
	Drug Discovery Senior & Development Secured	December 2020	Interest rate PRIME + 6.00%	\$ 10,000	9,967	9,888

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or Floor
rate of
10.50%,
4.50% Exit
Fee

Total Verastem, Inc.	\$25,000	25,087	24,991
Subtotal: 1-5 Years Maturity		436,237	435,228
Subtotal: Drug Discovery & Development (44.17%)*		447,003	443,498

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
Electronics & Computer Hardware							
1-5 Years Maturity							
908 DEVICES INC. ⁽¹⁵⁾	Electronics & Computer Hardware	Senior Secured	September 2020	Interest rate PRIME + 4.00% or Floor rate of 8.25%, 4.25% Exit Fee	\$ 10,000	\$ 10,080	\$ 10,099
Glo AB ⁽⁵⁾⁽¹⁰⁾⁽¹³⁾⁽¹⁴⁾	Electronics & Computer Hardware	Senior Secured	February 2021	Interest rate PRIME + 6.20% or Floor rate of 10.45%, PIK Interest 1.75%, 2.95% Exit Fee	\$ 12,138	12,153	12,214
Subtotal: 1-5 Years Maturity						22,233	22,313
Subtotal: Electronics & Computer Hardware (2.22%)*						22,233	22,313
Healthcare Services, Other							
1-5 Years Maturity							
Medsphere Systems Corporation ⁽¹⁴⁾⁽¹⁵⁾	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75% or Floor rate of 9.00%, PIK Interest 1.75%	\$ 20,346	20,211	20,116
	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75%	\$ 5,076	5,047	5,020

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				or Floor rate of 9.00%,				
				PIK Interest 1.75%				
Total Medsphere Systems Corporation					\$ 25,422	25,258	25,136	
Oak Street Health (12)	Healthcare Services, Other	Senior Secured	September 2021	Interest rate PRIME + 5.00%				
				or Floor rate of 9.75%, 5.95%				
				Exit Fee	\$ 30,000	30,320	30,127	
PH Group Holdings (13)	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45%				
				or Floor rate of 10.95%	\$ 20,000	19,929	19,946	
	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45%				
				or Floor rate of 10.95%	\$ 10,000	9,955	9,931	
Total PH Group Holdings					\$ 30,000	29,884	29,877	
Subtotal: 1-5 Years Maturity						85,462	85,140	
Subtotal: Healthcare Services, Other (8.48%)*						85,462	85,140	
Information Services								
1-5 Years Maturity								
MDX Medical, Inc. (14)(15)(19)	Information Services	Senior Secured	December 2020	Interest rate PRIME + 4.00%				
				or Floor rate of 8.25%,				
				PIK Interest 1.70%	\$ 15,223	14,921	14,864	
Subtotal: 1-5 Years Maturity						14,921	14,864	
Subtotal: Information Services (1.48%)*						14,921	14,864	

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
Internet Consumer & Business Services							
Under 1 Year Maturity							
The Faction Group LLC	Internet Consumer & Business Services	Senior Secured	January 2019	Interest rate PRIME + 4.75% or Floor rate of 8.25%	\$2,000	\$2,000	\$2,000
Subtotal: Under 1 Year Maturity						2,000	2,000
1-5 Years Maturity							
AppDirect, Inc. (13)(19)	Internet Consumer & Business Services	Senior Secured	January 2022	Interest rate PRIME + 5.70% or Floor rate of 9.95%, 3.45% Exit Fee	\$20,000	19,932	19,953
Art.com, Inc. (12)(14)(15)	Internet Consumer & Business Services	Senior Secured	April 2021	Interest rate PRIME + 5.40% or Floor rate of 10.15%, PIK Interest 1.70%, 1.50% Exit Fee	\$10,074	9,946	9,926
Cloudpay, Inc. (5)(10)	Internet Consumer & Business Services	Senior Secured	April 2022	Interest rate PRIME + 4.05% or Floor rate of 8.55%, 6.95% Exit Fee	\$11,000	10,949	10,949
						\$50,410	50,365
							50,365

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EverFi, Inc. (14)(16)	Internet Consumer & Business Services	Senior Secured		Interest rate PRIME + 3.90%			
				or Floor rate of 8.65%,			
				PIK Interest 2.30%			
First Insight, Inc. (15)(17)	Internet Consumer & Business Services	Senior Secured	November 2021	Interest rate PRIME + 6.25%			
				or Floor rate of 11.25%	\$ 6,000	5,887	5,887
Greenphire, Inc. (17)	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 8.00%			
				or Floor rate of 9.00%	\$ 3,125	3,125	3,129
	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate PRIME + 3.75%			
				or Floor rate of 7.00%	\$ 1,500	1,500	1,500
Total Greenphire, Inc.					\$ 4,625	4,625	4,629
Intent Media, Inc. (12)(17)	Internet Consumer & Business Services	Senior Secured	September 2021	Interest rate PRIME + 5.13%			
				or Floor rate of 10.125%, 2.00%			
				Exit Fee	\$ 9,200	9,210	9,286
Interactions Corporation (19)	Internet Consumer & Business Services	Senior Secured	March 2021	Interest rate 3-month LIBOR + 8.60%			
				or Floor rate of 9.85%, 1.75%			
				Exit Fee	\$ 25,000	25,073	25,205
LogicSource	Internet Consumer & Business Services	Senior Secured	October 2019	Interest rate PRIME + 6.25%			
				or Floor rate of 9.75%, 5.00%			
				Exit Fee	\$ 3,972	4,331	4,334
Postmates, Inc. (17)(19)	Internet Consumer & Business Services	Senior Secured	September 2022	Interest rate PRIME + 3.85%			
				or Floor rate of 8.85%, 8.05%			
				Exit Fee	\$ 20,000	19,516	19,516
RumbleON, Inc.			May 2021		\$ 5,000	4,984	4,984

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	Internet Consumer & Business Services	Senior Secured		Interest rate PRIME + 5.75%			
				or Floor rate of 10.25%, 4.55%			
				Exit Fee			
Snagajob.com, Inc. (13)(14)	Internet Consumer & Business Services	Senior Secured	July 2020	Interest rate PRIME + 5.15%			
				or Floor rate of 9.15%,			
				PIK Interest 1.95%, 2.55%			
				Exit Fee	\$41,635	41,773	41,890
	Internet Consumer & Business Services	Senior Secured	July 2020	Interest rate PRIME + 5.65%			
				or Floor rate of 10.65%,			
				PIK Interest 1.95%, 2.55%			
				Exit Fee	\$5,008	4,778	4,778
Total Snagajob.com, Inc.					\$46,643	46,551	46,668
Tectura Corporation (7)(8)(9)(14)	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%,			
				PIK Interest 3.00%	\$20,766	20,766	19,672
	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	\$10,680	240	—
Total Tectura Corporation					\$31,446	21,006	19,672
The Faction Group LLC	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 9.25%			
				or Floor rate of 10.25%	\$7,467	7,467	7,482
Wheels Up Partners LLC	Internet Consumer & Business Services	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.55%			
				or Floor rate of 9.55%	\$20,980	20,799	20,805
Xometry, Inc. (17)(19)	Internet Consumer & Business Services	Senior Secured	November 2021	Interest rate PRIME + 3.95%	\$7,000	6,996	6,996
				or Floor rate of 8.45%, 7.45%			

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	Exit Fee	
Subtotal: 1-5 Years Maturity	267,637	266,657
Subtotal: Internet Consumer & Business Services (26.75%)*	269,637	268,657

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
Media/Content/Info							
1-5 Years Maturity							
Bustle ⁽¹⁴⁾⁽¹⁵⁾	Media/Content/Info	Senior Secured	June 2021	Interest rate PRIME + 4.10% or Floor rate of 8.35%, PIK Interest 1.95%, 1.95% Exit Fee	\$ 15,240	\$ 15,234	\$ 15,364
Subtotal: 1-5 Years Maturity						15,234	15,364
Subtotal: Media/Content/Info (1.53%)*						15,234	15,364
Medical Devices & Equipment							
Under 1 Year Maturity							
Aspire Bariatrics, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Senior Secured	December 2018	Interest rate PRIME + 4.00% or Floor rate of 9.25%, 6.85% Exit Fee	\$ 1,793	2,273	808
Micell Technologies, Inc. ⁽¹²⁾	Medical Devices & Equipment	Senior Secured	August 2019	Interest rate PRIME + 7.25% or Floor rate of 10.50%, 5.00% Exit Fee	\$ 3,146	3,524	3,524

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Subtotal: Under 1 Year Maturity					5,797	4,332		
1-5 Years Maturity								
Flowonix Medical, Inc.	Medical Devices & Equipment	Senior Secured	October 2021	Interest rate PRIME + 4.00%				
				or Floor rate of 9.00%, 7.95% Exit Fee	\$ 15,000	14,480	14,480	
Intuity Medical, Inc. (15)	Medical Devices & Equipment	Senior Secured	June 2021	Interest rate PRIME + 5.00%				
				or Floor rate of 9.25%, 4.95% Exit Fee	\$ 17,500	17,375	17,402	
Quanta Fluid Solutions (5)(10)(11)	Medical Devices & Equipment	Senior Secured	April 2020	Interest rate PRIME + 8.05%				
				or Floor rate of 11.55%, 5.00% Exit Fee	\$ 6,853	7,327	7,266	
Quanterix Corporation (11)	Medical Devices & Equipment	Senior Secured	March 2020	Interest rate PRIME + 2.75%				
				or Floor rate of 8.00%, 0.58% Exit Fee	\$ 7,688	7,635	7,635	
Rapid Micro Biosystems, Inc. (13)(15)	Medical Devices & Equipment	Senior Secured	April 2022	Interest rate PRIME + 5.15%				
				or Floor rate of 9.65%, 7.25% Exit Fee	\$ 18,000	18,034	18,034	
Sebacia, Inc. (15)	Medical Devices & Equipment	Senior Secured	January 2021	Interest rate PRIME + 4.35%				
				or Floor rate of 8.85%, 6.05% Exit Fee	\$ 11,000	11,061	11,003	
			June 2022		\$ 20,000	19,930	19,930	

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Transenterix, Inc. (10)(13)	Medical Devices & Equipment	Senior Secured		Interest rate PRIME + 4.55%			
				or Floor rate of 9.55%, 6.95% Exit Fee			
Subtotal: 1-5 Years Maturity					95,842	95,750	
Subtotal: Medical Devices & Equipment (9.97%)*					101,639		100,082
Software							
Under 1 Year Maturity							
Pollen, Inc. ⁽¹⁵⁾	Software	Senior Secured	April 2019	Interest rate PRIME + 4.25%			
				or Floor rate of 8.50%, 4.00% Exit Fee	\$7,000	7,148	7,148
Subtotal: Under 1 Year Maturity						7,148	7,148

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
1-5 Years Maturity							
Banker's Toolbox, Inc. (13)(18)	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.88%			
				or Floor rate of 7.88%	\$39,900	\$39,129	\$39,227
Businessolver.com, Inc. (16)(17)	Software	Senior Secured	May 2023	Interest rate 3-month LIBOR + 7.50%	\$52,275	51,290	51,292
Clarabridge, Inc. (12)(14)	Software	Senior Secured	April 2021	Interest rate PRIME + 4.80%			
				or Floor rate of 8.55%,			
				PIK Interest 3.25%	\$41,916	41,898	42,356
Couchbase, Inc. (15)(17)(19)	Software	Senior Secured	September 2021	Interest rate PRIME + 5.25%			
				or Floor rate of 10.75%	\$15,000	14,915	14,915
Credible Behavioral Health, Inc. (14)(17)	Software	Senior Secured	September 2021	Interest rate PRIME + 3.20%			
				or Floor rate of 7.95%,			
				PIK Interest 3.30%	\$7,510	7,421	7,421
Dashlane, Inc. (14)(19)	Software	Senior Secured	April 2022	Interest rate PRIME + 4.05%	\$10,039	10,018	10,018

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				or Floor rate of 8.55%,			
				PIK Interest 1.10%, 9.25%			
				Exit Fee			
Emma, Inc. ⁽¹⁷⁾⁽¹⁸⁾	Software	Senior Secured	September 2022	Interest rate 3-month LIBOR + 8.39%	\$37,037	35,793	36,062
Evernote Corporation ⁽¹⁴⁾⁽¹⁷⁾⁽¹⁹⁾	Software	Senior Secured	October 2020	Interest rate PRIME + 5.45%			
				or Floor rate of 8.95%	\$6,000	5,984	6,067
	Software	Senior Secured	July 2021	Interest rate PRIME + 6.00%			
				or Floor rate of 9.50%,			
				PIK Interest 1.25%	\$4,061	4,043	4,062
	Software	Senior Secured	July 2022	Interest rate PRIME + 6.00%			
				or Floor rate of 9.50%,			
				PIK Interest 1.25%	\$2,507	2,491	2,491
Total Evernote Corporation					\$12,568	12,518	12,620
Fuze, Inc. ⁽¹³⁾⁽¹⁴⁾⁽¹⁵⁾⁽¹⁶⁾⁽¹⁹⁾	Software	Senior Secured	July 2021	Interest rate PRIME + 3.70%			
				or Floor rate of 7.95%,			
				PIK Interest 1.55%, 3.55%			
				Exit Fee	\$50,929	51,423	51,714
Impact Radius Holdings, Inc. ⁽¹²⁾⁽¹⁴⁾	Software	Senior Secured	December 2020	Interest rate PRIME + 4.25%			
				or Floor rate of 8.75%,			
				PIK Interest 1.55%, 1.75%			
				Exit Fee	\$10,152	10,214	10,171
	Software	Senior Secured	December 2020	Interest rate PRIME + 4.25%	\$2,006	2,006	1,996

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				or Floor rate of 8.75%,			
				PIK Interest 1.55%			
Total Impact Radius Holdings, Inc.					\$ 12,158	12,220	12,167
Insurance Technologies Corporation ⁽¹⁷⁾	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.75%			
				or Floor rate of 8.75%	\$ 12,500	12,271	12,383
Lightbend, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Software	Senior Secured	August 2021	Interest rate PRIME + 4.25%			
				or Floor rate of 8.50%,			
				PIK Interest 2.00%	\$ 11,122	10,963	10,965
Lithium Technologies, Inc. ⁽¹⁷⁾	Software	Senior Secured	October 2022	Interest rate 3-month LIBOR + 8.00%			
				or Floor rate of 9.00%	\$ 12,000	11,774	11,774
Microsystems Holding Company, LLC ⁽¹³⁾⁽¹⁹⁾	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.25%			
				or Floor rate of 9.25%	\$ 12,000	11,846	11,931
OneLogin, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Software	Senior Secured	July 2021	Interest rate PRIME + 5.95%			
				or Floor rate of 10.70%,			
				PIK Interest 2.00%	\$ 26,272	25,961	26,239
Quid, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Software	Senior Secured	February 2021	Interest rate PRIME + 4.75%			
				or Floor rate of 8.25%,			
				PIK Interest 2.25%, 3.00%			
				Exit Fee	\$ 8,446	8,609	8,627

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
RapidMiner, Inc. (12)(14)	Software	Senior Secured	December 2020	Interest rate PRIME + 5.50% or Floor rate of 9.75%, PIK Interest 1.65%	\$7,089	\$7,070	\$7,038
Regent Education (14)	Software	Senior Secured	January 2021	Interest rate FIXED 10.00%, PIK Interest 2.00%, 6.35% Exit Fee	\$3,162	3,185	1,987
Salsa Labs, Inc. ⁽¹⁷⁾	Software	Senior Secured	April 2023	Interest rate 3-month LIBOR + 8.15% or Floor rate of 9.15%	\$6,000	5,889	5,889
Signpost, Inc. ⁽¹⁴⁾	Software	Senior Secured	February 2020	Interest rate PRIME + 4.15% or Floor rate of 8.15%, PIK Interest 1.75%, 3.75% Exit	\$15,718	16,111	16,110

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				Fee			
ThreatConnect, Inc. (14)(15)(19)	Software	Senior Secured	October 2022	Interest rate PRIME + 4.95%			
				or Floor rate of 9.95%,			
				PIK Interest 1.05%, 2.20% Exit Fee	\$ 7,500	7,405	7,405
Vela Trading Technologies (18)	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 10.50%			
				or Floor rate of 10.50%	\$ 19,875	19,443	19,642
Wrike, Inc. (13)(14)(19)	Software	Senior Secured	February 2021	Interest rate PRIME + 6.00%			
				or Floor rate of 9.50%,			
				PIK Interest 2.00%, 3.00% Exit Fee	\$ 10,320	10,161	10,437
YouEarnedIt (18)	Software	Senior Secured	July 2023	Interest rate 1-month LIBOR + 8.66%	\$ 9,000	8,746	8,746
ZocDoc (19)	Software	Senior Secured	August 2021	Interest rate 3-month PRIME + 6.20%			
				or Floor rate of 10.95%, 2.00% Exit Fee	\$ 30,000	29,953	30,093
Subtotal: 1-5 Years							
Maturity						466,012	467,058
Subtotal: Software (47.22%)*						473,160	474,206
Surgical Devices							
Under 1 Year							
Maturity							
Gynesonics, Inc. (9)(14)(15)	Surgical Devices	Unsecured Convertible	May 2019	PIK Interest 8.00%	\$ 144	144	181

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Debt

Subtotal: Under 1 Year Maturity					144	181		
Subtotal: Surgical Devices (0.02%)*					144	181		
Sustainable and Renewable Technology								
Under 1 Year Maturity								
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) ⁽⁶⁾⁽¹⁴⁾⁽¹⁹⁾	Sustainable and Renewable Technology	Senior Secured	August 2019	Interest rate PRIME + 8.70%				
				or Floor rate of 12.95%, 5.00% Exit Fee	\$ 10,000	9,999		9,999
	Sustainable and Renewable Technology	Senior Secured	November 2018	PIK Interest 10.00%	\$ 634	634		634
	Sustainable and Renewable Technology	Senior Secured	November 2018	Interest rate PRIME + 10.70%				
				or Floor rate of 15.70%,				
				PIK Interest 2.00%	\$ 600	593		593
Total Solar Spectrum LLC					\$ 11,234	11,226		11,226
Subtotal: Under 1 Year Maturity						11,226		11,226
1-5 Years Maturity								
FuelCell Energy, Inc. ⁽¹²⁾	Sustainable and Renewable Technology	Senior Secured	April 2020	Interest rate PRIME + 5.40%				
				or Floor rate of 9.90%, 6.68% Exit Fee	\$ 13,091	13,176		13,213
	Sustainable and Renewable Technology	Senior Secured	April 2020	Interest rate PRIME + 5.40%				
				or Floor rate of 9.90%, 8.50% Exit Fee	\$ 11,909	13,607		13,615
Total FuelCell Energy, Inc.					\$ 25,000	26,783		26,828
Impossible Foods, Inc. ⁽¹⁷⁾	Sustainable and Renewable Technology	Senior Secured	July 2021	Interest rate PRIME + 3.95%	\$ 30,000	29,692		29,692

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				or Floor rate of 8.95%, 10.00% Exit Fee			
Metalysis Limited (5)(10)	Sustainable and Renewable Technology	Senior Secured	March 2021	Interest rate PRIME + 5.00%			
				or Floor rate of 9.25%, 6.95% Exit Fee	\$ 7,500	7,569	7,592
Proterra, Inc. (11)(14)	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70%			
				or Floor rate of 7.95%, PIK Interest 1.75%, 5.95% Exit Fee	\$ 25,372	26,581	26,723
	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70%			
				or Floor rate of 7.95%, PIK Interest 1.75%, 7.00% Exit Fee	\$ 5,074	5,329	5,343
Total Proterra, Inc.					\$ 30,446	31,910	32,066
Subtotal: 1-5 Years Maturity						95,954	96,178
Subtotal: Sustainable and Renewable Technology (10.70%)*						107,180	107,404
Total: Debt Investments (159.66%)*						\$ 1,608,014	\$ 1,603,275

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

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(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽³⁾	Value ⁽⁴⁾
Equity Investments						
Communications & Networking						
GlowPoint, Inc. ⁽⁴⁾	Communications & Networking	Equity	Common Stock	114,192	\$102	\$19
Peerless Network Holdings, Inc.	Communications & Networking	Equity	Preferred Series A	1,135,000	1,229	6,395
Subtotal: Communications & Networking (0.64%)*					1,331	6,414
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	488
Subtotal: Diagnostic (0.05%)*					750	488
Diversified Financial Services						
Gibraltar Business Capital, LLC ⁽⁷⁾	Diversified Financial Services	Equity	Common Stock	830,000	1,884	1,874
	Diversified Financial Services	Equity	Preferred Series A	10,602,752	26,122	25,976
Total Gibraltar Business Capital, LLC				11,432,752	28,006	27,850
Subtotal: Diversified Financial Services (2.77%)*					28,006	27,850
Drug Delivery						
AcelRx Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁰⁾	Drug Delivery	Equity	Common Stock	54,240	108	209
BioQ Pharma Incorporated ⁽¹⁵⁾	Drug Delivery	Equity	Preferred Series D	165,000	500	688
Edge Therapeutics, Inc. ⁽⁴⁾	Drug Delivery	Equity	Common Stock	49,965	309	41
Neos Therapeutics, Inc. ⁽⁴⁾⁽¹⁵⁾	Drug Delivery	Equity	Common Stock	125,000	1,500	606
Subtotal: Drug Delivery (0.15%)*					2,417	1,544

Drug Discovery & Development

Aveo Pharmaceuticals, Inc. (4)(10)(15)	Drug Discovery & Development	Equity	Common Stock	1,901,791	1,715	6,774
Axovant Sciences Ltd. (4)(5)(10)(16)	Drug Discovery & Development	Equity	Common Stock	129,827	1,269	314
Cerecor, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	119,087	1,000	556
Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.) (4)	Drug Discovery & Development	Equity	Common Stock	13,550	1,000	13
Dicerna Pharmaceuticals, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	142,858	1,000	2,180
Dynavax Technologies (4)(10)	Drug Discovery & Development	Equity	Common Stock	20,000	550	248
Eidos Therapeutics, Inc. (4)(10)	Drug Discovery & Development	Equity	Common Stock	15,000	255	150
Genocea Biosciences, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	223,463	2,000	174
Insmed, Incorporated (4)	Drug Discovery & Development	Equity	Common Stock	70,771	1,000	1,284
Melinta Therapeutics (4)	Drug Discovery & Development	Equity	Common Stock	51,821	2,000	204
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) (4)(10)(16)	Drug Discovery & Development	Equity	Common Stock	76,362	2,744	741
Rocket Pharmaceuticals, Ltd (p.k.a. Inotek Pharmaceuticals Corporation) (4)	Drug Discovery & Development	Equity	Common Stock	944	1,500	23
Tricida, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	105,260	2,000	3,217
Subtotal: Drug Discovery & Development (1.58%)*					18,033	15,878
Electronics & Computer Hardware						
Identiv, Inc. (4)	Electronics & Computer Hardware	Equity	Common Stock	6,700	34	40
Subtotal: Electronics & Computer Hardware (0.00%)*					34	40
Information Services						
DocuSign, Inc. (4)	Information Services	Equity	Common Stock	385,000	6,081	20,239
Subtotal: Information Services (2.02%)*					6,081	20,239

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽³⁾	Value ⁽⁴⁾
Internet Consumer & Business Services						
Blurb, Inc.	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	\$ 175	\$ 71
Brigade Group, Inc. (p.k.a. Philotic, Inc.)	Internet Consumer & Business Services	Equity	Common Stock	9,023	93	—
Lightspeed POS, Inc. ⁽⁵⁾⁽¹⁰⁾	Internet Consumer & Business Services	Equity	Preferred Series C	230,030	250	354
	Internet Consumer & Business Services	Equity	Preferred Series D	198,677	250	318
Total Lightspeed POS, Inc.				428,707	500	672
Nextdoor.com, Inc.	Internet Consumer & Business Services	Equity	Common Stock	328,190	4,854	4,854
OfferUp, Inc.	Internet Consumer & Business Services	Equity	Preferred Series A	286,080	1,663	1,916
	Internet Consumer & Business Services	Equity	Preferred Series A-1	108,710	632	728
Total OfferUp, Inc.				394,790	2,295	2,644
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Equity	Preferred Series G	218,351	250	294
	Internet Consumer & Business Services	Equity	Preferred Series H	87,802	250	243
Total Oportun (p.k.a. Progress Financial)				306,153	500	537
RazorGator Interactive Group, Inc.	Internet Consumer & Business Services	Equity	Preferred Series AA	34,783	15	—
Tectura Corporation ⁽⁷⁾	Internet Consumer & Business Services	Equity	Common Stock	414,994,863	900	—

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	Internet Consumer & Business Services	Equity	Preferred Series BB	1,000,000	—	—
Total Tectura Corporation				415,994,863	900	—
Subtotal: Internet Consumer & Business Services (0.87%)*					9,332	8,778
Media/Content/Info						
Pinterest, Inc.	Media/Content/Info	Equity	Preferred Series Seed	620,000	4,085	4,815
Subtotal: Media/Content/Info (0.48%)*					4,085	4,815
Medical Devices & Equipment						
AtriCure, Inc. ⁽⁴⁾⁽¹⁵⁾	Medical Devices & Equipment	Equity	Common Stock	10,119	266	354
Flowonix Medical Incorporated	Medical Devices & Equipment	Equity	Preferred Series AA	221,893	1,500	27
Gelesis, Inc.	Medical Devices & Equipment	Equity	Common Stock	198,202	—	744
	Medical Devices & Equipment	Equity	Preferred Series A-1	191,210	425	793
	Medical Devices & Equipment	Equity	Preferred Series A-2	191,626	500	756
Total Gelesis, Inc.				581,038	925	2,293
Medrobotics Corporation ⁽¹⁵⁾	Medical Devices & Equipment	Equity	Preferred Series E	136,798	250	31
	Medical Devices & Equipment	Equity	Preferred Series F	73,971	155	29
	Medical Devices & Equipment	Equity	Preferred Series G	163,934	500	90
Total Medrobotics Corporation				374,703	905	150
Optiscan Biomedical, Corp. ⁽⁶⁾	Medical Devices & Equipment	Equity	Preferred Series B	61,855	3,000	474
	Medical Devices & Equipment	Equity	Preferred Series C	19,273	655	137
	Medical Devices & Equipment	Equity	Preferred Series D	551,038	5,257	4,203
	Medical Devices & Equipment	Equity	Preferred Series E	311,989	2,609	3,061

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Total Optiscan Biomedical, Corp.				944,155	11,521	7,875	
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Equity	Preferred Series B	232,061	527	608	
Quanterix Corporation ⁽⁴⁾	Medical Devices & Equipment	Equity	Common Stock	84,778	1,000	1,817	
Subtotal: Medical Devices & Equipment (1.31%)*					16,644	13,124	
Software							
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	51	91	
Druva, Inc.	Software	Equity	Preferred Series 2	458,841	1,000	1,573	
	Software	Equity	Preferred Series 3	93,620	300	367	
Total Druva, Inc.					552,461	1,300	1,940
HighRoads, Inc.	Software	Equity	Common Stock	190	307	—	
NewVoiceMedia Limited ⁽⁵⁾⁽¹⁰⁾	Software	Equity	Preferred Series E	669,173	963	1,459	
Palantir Technologies	Software	Equity	Preferred Series E	727,696	5,431	4,714	
	Software	Equity	Preferred Series G	326,797	2,211	2,117	
Total Palantir Technologies					1,054,493	7,642	6,831
Sprinklr, Inc.	Software	Equity	Common Stock	700,000	3,749	4,023	
WildTangent, Inc.	Software	Equity	Preferred Series 3	100,000	402	181	
Subtotal: Software (1.45%)*					14,414	14,525	

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽³⁾	Value ⁽⁴⁾
Surgical Devices						
Gynesonics, Inc. ⁽¹⁵⁾	Surgical Devices	Equity	Preferred Series B	219,298	\$250	\$79
	Surgical Devices	Equity	Preferred Series C	656,538	282	123
	Surgical Devices	Equity	Preferred Series D	1,991,157	712	912
	Surgical Devices	Equity	Preferred Series E	2,786,367	429	684
Total Gynesonics, Inc.				5,653,360	1,673	1,798
Transmedics, Inc.						
	Surgical Devices	Equity	Preferred Series B	88,961	1,100	407
	Surgical Devices	Equity	Preferred Series C	119,999	300	548
	Surgical Devices	Equity	Preferred Series D	260,000	650	1,189
	Surgical Devices	Equity	Preferred Series F	100,200	500	458
Total Transmedics, Inc.				569,160	2,550	2,602
Subtotal: Surgical Devices (0.44%)*					4,223	4,400
Sustainable and Renewable Technology						
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable Technology	Equity	Common Stock	192	761	—
Modumetal, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series C	3,107,520	500	105
Proterra, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series 5	99,280	500	494
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Sustainable and Renewable	Equity	Common Stock	288	61,502	8,704

(6)	Technology		
	Subtotal: Sustainable and Renewable Technology (0.93%)*	63,263	9,303
	Total: Equity Investments (12.69%)*	\$168,613	\$127,398

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2018

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Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽³⁾	Value ⁽⁴⁾
Warrant Investments						
Biotechnology Tools						
Labcyte, Inc.	Biotechnology Tools	Warrant	Preferred Series C	1,127,624	\$ 323	\$ 558
Subtotal: Biotechnology Tools (0.06%)*					323	558
Communications & Networking						
Peerless Network Holdings, Inc.	Communications & Networking	Warrant	Common Stock	3,328	—	15
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Common Stock	2,834,375	418	—
Subtotal: Communications & Networking (0.00%)*					418	15