

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Hercules Capital, Inc.
Form 10-Q
May 03, 2018
p

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For The Quarterly Period Ended March 31, 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)

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

(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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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 April 30, 2018, there were 85,899,098 shares outstanding of the Registrant's common stock, \$0.001 par value.

HERCULES CAPITAL, INC.

FORM 10-Q TABLE OF CONTENTS

<u>PART I. FINANCIAL INFORMATION</u>	3
Item 1. <u>Consolidated Financial Statements</u>	3
<u>Consolidated Statement of Assets and Liabilities as of March 31, 2018 and December 31, 2017 (unaudited)</u>	3
<u>Consolidated Statement of Operations for the three months ended March 31, 2018 and 2017 (unaudited)</u>	5
<u>Consolidated Statement of Changes in Net Assets for the three months ended March 31, 2018 and 2017 (unaudited)</u>	6
<u>Consolidated Statement of Cash Flows for the three months ended March 31, 2018 and 2017 (unaudited)</u>	7
<u>Consolidated Schedule of Investments as of March 31, 2018 (unaudited)</u>	9
<u>Consolidated Schedule of Investments as of December 31, 2017 (unaudited)</u>	24
<u>Notes to Consolidated Financial Statements (unaudited)</u>	39
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	71
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	89
Item 4. <u>Controls and Procedures</u>	90
<u>PART II. OTHER INFORMATION</u>	91
Item 1. <u>Legal Proceedings</u>	91
	3

Item 1A.	<u>Risk Factors</u>	91
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	92
Item 3.	<u>Defaults Upon Senior Securities</u>	92
Item 4.	<u>Mine Safety Disclosures</u>	92
Item 5.	<u>Other Information</u>	92
Item 6.	<u>Exhibits and Financial Statement Schedules</u>	94
	<u>SIGNATURES</u>	97

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)

	March 31, 2018	December 31, 2017
Assets		
Investments:		
Non-control/Non-affiliate investments (cost of \$1,427,863 and \$1,506,454, respectively)	\$1,398,640	\$1,491,458
Control investments (cost of \$60,992 and \$25,419, respectively)	54,413	19,461
Affiliate investments (cost of \$87,423 and \$87,956, respectively)	30,525	31,295
Total investments in securities, at value (cost of \$1,576,278 and \$1,619,829, respectively)	1,483,578	1,542,214
Cash and cash equivalents	118,228	91,309
Restricted cash	3,632	3,686
Interest receivable	11,087	12,262
Other assets	3,187	5,244
Total assets	\$1,619,712	\$1,654,715
Liabilities		
Accounts payable and accrued liabilities	\$18,789	\$26,896
SBA Debentures, net (principal of \$190,200 and \$190,200, respectively) ⁽¹⁾	188,299	188,141
2022 Notes, net (principal of \$150,000 and \$150,000, respectively) ⁽¹⁾	147,698	147,572
2024 Notes, net (principal of \$183,510 and \$183,510, respectively) ⁽¹⁾	179,161	179,001
2021 Asset-Backed Notes, net (principal of \$33,575 and \$49,153, respectively) ⁽¹⁾	33,156	48,650
2022 Convertible Notes, net (principal of \$230,000 and \$230,000, respectively) ⁽¹⁾	223,878	223,488
Total liabilities	\$790,981	\$813,748
Net assets consist of:		
Common stock, par value	85	85
Capital in excess of par value	916,738	908,501
Unrealized depreciation on investments ⁽²⁾	(94,957)	(79,760)
Accumulated undistributed realized gains (losses) on investments	(25,294)	(20,374)
Undistributed net investment income	32,159	32,515

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Total net assets	\$828,731	\$840,967
Total liabilities and net assets	\$1,619,712	\$1,654,715
Shares of common stock outstanding (\$0.001 par value, 200,000,000 authorized)	85,239	84,424
Net asset value per share	\$9.72	\$9.96

(1) The Company's SBA Debentures, 2022 Notes, 2024 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 \$2.3 million and \$2.1 million in net unrealized depreciation on other assets and accrued liabilities, including escrow receivables, and estimated taxes payable as of March 31, 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)	March 31, 2018	December 31, 2017
Assets		
Restricted Cash	\$3,632	\$3,686
Total investments in securities, at value (cost of \$117,441 and \$146,208, respectively)	112,826	144,513
Total assets	\$116,458	\$148,199
Liabilities		
2021 Asset-Backed Notes, net (principal of \$33,575 and \$49,153, respectively) ⁽¹⁾	\$33,156	\$48,650
Total liabilities	\$33,156	\$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 Ended March 31,	
	2018	2017
Investment income:		
Interest income		
Non-control/Non-affiliate investments	\$41,834	\$42,345
Control investments	586	514
Affiliate investments	561	2
Total interest income	42,981	42,861
Fee income		
Commitment, facility and loan fee income:		
Non-control/Non-affiliate investments	2,440	2,934
Control investments	—	5
Affiliate investments	108	—
Total commitment, facility and loan fee income	2,548	2,939
One-time fee income:		
Non-control/Non-affiliate investments	3,171	565
Total one-time fee income	3,171	565
Total fee income	5,719	3,504
Total investment income	48,700	46,365
Operating expenses:		
Interest	9,386	9,607
Loan fees	1,175	2,838
General and administrative	4,009	4,064
Employee compensation:		
Compensation and benefits	5,758	5,345
Stock-based compensation	2,309	1,833
Total employee compensation	8,067	7,178
Total operating expenses	22,637	23,687
Net investment income	26,063	22,678
Net realized gain (loss) on investments		
Non-control/Non-affiliate investments	(3,512)	3,288
Control investments	(1,408)	(51)
Total net realized gain (loss) on investments	(4,920)	3,237
Net change in unrealized appreciation (depreciation) on investments		
Non-control/Non-affiliate investments	(14,340)	(32,155)
Control investments	(620)	213
Affiliate investments	(237)	439
Total net unrealized appreciation (depreciation) on investments	(15,197)	(31,503)

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Total net realized and unrealized gain (loss)	(20,117)	(28,266)
Net increase (decrease) in net assets resulting from operations	\$5,946	\$(5,588)
Net investment income before investment gains and losses per common share:		
Basic	\$0.31	\$0.28
Change in net assets resulting from operations per common share:		
Basic	\$0.07	\$(0.07)
Diluted	\$0.07	\$(0.07)
Weighted average shares outstanding		
Basic	84,596	81,420
Diluted	84,666	81,420
Distributions declared per common share:		
Basic	\$0.31	\$0.31

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 Investments	Accumulated Undistributed Realized Gains (Losses) on Investments	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	—	—	—	(31,503)	3,237	22,678	(5,588)
Public offering, net of offering expenses	3,309	3	46,945	—	—	—	46,948
Issuance of common stock due to stock option exercises	24	—	181	—	—	—	181
Retired shares from net issuance	(16)	—	(140)	—	—	—	(140)
Issuance of common stock under restricted stock plan	4	—	—	—	—	—	—
Retired shares for restricted stock vesting	(101)	—	(1,433)	—	—	—	(1,433)
Distributions reinvested in common stock	26	—	388	—	—	—	388
Issuance of Convertible Notes	—	—	3,413	—	—	—	3,413
Distributions	—	—	—	—	—	(25,667)	(25,667)
Stock-based compensation ⁽¹⁾	—	—	1,850	—	—	—	1,850
Balance at March 31, 2017	82,801	\$ 83	\$ 890,861	\$ (120,528)	\$ 17,551	\$ 19,929	\$ 807,896
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	—	—	—	(15,197)	(4,920)	26,063	5,946
Public offering, net of offering expenses	478	—	5,952	—	—	—	5,952
Issuance of common stock due to stock option exercises	38	—	432	—	—	—	432
Retired shares from net issuance	(36)	—	(446)	—	—	—	(446)
Issuance of common stock under restricted stock plan	336	—	—	—	—	—	—
	(36)	—	(446)	—	—	—	(446)

Retired shares for restricted
stock vesting

Distributions reinvested in common stock	35	—	426	—	—	—	426
Distributions	—	—	—	—	—	(26,419)	(26,419)
Stock-based compensation ⁽¹⁾	—	—	2,319	—	—	—	2,319
Balance at March 31, 2018	85,239	\$ 85	\$ 916,738	\$ (94,957)	\$ (25,294)	\$ 32,159	\$ 828,731

(1) Stock-based compensation includes \$10 and \$17 of restricted stock and option expense related to director compensation for the three months ended March 31, 2018 and 2017, respectively.

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

(dollars in thousands)

	For the Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	\$5,946	\$(5,588)
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(236,285)	(153,665)
Principal and fee payments received on investments	280,181	141,798
Proceeds from the sale of investments	1,582	11,995
Net unrealized depreciation (appreciation) on investments	15,197	31,503
Net realized loss (gain) on investments	4,920	(3,237)
Accretion of paid-in-kind principal	(2,507)	(2,199)
Accretion of loan discounts	(763)	(1,924)
Accretion of loan discount on Convertible Notes	168	112
Accretion of loan exit fees	(4,407)	(6,574)
Change in deferred loan origination revenue	631	284
Unearned fees related to unfunded commitments	321	976
Amortization of debt fees and issuance costs	840	2,508
Depreciation	46	52
Stock-based compensation and amortization of restricted stock grants ⁽¹⁾	2,319	1,850
Change in operating assets and liabilities:		
Interest and fees receivable	1,175	130
Prepaid expenses and other assets	1,870	(1,061)
Accounts payable	(194)	1
Accrued liabilities	(8,025)	(5,255)
Net cash provided by (used in) operating activities	63,015	11,706
Cash flows from investing activities:		
Purchases of capital equipment	(72)	(39)
Net cash provided by (used in) investing activities	(72)	(39)
Cash flows from financing activities:		
Issuance of common stock, net	5,952	46,948
Retirement of employee shares	(460)	(1,392)
Distributions paid	(25,993)	(25,279)
Issuance of 2022 Convertible Notes	—	230,000
Issuance of 2024 Notes	—	5,637

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Repayments of 2019 Notes	—	(110,365)
Repayments of 2021 Asset-Backed Notes	(15,577)	(7,794)
Borrowings of credit facilities	—	8,497
Repayments of credit facilities	—	(13,513)
Cash paid for debt issuance costs	—	(4,456)
Fees paid for credit facilities and debentures	—	(252)
Net cash provided by (used in) financing activities	(36,078)	128,031
Net increase (decrease) in cash, cash equivalents and restricted cash	26,865	139,698
Cash, cash equivalents and restricted cash at beginning of period	94,995	21,366
Cash, cash equivalents and restricted cash at end of period	\$ 121,860	\$ 161,064
Supplemental non-cash investing and financing activities:		
Distributions reinvested	426	388

(1) Stock-based compensation includes \$10 and \$17 of restricted stock and option expense related to director compensation for the three months ended March 31, 2018 and 2017, respectively.

See notes to consolidated financial statements.

7

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 Three Months Ended March 31,	
	2018	2017
Cash and cash equivalents	\$118,228	\$148,140
Restricted cash	3,632	12,924
Total cash, cash equivalents and restricted cash presented in the Consolidated Statements of Cash Flows	\$121,860	\$161,064

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

March 31, 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								
1-5 Years 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	\$5,135	\$5,151	
Subtotal: 1-5 Years Maturity						5,135	5,151	
Subtotal: Biotechnology Tools (0.62%)*						5,135	5,151	
Communications & Networking								
Under 1 Year Maturity								
OpenPeak, Inc. ⁽⁸⁾	Communications & Networking	Senior Secured	April 2018	Interest rate PRIME + 8.75%				
				or Floor rate of 12.00%	\$11,464	8,228	—	
Subtotal: Under 1 Year Maturity						8,228	—	
Subtotal: Communications & Networking (0.00%)*						8,228	—	
Consumer & Business Products								
Under 1 Year Maturity								
Gadget Guard (p.k.a. Antenna79) ⁽¹⁵⁾	Consumer & Business Products	Senior Secured	December 2018	Interest rate PRIME + 6.00%				
				or Floor rate of 9.50%	\$1,000	1,000	1,000	
Subtotal: Under 1 Year Maturity						1,000	1,000	
1-5 Years Maturity						\$18,043	18,245	18,133

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Gadget Guard (p.k.a. Antenna79) ⁽¹⁵⁾	Consumer & Business Products	Senior Secured	December 2019	Interest rate PRIME + 7.45%					
				or Floor rate of 10.95%, 2.95%					
				Exit Fee					
Subtotal: 1-5 Years Maturity							18,245	18,133	
Subtotal: Consumer & Business Products (2.31%)*							19,245	19,133	
Diversified Financial Services									
1-5 Years Maturity									
Gibraltar Business Capital, LLC ⁽⁷⁾	Diversified Financial Services	Unsecured	March 2023	Interest rate FIXED 14.50%	\$ 10,000	9,802	9,802		
Subtotal: 1-5 Years Maturity							9,802	9,802	
Subtotal: Diversified Financial Services (1.18%)*							9,802	9,802	
Drug Delivery									
Under 1 Year Maturity									
Agile Therapeutics, Inc. ⁽¹¹⁾	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 4.75%					
				or Floor rate of 9.00%, 3.70%					
				Exit Fee	\$ 9,272	9,746	9,747		
Pulmatrix Inc. ⁽⁹⁾⁽¹¹⁾	Drug Delivery	Senior Secured	July 2018	Interest rate PRIME + 6.25%					
				or Floor rate of 9.50%, 3.50%					
				Exit Fee	\$ 2,540	2,764	2,764		
ZP Opco, Inc (p.k.a. Zosano Pharma) ⁽¹¹⁾	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 2.70%					
				or Floor rate of 7.95%, 2.87%					
				Exit Fee	\$ 4,789	5,108	5,108		
Subtotal: Under 1 Year Maturity							17,618	17,619	
1-5 Years Maturity									
AcelRx Pharmaceuticals, Inc. ⁽¹⁰⁾⁽¹¹⁾⁽¹⁵⁾	Drug Delivery	Senior Secured	March 2020	Interest rate PRIME + 6.05%					
				or Floor rate of 9.55%, 11.69%					
				Exit Fee	\$ 16,791	17,275	17,199		
	Drug Delivery		July 2022		\$ 25,000	25,079	24,970		

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Antares Pharma Inc. (10)(15)		Senior Secured		Interest rate PRIME + 4.50%			
				or Floor rate of 9.25%, 4.25%			
				Exit Fee			
Edge Therapeutics, Inc. (12)	Drug Delivery	Senior Secured	August 2020	Interest rate PRIME + 4.65%			
				or Floor rate of 9.15%, 4.95%			
				Exit Fee	\$20,000	20,401	20,167
Subtotal: 1-5 Years Maturity						62,755	62,336
Subtotal: Drug Delivery (9.65%)*						80,373	79,955

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment	Maturity Date ⁽¹⁾	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
Drug Discovery & Development							
Under 1 Year Maturity							
CytRx Corporation ⁽¹¹⁾⁽¹⁵⁾	Drug Discovery & Development	Senior Secured	August 2018	Interest rate PRIME + 6.00% or Floor rate of 9.50%, 7.09% Exit Fee	\$8,946	\$10,393	\$10,393
Epirus Biopharmaceuticals, Inc. ⁽⁸⁾	Drug Discovery & Development	Senior Secured	April 2018	Interest rate PRIME + 4.70% or Floor rate of 7.95%, 3.00% Exit Fee	\$2,277	2,561	—
Genocea Biosciences, Inc. ⁽¹¹⁾	Drug Discovery & Development	Senior Secured	January 2019	Interest rate PRIME + 2.25% or Floor rate of 7.25%, 4.95% Exit Fee	\$13,316	14,005	14,005
Subtotal: Under 1 Year Maturity						26,959	24,398
1-5 Years Maturity							
Auris Medical Holding, AG ⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Senior Secured	January 2020	Interest rate PRIME + 6.05% or Floor rate of 9.55%, 5.75% Exit Fee	\$8,836	9,199	9,204
Aveo Pharmaceuticals, Inc. ⁽¹⁰⁾⁽¹³⁾	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 5.40% Exit	\$10,000	9,936	9,818

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

				Fee			
	Drug	Senior	July	Interest rate PRIME			
	Discovery	Secured	2021	+ 4.70%			
	&						
	Development			or Floor rate of			
				9.45%, 3.00% Exit			
				Fee	\$ 10,000	9,990	9,948
Total Aveo Pharmaceuticals, Inc.					\$ 20,000	19,926	19,766
Axovant Sciences Ltd. ⁽⁵⁾⁽¹⁰⁾	Drug	Senior	March	Interest rate PRIME			
	Discovery	Secured	2021	+ 6.80%			
	&						
	Development			or Floor rate of			
				10.55%	\$ 55,000	53,783	53,670
Brickell Biotech, Inc. ⁽¹²⁾	Drug	Senior	September	Interest rate PRIME			
	Discovery	Secured	2019	+ 5.70%			
	&						
	Development			or Floor rate of			
				9.20%, 7.49% Exit	\$ 5,834	6,178	6,166
				Fee			
Chemocentryx, Inc. ⁽¹⁰⁾⁽¹⁵⁾⁽¹⁷⁾	Drug	Senior	December	Interest rate PRIME			
	Discovery	Secured	2021	+ 3.30%			
	&						
	Development			or Floor rate of			
				8.05%, 6.25% Exit	\$ 5,000	4,973	4,973
				Fee			
Mesoblast ⁽⁵⁾⁽¹⁰⁾	Drug	Senior	March	Interest rate PRIME			
	Discovery	Secured	2022	+ 4.95%			
	&						
	Development			or Floor rate of			
				9.45%, 6.95% Exit	\$ 35,000	34,682	34,682
				Fee			
Metuchen Pharmaceuticals LLC ⁽¹²⁾⁽¹⁴⁾	Drug	Senior	October	Interest rate PRIME			
	Discovery	Secured	2020	+ 7.25%			
	&						
	Development			or Floor rate of			
				10.75%,			
				PIK Interest 1.35%,			
				2.25% Exit Fee	\$ 25,648	25,923	25,793
Motif BioSciences Inc. ⁽¹⁵⁾	Drug	Senior	September	Interest rate PRIME			
	Discovery	Secured	2021	+ 5.50%			
	&						
	Development			or Floor rate of			
				10.00%, 2.15% Exit	\$ 15,000	14,711	14,711
				Fee			
Myovant Sciences, Ltd. ⁽⁵⁾⁽¹⁰⁾⁽¹³⁾	Drug	Senior	May	Interest rate PRIME			
	Discovery	Secured	2021	+ 4.00%			
	&						
	Development			or Floor rate of			
				8.25%, 6.55% Exit	\$ 40,000	39,445	39,444
				Fee			

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) ⁽¹⁵⁾	Drug Discovery & Development	Senior Secured	September 2020	Interest rate + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	PRIME	\$40,000	40,347	39,931
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	PRIME	\$10,000	10,094	9,984
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate + 2.75% or Floor rate of 8.50%, 2.25% Exit Fee	PRIME	\$10,000	9,996	9,904
Total Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)						\$60,000	60,437	59,819
Stealth Bio Therapeutics Corp. ⁽⁵⁾⁽¹⁰⁾⁽¹²⁾	Drug Discovery & Development	Senior Secured	January 2021	Interest rate + 5.50% or Floor rate of 9.50%, 5.00% Exit Fee	PRIME	\$20,000	19,910	19,672
Tricida, Inc. ⁽¹⁵⁾	Drug Discovery & Development	Senior Secured	March 2022	Interest rate + 3.35% or Floor rate of 8.35%, 11.14% Exit Fee	PRIME	\$25,000	24,607	24,607
uniQure B.V. ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾	Drug Discovery & Development	Senior Secured	May 2020	Interest rate + 3.00% or Floor rate of 8.25%, 5.48% Exit Fee	PRIME	\$20,000	20,668	20,579
Verastem, Inc. ⁽¹²⁾	Drug Discovery & Development	Senior Secured	December 2020	Interest rate + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	PRIME	\$5,000	4,980	4,942
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	PRIME	\$5,000	5,016	4,978
						\$5,000	4,978	4,939

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Drug Senior December Interest rate PRIME
 Discovery Secured 2020 + 6.00%
 &
 Development or Floor rate of
 10.50%, 4.50% Exit
 Fee

Total Verastem, Inc.	\$ 15,000	14,974	14,859
Subtotal: 1-5 Years Maturity		349,416	347,945
Subtotal: Drug Discovery & Development (44.93%)*		376,375	372,343

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 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	\$ 10,061	\$ 9,864
Glo AB ⁽⁵⁾⁽¹⁰⁾⁽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	\$ 12,030	11,933	11,933
Subtotal: 1-5 Years Maturity						21,994	21,797
Subtotal: Electronics & Computer Hardware (2.63%)*						21,994	21,797
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%	\$ 17,685	17,536	17,536
	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75%	\$ 5,031	4,990	4,990

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

				or Floor rate of 9.00%,			
				PIK Interest 1.75%			
Total Medsphere Systems Corporation					\$ 22,716	22,526	22,526
Oak Street Health (12)(17)	Healthcare Services, Other	Senior Secured	September 2021	Interest rate PRIME + 5.00%			
				or Floor rate of 9.75%, 5.95%			
				Exit Fee	\$ 20,000	20,083	19,836
PH Group Holdings (13)	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45%			
				or Floor rate of 10.95%	\$ 20,000	19,896	19,703
	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45%			
				or Floor rate of 10.95%	\$ 10,000	9,934	9,794
Total PH Group Holdings					\$ 30,000	29,830	29,497
Subtotal: 1-5 Years Maturity						72,439	71,859
Subtotal: Healthcare Services, Other (8.67%)*						72,439	71,859
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%	\$ 15,100	14,702	14,410
Netbase Solutions, Inc. (13)(14)	Information Services	Senior Secured	August 2020	Interest rate PRIME + 6.00%			
				or Floor rate of 10.00%,			
				PIK Interest 2.00%, 3.00%			
				Exit Fee	\$ 9,096	8,855	8,815
Subtotal: 1-5 Years Maturity						23,557	23,225
Subtotal: Information Services (2.80%)*						23,557	23,225

See notes to consolidated financial statements.

11

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 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	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. ⁽¹⁹⁾	Internet Consumer & Business Services	Senior Secured	January 2022	Interest rate PRIME + 5.70% or Floor rate of 9.95%, 3.45% Exit Fee	\$10,000	9,918	9,918
Aria Systems, Inc. ⁽¹¹⁾⁽¹⁴⁾	Internet Consumer & Business Services	Senior Secured	June 2019	Interest rate PRIME + 3.20% or Floor rate of 6.95%, PIK Interest 1.95%, 1.75% Exit Fee	\$2,113	2,124	1,240
	Internet Consumer & Business Services	Senior Secured	June 2019	Interest rate PRIME + 5.20% or Floor rate of 8.95%, PIK Interest 1.95%, 1.75% Exit Fee	\$18,924	19,019	11,108
Total Aria Systems, Inc.					\$21,037	21,143	12,348

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Art.com, Inc. (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	\$ 10,000	9,812	9,812
Greenphire Inc. (17)	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 8.00%			
				or Floor rate of 9.00%	\$ 3,658	3,658	3,658
	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.					\$ 5,158	5,158	5,158
Intent Media, Inc. (14)(15)	Internet Consumer & Business Services	Senior Secured	May 2019	Interest rate PRIME + 5.25%			
				or Floor rate of 8.75%,			
				PIK Interest 1.00%, 2.00%			
				Exit Fee	\$ 5,063	5,053	5,056
	Internet Consumer & Business Services	Senior Secured	May 2019	Interest rate PRIME + 5.50%			
				or Floor rate of 9.00%,			
				PIK Interest 2.35%, 2.00%			
				Exit Fee	\$ 2,032	2,014	2,014
	Internet Consumer & Business Services	Senior Secured	May 2019	Interest rate PRIME + 5.50%			
				or Floor rate of 9.00%,			
				PIK Interest 2.50%, 2.00%			
				Exit Fee	\$ 2,034	2,016	2,016
Total Intent Media, Inc.					\$ 9,129	9,083	9,086
Interactions Corporation (19)	Internet Consumer & Business Services	Senior Secured	March 2021	Interest rate 3-month LIBOR	\$ 25,000	25,032	25,032

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

	Services			+ 8.60%			
				or Floor rate of 9.85%, 1.75%			
				Exit Fee			
LogicSource ⁽¹⁵⁾	Internet Consumer & Business Services	Senior Secured	October 2019	Interest rate PRIME + 6.25%			
				or Floor rate of 9.75%, 5.00%			
				Exit Fee	\$5,645	5,935	5,933
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	\$41,223	41,010	41,166
Tectura Corporation (7)(8)(9)(14)	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%,			
				PIK Interest 3.00%	\$20,450	20,450	17,095
	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	\$10,680	240	—
Total Tectura Corporation					\$31,130	20,690	17,095
The Faction Group	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 9.25%			
				or Floor rate of 10.25%	\$8,000	8,000	8,000
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%	\$22,406	22,191	22,191
Subtotal: 1-5 Years Maturity						177,972	165,739
Subtotal: Internet Consumer & Business Services (20.24%)*						179,972	167,739

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 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	\$ 15,089	\$ 15,032	\$ 15,032
FanDuel, Inc. (9)(12)(14)	Media/Content/Info	Senior Secured	November 2019	Interest rate PRIME + 7.25%			
				or Floor rate of 10.75%,			
				10.41% Exit Fee	\$ 19,354	20,072	19,941
	Media/Content/Info	Convertible Debt	September 2020	PIK Interest 25.00%	\$ 1,000	1,000	1,000
Total FanDuel, Inc.					\$ 20,354	21,072	20,941
Subtotal: 1-5 Years Maturity						36,104	35,973
Subtotal: Media/Content/Info (4.34%)*						36,104	35,973
Medical Devices & Equipment							
Under 1 Year Maturity							
Aspire Bariatrics, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Senior Secured	October 2018	Interest rate PRIME + 4.00%			
				or Floor rate of 9.25%, 6.85%			
				Exit Fee	\$ 1,793	2,148	839

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Quanterix Corporation ⁽¹¹⁾	Medical Devices & Equipment	Senior Secured	March 2019	Interest rate PRIME + 2.75%			
				or Floor rate of 8.00%, 4.00%			
				Exit Fee	\$ 8,591	8,569	8,569
Subtotal: Under 1 Year Maturity						10,717	9,408
1-5 Years Maturity							
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	17,132	17,132
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	\$ 4,715	5,030	4,981
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	\$ 8,848	9,220	9,150
Sebacia, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Senior Secured	July 2020	Interest rate PRIME + 4.35%			
				or Floor rate of 8.85%, 6.05%			
				Exit Fee	\$ 8,000	7,988	7,979
Tela Bio, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Senior Secured	December 2020	Interest rate PRIME + 4.95%			
				or Floor rate of 9.45%, 3.15%			
				Exit Fee	\$ 5,000	5,004	4,989
Subtotal: 1-5 Years Maturity						44,374	44,231
Subtotal: Medical Devices & Equipment (6.47%)*						55,091	53,639

See notes to consolidated financial statements.

13

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 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⁾
Software							
Under 1 Year Maturity							
Clickfox, Inc. ⁽¹³⁾	Software	Senior Secured	May 2018	Interest rate PRIME + 8.00%			
				or Floor rate of 11.50%, 12.01%			
				Exit Fee	\$2,592	\$4,012	\$4,012
Digital Train Limited ⁽¹⁵⁾	Software	Unsecured	July 2018	Interest rate 12-month LIBOR + 2.50%	\$5,671	5,671	4,073
Subtotal: Under 1 Year Maturity						9,683	8,085
1-5 Years Maturity							
Banker's Toolbox, Inc ⁽¹⁸⁾	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.94%			
				or Floor rate of 8.94%	\$16,500	16,139	16,139
Clarabridge, Inc. ⁽¹²⁾⁽¹⁴⁾	Software	Senior Secured	April 2021	Interest rate PRIME + 4.80%			
				or Floor rate of 8.55%, PIK Interest 3.25%	\$41,226	41,205	41,164
Emma, Inc.	Software	Senior Secured	September 2022	Interest rate daily LIBOR + 7.75%			
				or Floor rate of 8.75%	\$50,000	48,629	47,785
Evernote Corporation ⁽¹⁴⁾⁽¹⁵⁾⁽¹⁷⁾⁽¹⁹⁾	Software	Senior Secured	October 2020	Interest rate PRIME + 5.45%	\$6,000	5,976	6,065

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

	Software	Senior Secured	July 2021	Interest rate PRIME + 6.00%			
				or Floor rate of 8.95%			
				Interest rate PRIME + 6.00%			
				or Floor rate of 9.50%, PIK			
				Interest 1.25%	\$ 4,035	4,013	3,988
Total Evernote Corporation					\$ 10,035	9,989	10,053
Fuze, Inc. (13)(14)(15)(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	\$ 50,528	50,776	50,413
Impact Radius Holdings, Inc. (14)(17)	Software	Senior Secured	December 2020	Interest rate PRIME + 4.25%			
				or Floor rate of 8.75%,			
				PIK Interest 1.55%, 1.75% Exit Fee	\$ 10,073	10,091	9,945
Insurance Technologies Corp. (17)	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.75%			
				or Floor rate of 8.75%	\$ 12,500	12,250	12,250
Lightbend, Inc. (14)(15)	Software	Senior Secured	August 2021	Interest rate PRIME + 4.25%			
				or Floor rate of 8.50%, PIK			
				Interest 2.00%	\$ 11,009	10,806	10,806
Lithium Technologies, Inc. (17)	Software	Senior Secured	October 2022	Interest rate 1-month LIBOR + 8.00%			
				or Floor rate of 9.00%	\$ 12,000	11,751	11,751
Microsystems Holding Company, LLC (19)	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.25%			
				or Floor rate of 9.25%	\$ 12,000	11,829	11,829

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

OneLogin, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Software	Senior Secured	August 2019	Interest rate PRIME + 6.45%			
				or Floor rate of 9.95%, PIK Interest 3.25%	\$ 16,012	15,953	16,113
PerfectServe, Inc.	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.00%			
				or Floor rate of 10.00%, 2.50% Exit Fee	\$ 16,000	16,057	16,057
	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.00%			
				or Floor rate of 10.00%, 2.50% Exit Fee	\$ 4,000	4,013	4,013
Total PerfectServe, Inc.					\$ 20,000	20,070	20,070
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	7,023	7,000
Poplicus, Inc. ⁽⁸⁾⁽¹⁴⁾	Software	Senior Secured	May 2022	Interest rate FIXED 6.00%,			
				PIK Interest 3.00%	\$ 1,250	1,250	—
Quid, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Software	Senior Secured	October 2019	Interest rate PRIME + 4.75%			
				or Floor rate of 8.25%,			
				PIK Interest 2.25%, 3.00% Exit Fee	\$ 8,350	8,480	8,494
RapidMiner, Inc. ⁽¹⁴⁾	Software	Senior Secured	December 2020	Interest rate PRIME + 5.50%			
				or Floor rate of 9.75%, PIK Interest 1.65%	\$ 7,030	7,004	7,004
Regent Education ⁽¹⁴⁾	Software	Senior Secured	January 2021	Interest rate FIXED 10.00%,	\$ 3,302	3,316	3,316
				PIK Interest 2.00%, 6.35% Exit			

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

				Fee			
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 Fee	\$ 15,578	15,742	15,612
Vela Trading Technologies ⁽¹⁸⁾	Software	Senior Secured	July 2022	Interest rate daily LIBOR + 9.50%			
				or Floor rate of 10.50%	\$ 20,000	19,518	19,143
Wrike, Inc. ⁽¹⁴⁾⁽¹⁷⁾⁽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	\$ 10,215	10,062	10,043
ZocDoc ⁽¹⁹⁾	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.50%			
				or Floor rate of 10.50%, 1.00%			
				Exit Fee	\$ 20,000	20,026	20,026
	Software	Senior Secured	November 2021	Interest rate 3-month LIBOR + 9.50%			
				or Floor rate of 10.50%, 1.00%			
				Exit Fee	\$ 10,000	10,012	10,012
Total ZocDoc					\$ 30,000	30,038	30,038
Subtotal: 1-5 Years Maturity						361,921	358,968
Subtotal: Software (44.29%)*						371,604	367,053

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 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⁾
Surgical Devices							
1-5 Years Maturity							
Transmedics, Inc. (13)	Surgical Devices	Senior Secured	February 2020	Interest rate PRIME + 5.30% or Floor rate of 9.55%, 6.70% Exit Fee	\$7,608	\$7,927	\$7,912
Subtotal: 1-5 Years Maturity						7,927	7,912
Subtotal: Surgical Devices (0.95%)*						7,927	7,912
Sustainable and Renewable Technology							
Under 1 Year Maturity							
Kinestral Technologies, Inc.	Sustainable and Renewable Technology	Senior Secured	October 2018	Interest rate 3-month LIBOR + 7.75% or Floor rate of 8.75%, 3.23% Exit Fee	\$2,707	2,739	2,739
Rive Technology, Inc. (15)	Sustainable and Renewable Technology	Senior Secured	January 2019	Interest rate PRIME + 6.20% or Floor rate of 9.45%, 4.00% Exit Fee	\$3,318	3,583	3,583
Subtotal: Under 1 Year Maturity						6,322	6,322
1-5 Years Maturity							

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

ChargePoint Inc. ⁽¹⁹⁾	Sustainable and Renewable Technology	Senior Secured	August 2020	Interest rate 3-month LIBOR + 8.75%			
				or Floor rate of 9.75%, 2.00% Exit Fee	\$ 17,576	17,630	17,630
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	12,827	12,824
	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	13,452	13,452
Total FuelCell Energy, Inc.					\$ 25,000	26,279	26,276
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Sustainable and Renewable Technology	Senior Secured	August 2019	Interest rate PRIME + 8.70%			
				or Floor rate of 12.95%, 4.50% Exit Fee	\$ 12,000	11,770	11,683
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	7,418	7,418
Proterra, Inc. ⁽¹¹⁾⁽¹⁴⁾⁽¹⁷⁾	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70%	\$ 25,146	26,185	26,197
				or Floor rate of 7.95%, PIK Interest 1.75%,			

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

				5.95% Exit Fee			
	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	\$ 5,029	5,224	5,219
Total Proterra, Inc.					\$ 30,175	31,409	31,416
Subtotal: 1-5 Years Maturity						94,506	94,423
Subtotal: Sustainable and Renewable Technology (12.16%)*						100,828	100,745
Total: Debt Investments (161.25%)*						1,368,674	1,336,326

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽³⁾	Value ⁽⁴⁾
Equity Investments						
Biotechnology Tools						
NuGEN Technologies, Inc. ⁽¹⁵⁾	Biotechnology Tools	Equity	Common Stock	55,780	\$ 500	\$—
Subtotal: Biotechnology Tools (0.00%)*					500	—
Communications & Networking						
Achilles Technology Management Co II, Inc. ⁽⁷⁾⁽¹⁵⁾	Communications & Networking	Equity	Common Stock	100	3,100	117
GlowPoint, Inc. ⁽⁴⁾	Communications & Networking	Equity	Common Stock	114,192	102	25
Peerless Network Holdings, Inc.	Communications & Networking	Equity	Preferred Series A	1,000,000	1,000	6,060
Subtotal: Communications & Networking (0.75%)*					4,202	6,202
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	911
Subtotal: Diagnostic (0.11%)*					750	911
Diversified Financial Services						
Gibraltar Business Capital, LLC ⁽⁷⁾	Diversified Financial Services	Equity	Preferred Series A	10,602,752	25,538	25,538
	Diversified Financial Services	Equity	Common Stock	830,000	1,861	1,861
Total Gibraltar Business Capital, LLC				11,432,752	27,399	27,399
Subtotal: Diversified Financial Services (3.31%)*					27,399	27,399
Drug Delivery						

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

AcelRx Pharmaceuticals, Inc. (4)(10)	Drug Delivery	Equity	Common Stock	54,240	108	114
BioQ Pharma Incorporated (15)	Drug Delivery	Equity	Preferred Series D	165,000	500	891
Edge Therapeutics, Inc. (4)	Drug Delivery	Equity	Common Stock	49,965	309	59
Neos Therapeutics, Inc. (4)(15)	Drug Delivery	Equity	Common Stock	125,000	1,500	1,038
Subtotal: Drug Delivery (0.25%)*					2,417	2,102

Drug Discovery & Development

Aveo Pharmaceuticals, Inc. (4)(10)(15)	Drug Discovery & Development	Equity	Common Stock	1,901,791	1,715	5,558
Axovant Sciences Ltd. (4)(5)(10)	Drug Discovery & Development	Equity	Common Stock	129,827	1,269	172
Cerecor, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	119,087	1,000	511
Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.) (4)	Drug Discovery & Development	Equity	Common Stock	13,550	1,000	11
Dicerna Pharmaceuticals, Inc. (4)(15)	Drug Discovery & Development	Equity	Common Stock	142,858	1,000	1,365
Dynavax Technologies (4)(10)	Drug Discovery & Development	Equity	Common Stock	20,000	550	398
Epirus Biopharmaceuticals, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	200,000	1,000	—
Genocea Biosciences, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	223,463	2,000	235
Insmed, Incorporated (4)	Drug Discovery & Development	Equity	Common Stock	70,771	1,000	1,230
Melinta Therapeutics (4)	Drug Discovery & Development	Equity	Common Stock	51,821	2,000	384
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) (4)	Drug Discovery & Development	Equity	Common Stock	76,362	2,744	992
Rocket Pharmaceuticals, Ltd (p.k.a. Inotek Pharmaceuticals Corporation) (4)	Drug Discovery & Development	Equity	Common Stock	944	1,500	18
Subtotal: Drug Discovery & Development (1.31%)*					16,778	10,874

Electronics & Computer Hardware

Identiv, Inc. (4)	Electronics & Computer Hardware	Equity	Common Stock	6,700	34	25
Subtotal: Electronics & Computer Hardware (0.00%)*					34	25

Information Services

DocuSign, Inc.	Information Services	Equity	Common Stock	385,000	6,081	8,379
Subtotal: Information Services (1.01%)*					6,081	8,379

See notes to consolidated financial statements.

16

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 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. ⁽¹⁵⁾	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	\$ 175	\$ 80
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	257
	Internet Consumer & Business Services	Equity	Preferred Series D	198,677	250	235
Total Lightspeed POS, Inc.				428,707	500	492
OfferUp, Inc.	Internet Consumer & Business Services	Equity	Preferred Series A	286,080	1,663	1,889
	Internet Consumer & Business Services	Equity	Preferred Series A-1	108,710	632	718
Total OfferUp, Inc.				394,790	2,295	2,607
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Equity	Preferred Series G	218,351	250	416
	Internet Consumer & Business Services	Equity	Preferred Series H	87,802	250	233
Total Oportun (p.k.a. Progress Financial)				306,153	500	649
RazorGator Interactive Group, Inc.	Internet Consumer & Business Services	Equity	Preferred Series AA	34,783	15	—
Tectura Corporation ⁽⁷⁾	Internet Consumer & Business Services	Equity	Preferred Series BB	1,000,000	—	—
Subtotal: Internet Consumer & Business Services (0.46%)*					3,578	3,828
Media/Content/Info						
Pinterest, Inc.	Media/Content/Info	Equity	Preferred Series Seed	620,000	4,085	4,389
Subtotal: Media/Content/Info (0.53%)*					4,085	4,389
Medical Devices & Equipment						
AtriCure, Inc. ⁽⁴⁾⁽¹⁵⁾	Medical Devices & Equipment	Equity	Common Stock	7,536	266	155
		Equity		221,893	1,500	—

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Flowonix Medical Incorporated	Medical Devices & Equipment		Preferred Series AA			
Gelesis, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Equity	Common Stock	198,202	—	996
	Medical Devices & Equipment	Equity	Preferred Series A-1	191,210	425	1,056
	Medical Devices & Equipment	Equity	Preferred Series A-2	191,626	500	1,009
Total Gelesis, Inc.				581,038	925	3,061
Medrobotics Corporation ⁽¹⁵⁾	Medical Devices & Equipment	Equity	Preferred Series E	136,798	250	209
	Medical Devices & Equipment	Equity	Preferred Series F	73,971	155	171
	Medical Devices & Equipment	Equity	Preferred Series G	163,934	500	442
Total Medrobotics Corporation				374,703	905	822
Optiscan Biomedical, Corp. ⁽⁶⁾⁽¹⁵⁾	Medical Devices & Equipment	Equity	Preferred Series B	6,185,567	3,000	345
	Medical Devices & Equipment	Equity	Preferred Series C	1,927,309	655	100
	Medical Devices & Equipment	Equity	Preferred Series D	55,103,923	5,257	3,193
	Medical Devices & Equipment	Equity	Preferred Series E	31,199,131	2,609	2,618
Total Optiscan Biomedical, Corp.				94,415,930	11,521	6,256
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Equity	Preferred Series B	232,061	527	667
Quanterix Corporation ⁽⁴⁾	Medical Devices & Equipment	Equity	Common Stock	84,778	1,000	1,445
Subtotal: Medical Devices & Equipment (1.50%)*					16,644	12,406
Software						
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	51	87
Druva, Inc.	Software	Equity	Preferred Series 2	458,841	1,000	1,073
	Software	Equity	Preferred Series 3	93,620	300	313
Total Druva, Inc.				552,461	1,300	1,386
ForeScout Technologies, Inc. ⁽⁴⁾	Software	Equity	Common Stock	199,842	529	6,483
HighRoads, Inc.	Software	Equity	Common Stock	190	307	—
NewVoiceMedia Limited ⁽⁵⁾⁽¹⁰⁾	Software	Equity	Preferred Series E	669,173	963	1,392
Palantir Technologies	Software	Equity	Preferred Series E	727,696	5,431	4,923
	Software	Equity	Preferred Series G	326,797	2,211	2,211
Total Palantir Technologies				1,054,493	7,642	7,134

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

Sprinklr, Inc.	Software	Equity	Common Stock	700,000	3,749	3,752
WildTangent, Inc. ⁽¹⁵⁾	Software	Equity	Preferred Series 3	100,000	402	172
Subtotal: Software (2.46%)*					14,943	20,406

See notes to consolidated financial statements.

17

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 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	\$48
	Surgical Devices	Equity	Preferred Series C	656,538	282	65
	Surgical Devices	Equity	Preferred Series D	1,991,157	711	822
	Surgical Devices	Equity	Preferred Series E	2,786,367	429	542
Total Gynesonics, Inc.				5,653,360	1,672	1,477
Transmedics, Inc.						
	Surgical Devices	Equity	Preferred Series B	88,961	1,100	427
	Surgical Devices	Equity	Preferred Series C	119,999	300	340
	Surgical Devices	Equity	Preferred Series D	260,000	650	1,071
	Surgical Devices	Equity	Preferred Series F	100,200	500	561
Total Transmedics, Inc.				569,160	2,550	2,399
Subtotal: Surgical Devices (0.47%)*					4,222	3,876
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	360
Proterra, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series 5	99,280	500	527
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) ⁽⁶⁾	Sustainable and Renewable	Equity	Common Stock	288	61,502	12,315

Technology

Subtotal: Sustainable and Renewable Technology (1.59%)*	63,263	13,202
Total: Equity Investments (13.76%)*	164,896	113,999

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽³⁾	Value ⁽⁴⁾
Warrant Investments						
Biotechnology Tools						
Labcyte, Inc. ⁽¹⁵⁾	Biotechnology Tools	Warrant	Preferred Series C	1,127,624	\$ 323	\$ 494
Subtotal: Biotechnology Tools (0.06%)*					323	494
Communications & Networking						
Peerless Network Holdings, Inc.	Communications & Networking	Warrant	Common Stock	3,328	—	16
	Communications & Networking	Warrant	Preferred Series A	135,000	95	550
Total Peerless Network Holdings, Inc.				138,328	95	566
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Common Stock	2,834,375	417	—
Subtotal: Communications & Networking (0.07%)*					512	566
Consumer & Business Products						
Gadget Guard (p.k.a Antenna79) ⁽¹⁵⁾	Consumer & Business Products	Warrant	Common Stock	1,662,441	228	—
Intelligent Beauty, Inc. ⁽¹⁵⁾	Consumer & Business Products	Warrant	Preferred Series B	190,234	230	233
The Neat Company ⁽¹⁵⁾	Consumer & Business Products	Warrant	Preferred Series C-1	540,540	365	—
Subtotal: Consumer & Business Products (0.03%)*					823	233
Drug Delivery						
AcelRx Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁰⁾⁽¹⁵⁾	Drug Delivery	Warrant	Common Stock	176,730	786	66
Agile Therapeutics, Inc. ⁽⁴⁾	Drug Delivery	Warrant	Common Stock	180,274	730	44
BioQ Pharma Incorporated	Drug Delivery	Warrant		459,183	1	1,155

Edgar Filing: Hercules Capital, Inc. - Form 10-Q

			Common Stock			
Celsion Corporation ⁽⁴⁾	Drug Delivery	Warrant	Common Stock	13,927	428	—
Dance Biopharm, Inc. ⁽¹⁵⁾	Drug Delivery	Warrant	Common Stock	110,882	74	—
Edge Therapeutics, Inc. ⁽⁴⁾	Drug Delivery	Warrant	Common Stock	78,595	390	25
Kaleo, Inc. (p.k.a. Intelliject, Inc.)	Drug Delivery	Warrant	Preferred Series B	82,500	594	1,076
Neos Therapeutics, Inc. ⁽⁴⁾⁽¹⁵⁾	Drug Delivery	Warrant	Common Stock	70,833	285	71
Pulmatrix Inc. ⁽⁴⁾	Drug Delivery	Warrant	Common Stock	25,150	116	—
ZP Opco, Inc (p.k.a. Zosano Pharma) ⁽⁴⁾	Drug Delivery	Warrant	Common Stock	3,618		