

July 29, 2021

SECOND QUARTER 2021 INVESTOR PRESENTATION

Financing the Growth of Tomorrow's Companies Today™



HTGC
LISTED
NYSE

IMPORTANT NOTICE: FORWARD LOOKING STATEMENTS

This presentation may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. You should understand that under Section 27A(b)(2)(B) of the Securities Act of 1933, as amended, and Section 21E(b)(2)(B) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 do not apply to forward-looking statements made in periodic reports we file under the Exchange Act.

The information disclosed in this presentation is made as of the date hereof and reflects Hercules’ current assessment of its financial performance for the period reported. Actual financial results filed with the Securities and Exchange Commission in the future may differ from those contained herein in the event of additional adjustments recorded prior to the filing of its financial statements.

This presentation may contain “forward-looking statements.” These forward-looking statements include comments with respect to our financial objectives, loan portfolio growth, strategies and results of our operations.

However, by their nature, these forward-looking statements involve numerous assumptions, uncertainties and risks, both general and specific. The risk exists that these statements may not be fulfilled. We caution readers of this presentation not to place undue reliance on these forward-looking statements as a number of factors could cause future Company results to differ materially from these statements.

Forward-looking statements may be influenced in particular by factors such as fluctuations in interest rates and stock indices, the effects of competition in the areas in which we operate, and changes in economic, political and regulatory conditions. We caution that the foregoing list is not exhaustive.

When relying on forward-looking statements to make decisions, investors should carefully consider the aforementioned factors as well as other uncertainties and events. Historical results discussed in this presentation are not indicative of future results. This presentation should be read in conjunction with our recent SEC filings.

HERCULES CAPITAL

Structure

Internally Managed Business Development Company (BDC)

IPO Date

June 9, 2005

Investment Options

HTGC (NYSE) – Common Stock

Institutional Notes PAR \$1000.00

- 4.625% Notes due 2022
- 4.77% Notes due 2024
- 4.28% Notes due 2025
- 4.31% Notes due 2025
- 4.50% Notes due 2026
- 4.55% Notes due 2026

Retail Notes (Baby Bonds) PAR \$25.00

- HCXY (NYSE) 6.25% Notes due 2033

Convertible Notes

- 4.375% Notes due 2022

Securitization Notes

- 4.605% Asset-backed Notes due 2027
- 4.703% Asset-backed Notes due 2028

Annualized Dividend Yield⁽¹⁾

7.5% as of June 30, 2021

Distributions Declared

\$0.32 per share for Q2 2021
\$0.07 per share supplemental for Q2 2021

Price to NAV

1.47x - July 26, 2021
~1.1x to 1.5x historical range

(1) Annualized based on the \$0.32 base distribution declared for Q2 2021 and a closing stock price of \$17.06 as of June 30, 2021

SECOND QUARTER 2021 INVESTOR PRESENTATION

- Key Performance Highlights
- Company & Strategic Overview
- Financial Highlights
- Portfolio Highlights
- Venture Capital Market Opportunity
- Analyst Coverage
- Supplemental Information

KEY PERFORMANCE HIGHLIGHTS



Q2 2021 HIGHLIGHTS

Robust Earnings

- Net Investment Income (NII) of \$37.0M up 3.6% Y-Y
- Total Investment Income of \$69.6M, up 2.3% Y-Y
- NII per share of \$0.32

Strong Shareholder Returns

- 1YR/3YR/5YR Total Shareholder Returns⁽¹⁾: 75.2%/65.0%/88.0%
- ROAE^(1,2,): 11.8%
- ROAA^(1,2,): 5.9%
- Net Interest Margin (NIM): 9.4%

High-Yield Portfolio of Earning Assets

- Total Debt Investments (at cost): \$2.24B
- Total Investments (at cost): \$2.40B
- Effective Yield: 12.7%

Industry-Leading Originations Platform

- \$12.0B in total debt commitments since inception
- Cumulative Total Net Realized (Loss) since inception of (\$86.2M) or annualized loss rate of 4.0 basis points
- Gross debt & equity commitments: \$440.8M
- Gross debt & equity fundings: \$278.7M

Strong Liquidity and Balance Sheet

- \$610.0M available liquidity (subject to existing terms and covenants)
- GAAP and regulatory leverage: 87.7% and 83.8%⁽³⁾

Strong Capital Raising Position

- Price-to-NAV: 1.47x⁽⁴⁾
- “ATM” Equity Distribution Agreement
- Investment Grade Credit Ratings: Moody’s: Baa3 | DBRS: BBB | KBRA: BBB+

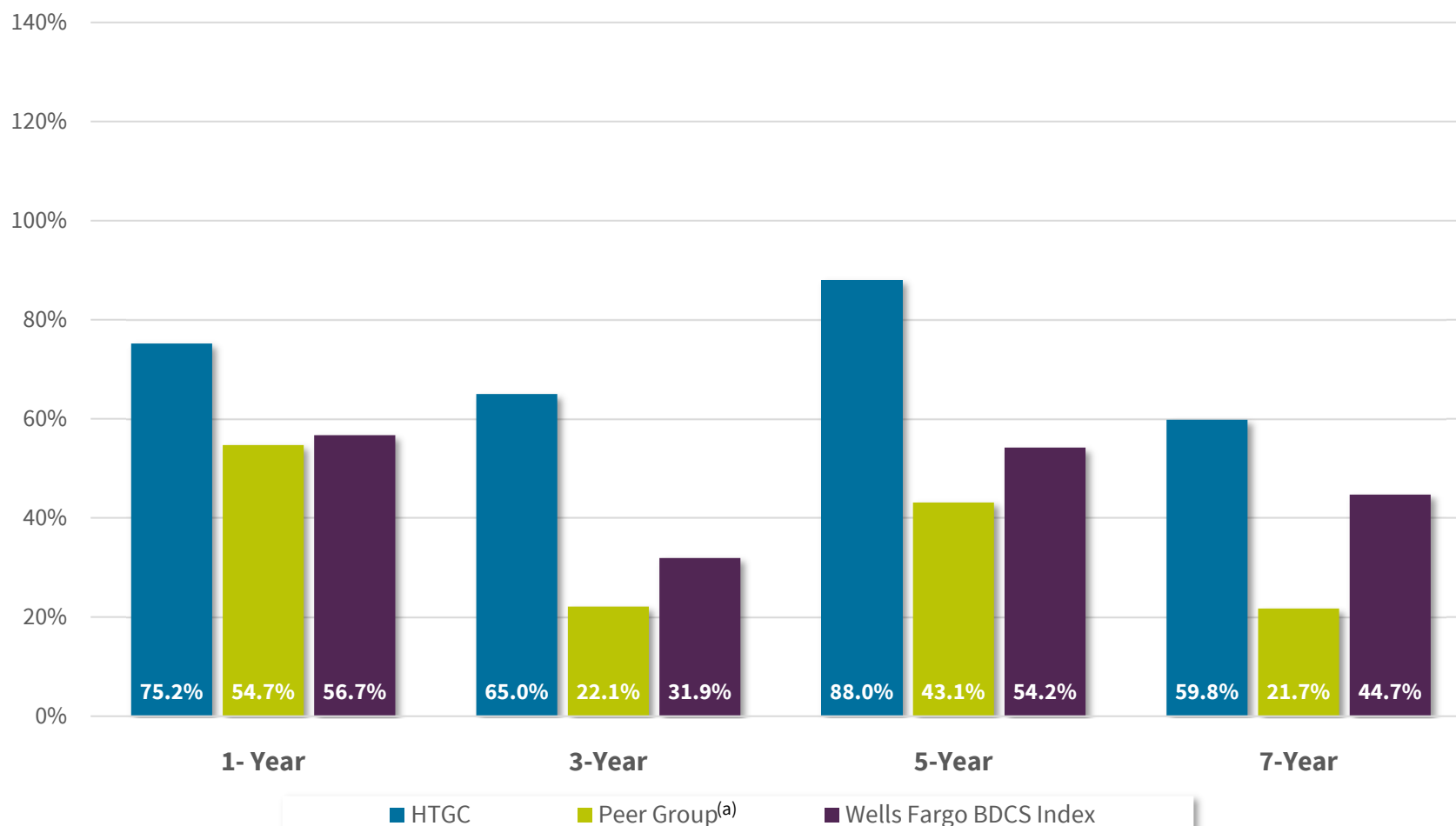
(1) Source: S&P CapIQ as of 6/30/21

(2) Based on NII, excludes realized and unrealized gains/losses

(3) Regulatory leverage is defined as GAAP leverage excluding SBA debentures

(4) As of July 26, 2021

TOTAL SHAREHOLDER RETURN (TSR)^(b) vs. BDCs & WELLS FARGO INDEX



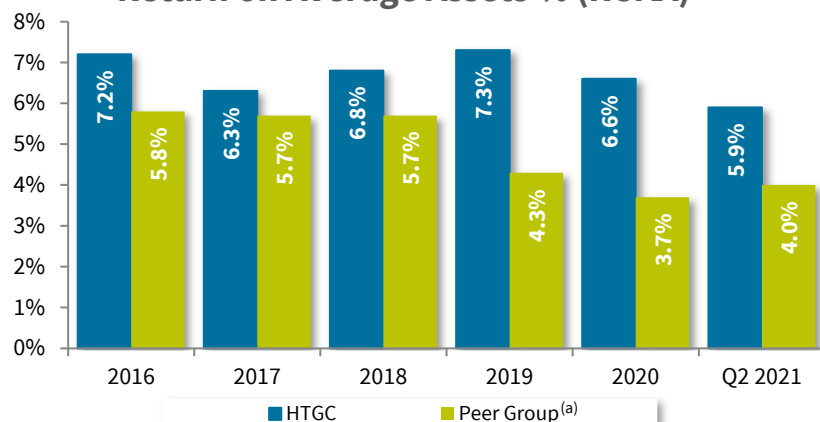
(a) Peer Group: AINV, ARCC, BKCC, OCSL, FSK, GBDC, GSBD, MAIN, NMFC, OXSQ, PNNT, PSEC, SLRC, BBDC, TCPC, FCRD, TSLX

(b) TSR is defined as stock appreciation plus dividend distributions

Source: S&P Capital IQ as of June 30, 2021

DELIVERING STRONG SUSTAINABLE SHAREHOLDER RETURNS

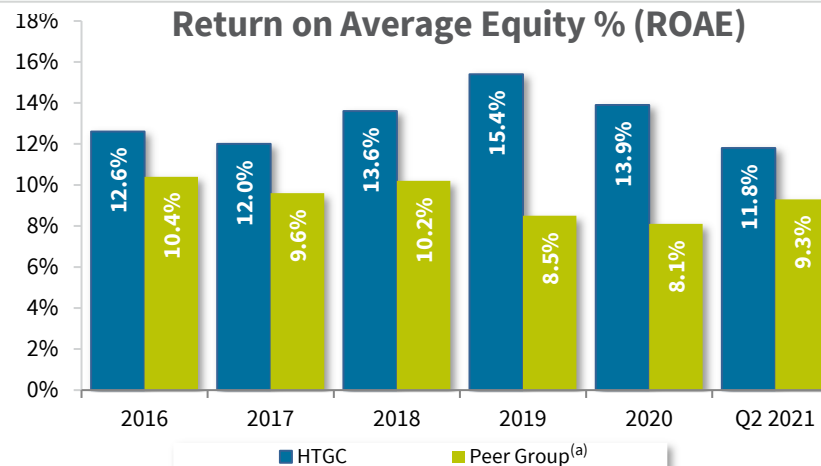
Return on Average Assets % (ROAA)



Source: S&P Capital IQ as of 6/30/21 for HTGC and Peer Group. Return on Average Assets excluding cash. NII divided by average of beginning of period total assets excluding cash and end of period total assets excluding cash.

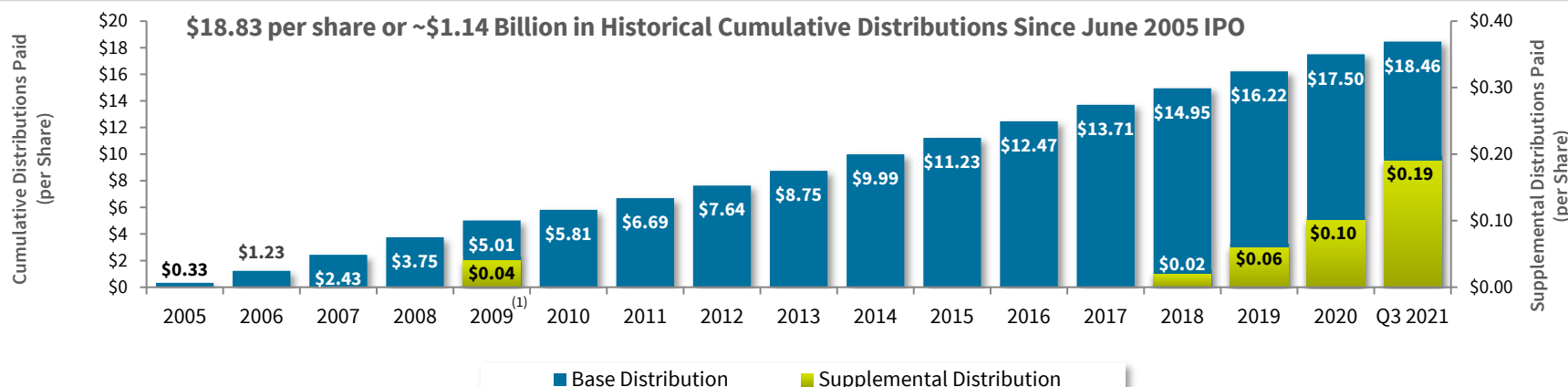
(a) Peer Group: AINV, ARCC, BKCC, OCSL, FSK, GBDC, GSBD, MAIN, NMFC, OXSQ, PNNT, PSEC, SLRC, BBDC, TCPC, FCRD, TSLX

Return on Average Equity % (ROAE)



Source: S&P Capital IQ as of 6/30/21 for HTGC and Peer Group. Return on Average Equity based on NII. NII divided by average of beginning of period equity and end of period equity.

\$18.83 per share or ~\$1.14 Billion in Historical Cumulative Distributions Since June 2005 IPO

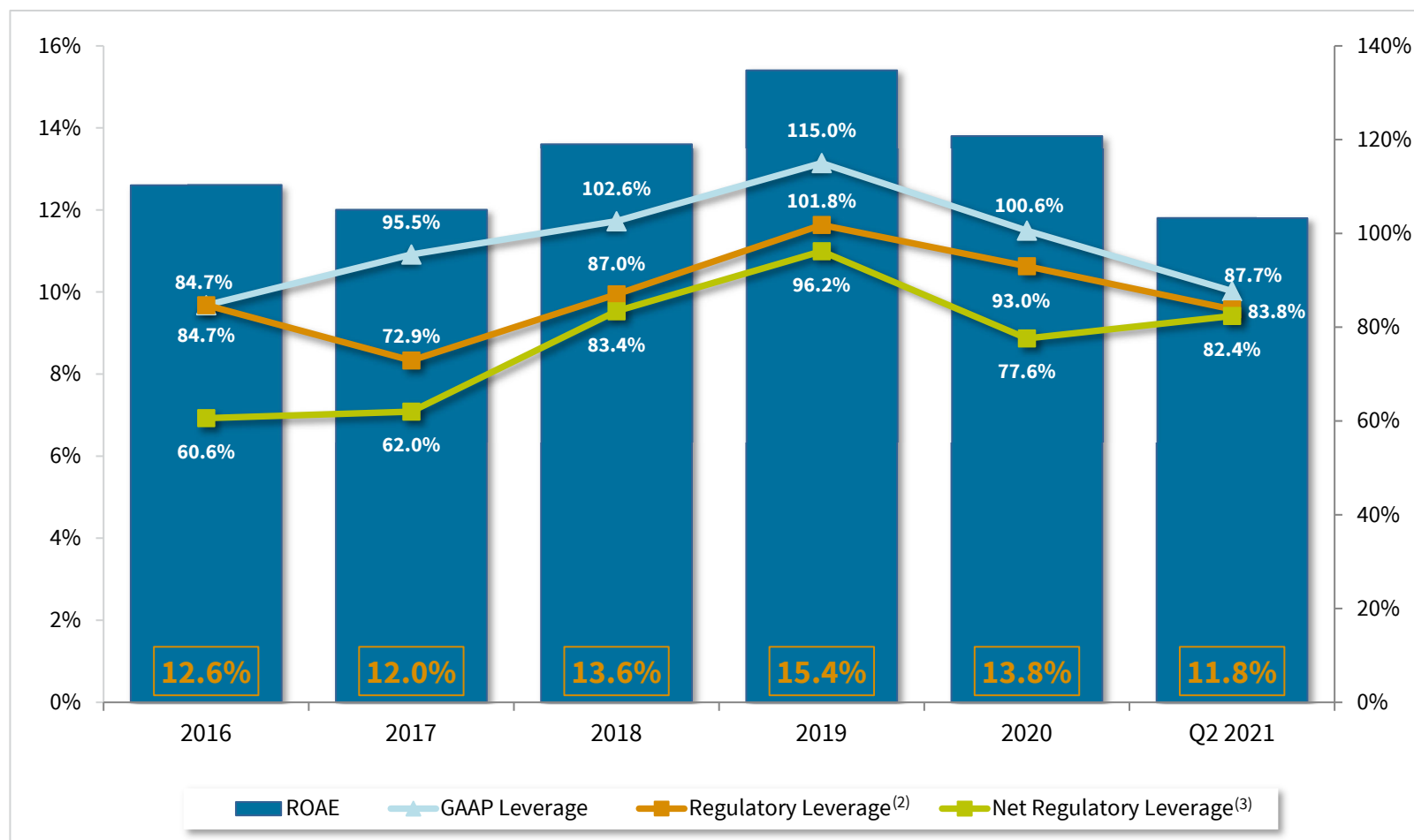


(1) Q1 09 distribution was paid in 10% cash and 90% stock

Note: The Yield Calculation may include a potential tax return of capital. Any portion of a distribution that is ultimately deemed to be a tax return of capital should not be considered. The determination of the tax attributes of the Company's distributions is made annually as of the end of the Company's fiscal year based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on a quarterly basis may not be representative of the actual tax attributes of its distributions for a full year. The tax attributes of its distributions for the years ended December 31, 2008 through June 30, 2021 were paid 100% from earnings and profits; however, there can be no certainty to shareholders that this determination is representative of the tax attributes of the Company's 2021 full year distributions to stockholders.

AVAILABLE LEVERAGE FOR POTENTIAL EARNINGS GROWTH

Leverage to Return on Average Equity % (ROAE)⁽¹⁾



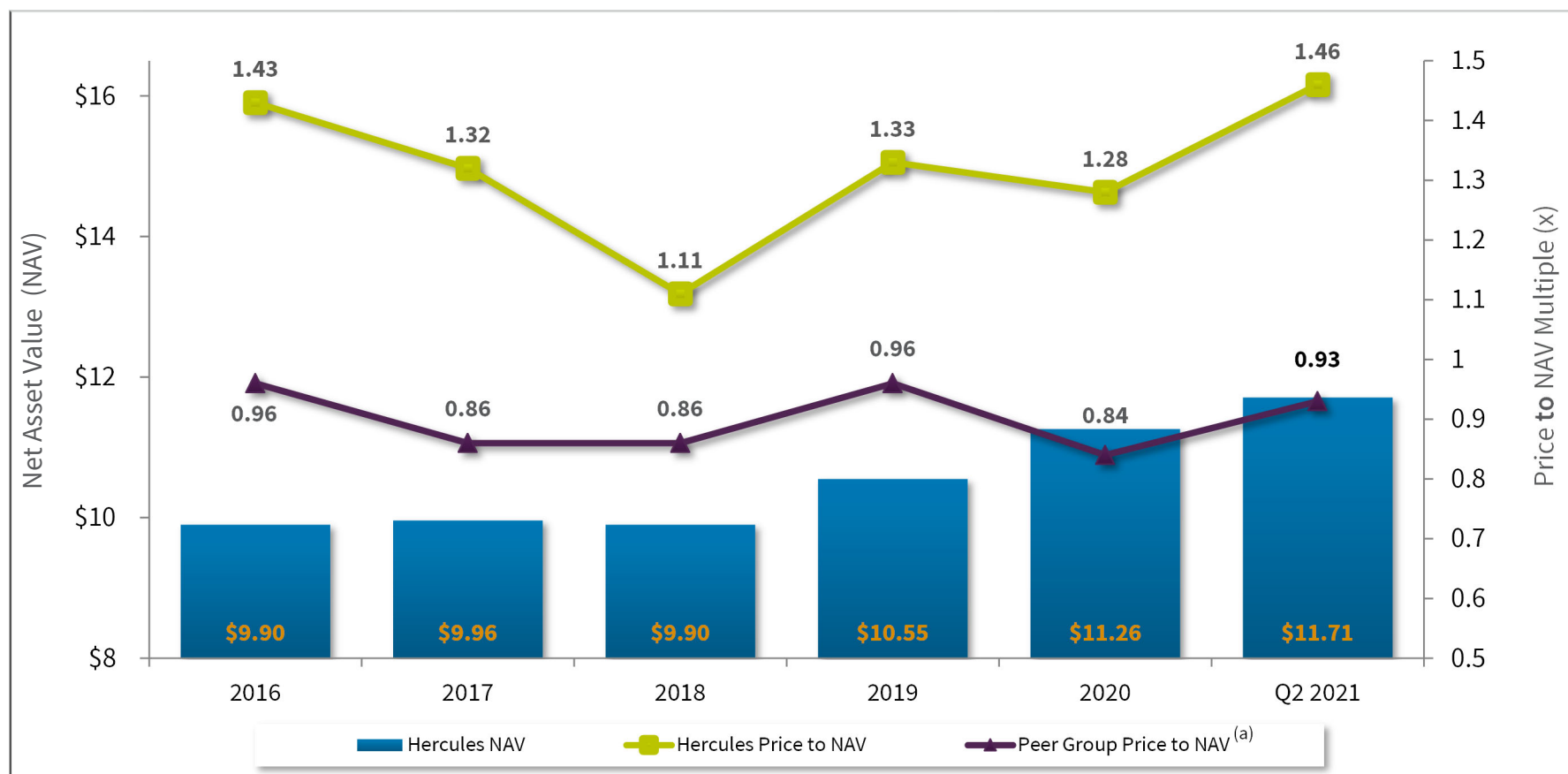
(1) Source: S&P Capital IQ as of 6/30/21. Return on Average Equity based on NII. NII divided by average of beginning of period equity and end of period equity.

(2) Excludes SBA

(3) Excludes SBA and cash

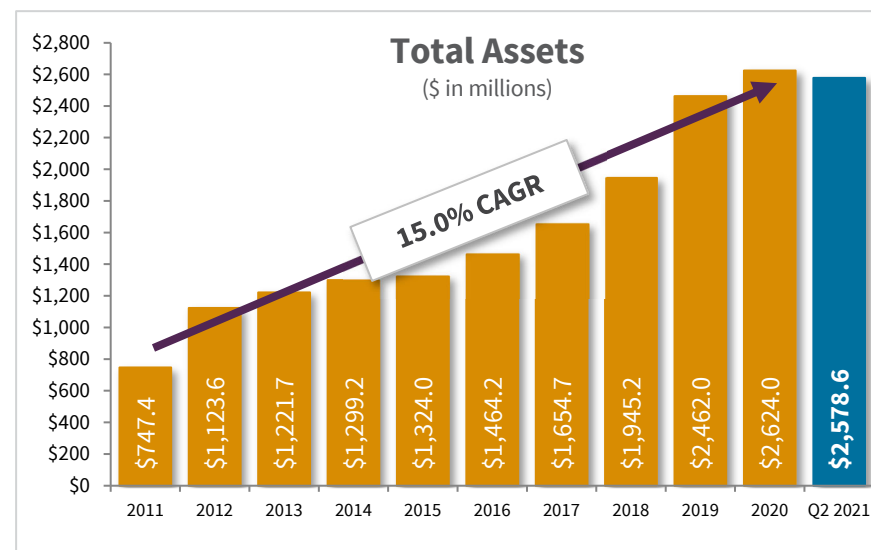
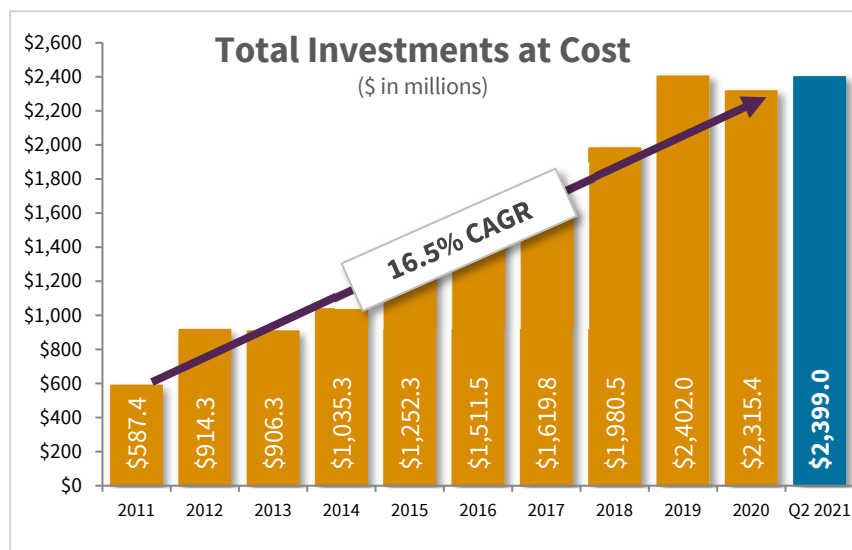
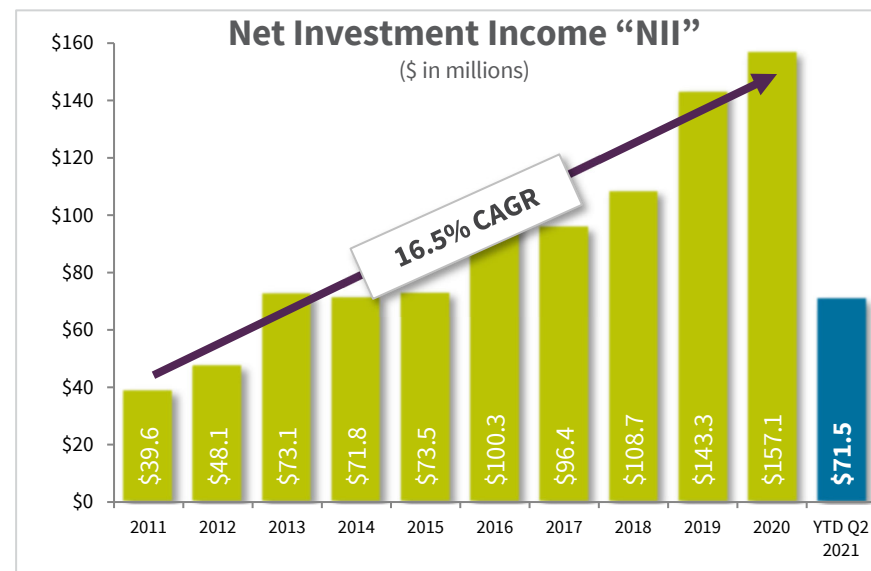
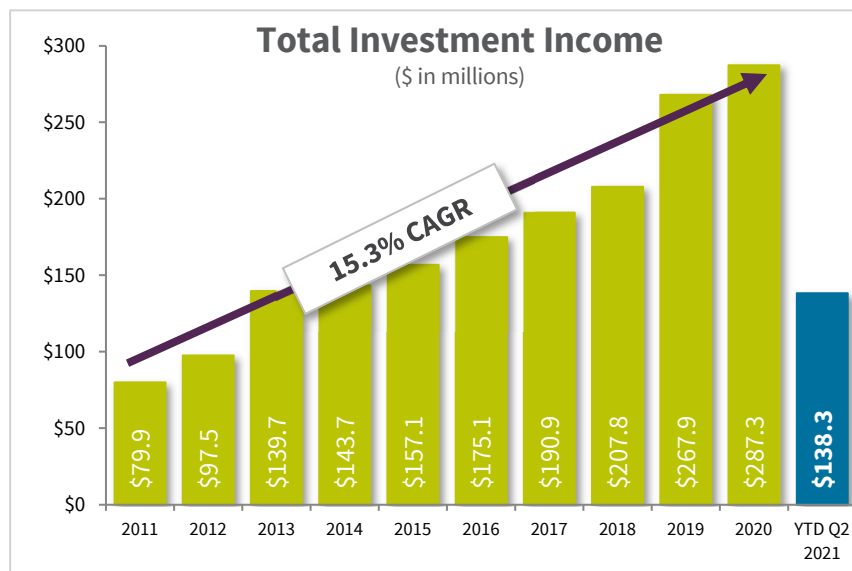
HERCULES CONSISTENTLY MAINTAINS A PREMIUM TO NAV

CREATES A STRONG CAPITAL RAISING POSITION TO SUPPORT GROWTH



(a) Peer Group: AINV, ARCC, BKCC, OCSL, FSK, GBDC, GSBD, MAIN, NMFC, OXSQ, PNNT, PSEC, SLRC, BBDC, TCPC, FCRD, TSLX
Price to NAV Source: S&P CapiQ as of 6/30/21 for HTGC and Peer Group. Stock price based on closing price on last trading day of each calendar year or relative quarter.

HERCULES KEY PERFORMANCE HIGHLIGHTS

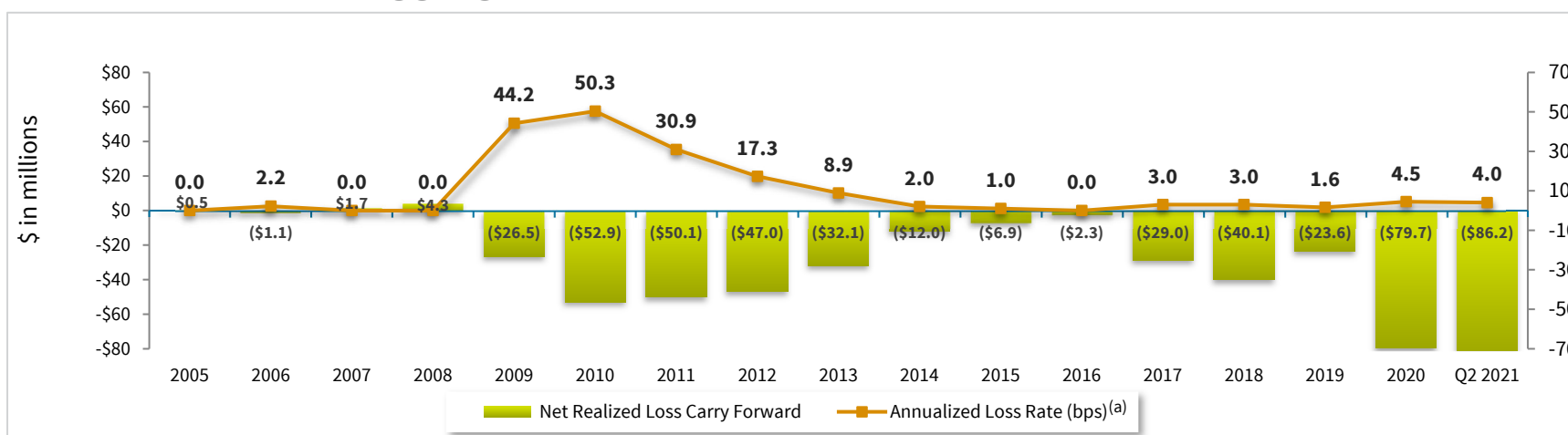


PORTFOLIO GROWTH WITH UNDERWRITING DISCIPLINE

Cumulative Net Debt Commitment and Fundings, Since Inception



Cumulative Total Aggregate Net Realized Gains/(Losses), Since Inception



(a) When compared to total new debt commitments during the same period

COMPANY & STRATEGIC OVERVIEW



HERCULES AT-A-GLANCE

LARGEST BDC FOCUSED ON PROVIDING FINANCING TO HIGH-GROWTH VENTURE CAPITAL-BACKED COMPANIES

<p>\$2.0 BILLION</p> <p>MARKET CAPITALIZATION</p> <p>FOUNDED DECEMBER 2003 IPO: June 2005 “HTGC”</p> <p>ENTERPRISE VALUE \$3.15 billion⁽¹⁾</p> <p>MARKET CAPITALIZATION \$2.0 billion⁽¹⁾</p> <p>NET ASSET VALUE PER SHARE \$11.71 as of 6/30/21</p> <p>HISTORICAL PRICE/NAV ~1.1x to ~1.5x range</p> <p>CURRENT PRICE/NAV 1.47x⁽¹⁾</p>	<p>\$2.24 BILLION</p> <p>DEBT INVESTMENT PORTFOLIO</p> <p>DEBT INVESTMENT COST BASIS \$2.24 billion</p> <p>DEBT INVESTMENT FAIR VALUE \$2.24 billion</p> <p>EFFECTIVE YIELD 12.7%</p> <p>DEBT INVESTMENTS IN 92 companies</p> <p>SHORT TERM MATURITIES 36-42 months</p> <p>INVESTMENT SIZE \$5 to \$200 million</p>	<p>93 COMPANIES</p> <p>WARRANT & EQUITY PORTFOLIO</p> <p>WARRANT HOLDINGS IN 93 companies</p> <p>EQUITY HOLDINGS IN 67 companies</p> <p>TOTAL WARRANT AND EQUITY GAAP COST \$158.9 million</p> <p>TOTAL WARRANT AND EQUITY FAIR VALUE \$276.6 million</p>	<p>\$610.0 MILLION</p> <p>LIQUIDITY & BALANCE SHEET</p> <p>AVAILABLE LIQUIDITY TO INVEST⁽²⁾ \$610.0 million</p> <p>GAAP LEVERAGE 87.7% / 83.8% ex. SBA</p> <p>INVESTMENT GRADE RATINGS Moody's: Baa3 DBRS: BBB KBRA: BBB+</p> <p>SECURITIZATION INVESTMENT GRADE RATINGS KBRA: A(sf)</p>
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(1) Source for Enterprise Value and Market Capitalization is S&P Capital IQ as of July 26, 2021

(2) Subject to existing terms and covenants



WHY IS HERCULES DIFFERENT THAN OTHER BDCs

WE INVEST IN INNOVATIVE VENTURE GROWTH-STAGE COMPANIES

What We Don't Do

- No direct oil and gas exposure
- No CLO exposure
- No CMBS or RMBS exposure
- No metals or minerals exposure

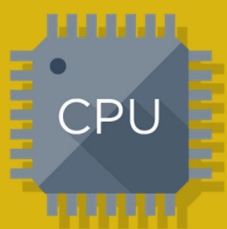
What We Do

- We focus primarily on pre-IPO and M&A, innovative high-growth venture capital backed companies at their expansion (venture growth) and established stages in a broadly diversified variety of technology, life sciences and sustainable and renewable technology industries
- Highly asset sensitive debt investment portfolio – **96.8%** floating rate loans and with interest rate floors⁽¹⁾
- We are generally the only lender and **82.1%** are "true" first lien senior secured⁽¹⁾
- The majority of our debt investments include warrants for potential additional total return
- Substantially all of our debt investments have short term amortizing maturities (36-42 months)
- Focused on strong and sustainable shareholder returns
- Disciplined, proven investment philosophy with over 16 years of strong credit performance history

(1) As of June 30, 2021

WE ARE AT CENTER STAGE OF THE INNOVATION ECONOMY

HERCULES HAS DOMAIN EXPERTISE IN FIVE SPECIALIZED LENDING GROUPS
“WE ARE NOT GENERALISTS”



Technology



**Life
Sciences**



**SaaS
Financing**



**Sustainable
and Renewable
Technology**



**Special
Situations**

We Invest at the Expansion “Venture Growth” and Established Stage

\$12.0 billion in total debt commitments to over 530 companies since inception

Offices in key venture capital markets: CA | MA | NY | DC | IL | CT

Over 1000 different VC & PE firms, financial investors

Over 200 portfolio companies completed/announced an IPO or M&A event since inception

FINANCIAL HIGHLIGHTS



INCOME STATEMENT: Q2 2021 VS. Q2 2020 SUMMARY RESULTS

	Three Months Ended June 30,		
	2021	2020	Year/Year
(\$ in 000's, except per share amounts)	(unaudited)	(unaudited)	Change
Interest Income	\$ 61,306	\$ 63,555	-4%
Fee Income	8,253	4,413	87%
Total Investment Income	69,559	67,968	2%
Interest and Loan Fees	16,710	16,726	0%
General and Administrative	5,814	5,863	-1%
Employee Compensation	11,275	9,695	16%
Expenses Allocated to the Adviser Subsidiary	(1,204)	-	
Total Net Operating Expenses	32,595	32,284	1%
Pre-Tax Net Investment Income-NII	36,964	35,684	4%
Total Net Realized & Change in Unrealized Appreciation (Depreciation) on Investments	45,767	26,081	
Net Increase(Decrease) in Net Assets from Operations	82,731	61,765	34%
NII - Net Investment Income per Share (Basic)	\$ 0.32	\$ 0.32	0%
Weighted Average Shares Outstanding - Basic	114,654	111,558	3%

CURRENT AND HISTORICAL INCOME STATEMENTS

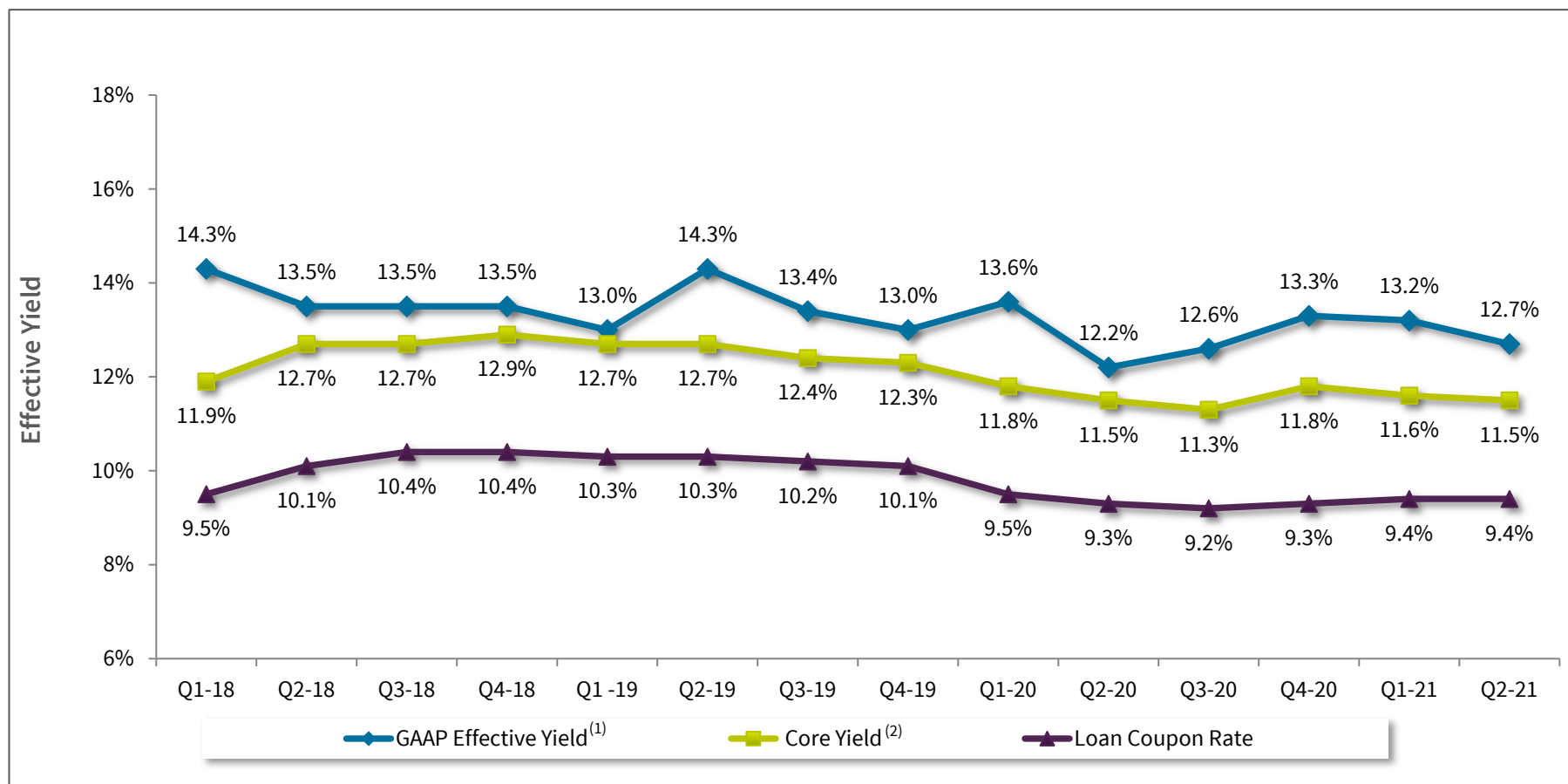
	Six Months Ended June 30,	Twelve Months Ended December 31,
	2021	2020
<i>(\$ in 000's, except per share amounts)</i>		
Interest Income	\$ 125,088	\$ 263,379
Fee Income	13,230	23,879
Total Investment Income	138,318	287,258
Interest and Loan Fees	34,260	66,874
General and Administrative	10,848	23,195
Employee Compensation	23,823	40,049
Expenses allocated to the Adviser Subsidiary	(2,137)	-
Total Net Operating Expenses	66,794	130,118
Other Income		
Pre-Tax Net Investment Income-NII	71,524	157,140
Total Net Realized & Change in Unrealized Appreciation (Depreciation) on Investments	75,370	70,121
Net Increase(Decrease) in Net Assets from Operations	146,894	227,261
NII - Net Investment Income per Share (Basic)	\$ 0.62	\$ 1.39
Weighted Average Shares Outstanding - Basic	114,480	111,985

CURRENT & HISTORICAL BALANCE SHEET

	June 30,	December 31,
	2021	2020
<i>(\$ in 000's, except per share amounts)</i>		
ASSETS		
Total Investments	\$ 2,521,090	\$ 2,354,078
Cash and cash equivalents	18,447	198,282
Restricted cash	5,766	39,340
Interest receivable	19,063	19,077
Other assets	14,206	13,220
Total Assets	\$ 2,578,572	\$ 2,623,997
LIABILITIES		
Debt (net of deferred issuance costs)	1,177,515	1,286,638
Accounts payable and accrued liabilities	36,886	36,343
Operating lease liability	7,813	9,312
Total Liabilities	\$ 1,222,214	\$ 1,332,293
Net Assets	\$ 1,356,358	\$ 1,291,704
Shares Outstanding	115,867	114,726
Net Assets per Share	\$ 11.71	\$ 11.26

EFFECTIVE YIELD VS. CORE YIELD – LEADS TO STRONG EARNINGS

MEDIAN CORE YIELD OF 12.1% (Q1 2018 TO Q2 2021)

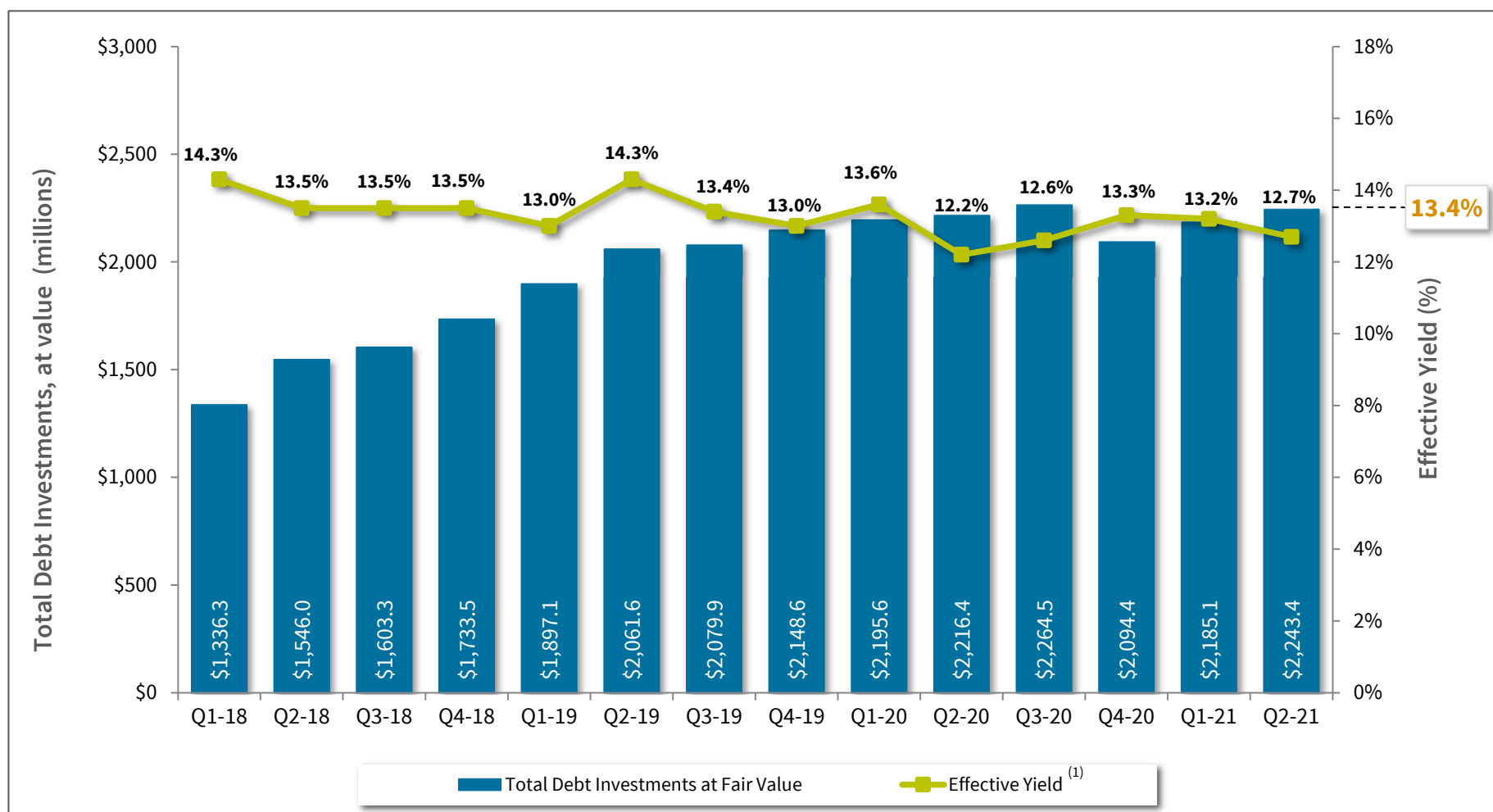


(1) Effective Yield is inclusive of all fees, including all realized unamortized fees and all realized transaction fees including but not limited to amendment fees and prepayment fees, and is calculated based on the weighted average principal balance of loans outstanding on a daily basis

(2) Core Yield excludes Early Repayments and One-Time Fees, and includes income and fees from expired commitments

HIGH-YIELD PORTFOLIO OF EARNING ASSETS

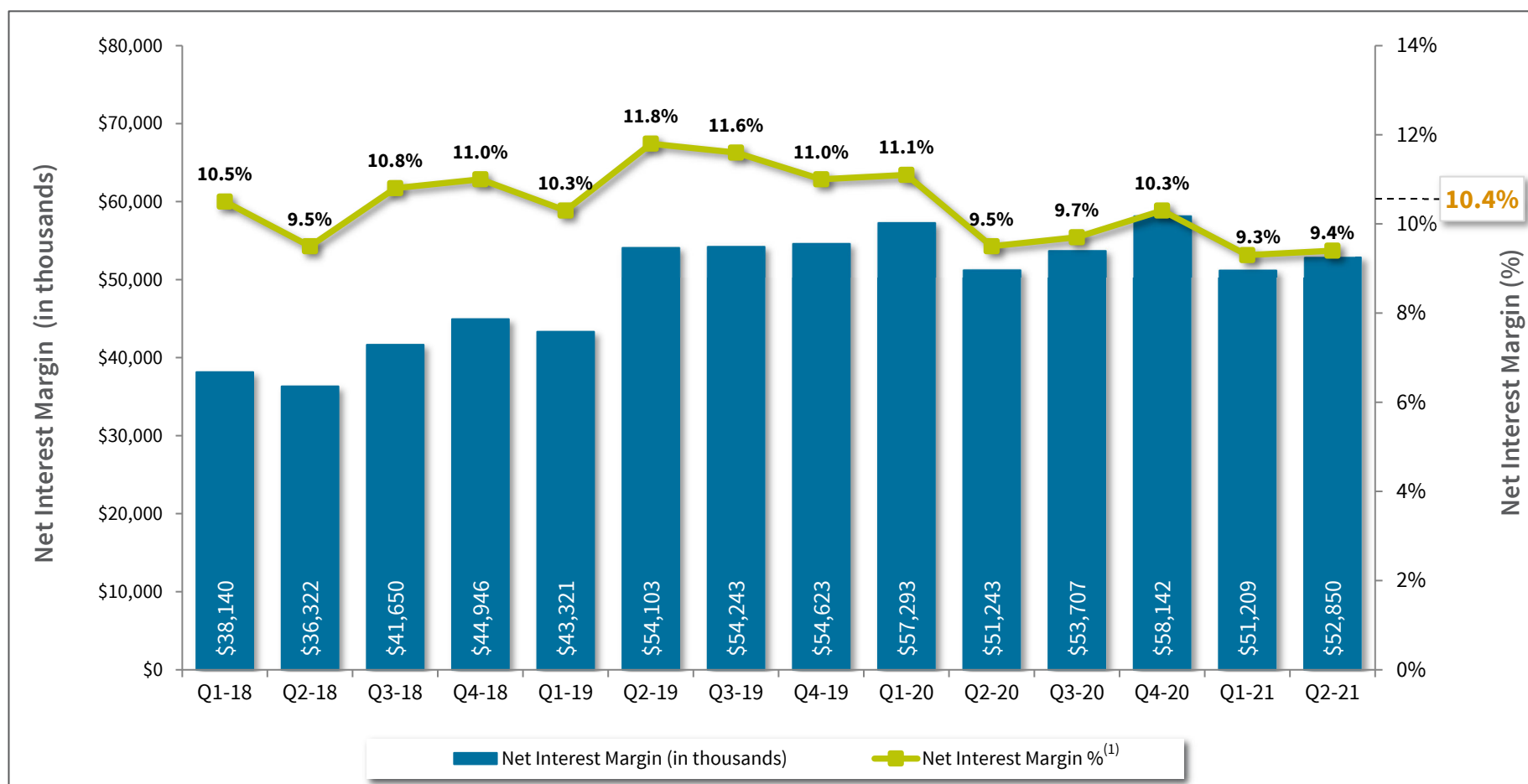
MEDIAN EFFECTIVE YIELD OF 13.4% (Q1 2018 TO Q2 2021)



(1) Effective Yield is inclusive of all fees, including all realized unamortized fees and all realized transaction fees including but not limited to amendment fees and prepayment fees, and is calculated based on the weighted average principal balance of loans outstanding on a daily basis

STRONG, CONSISTENT NET INTEREST MARGIN - NIM

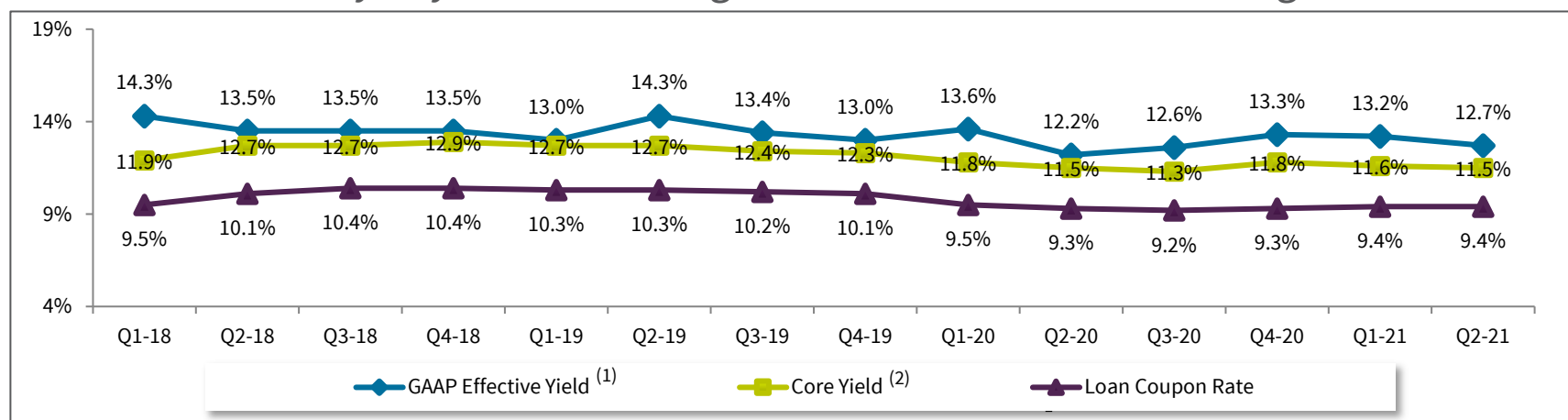
MEDIAN NIM OF 10.4% (Q1 2018 TO Q2 2021)



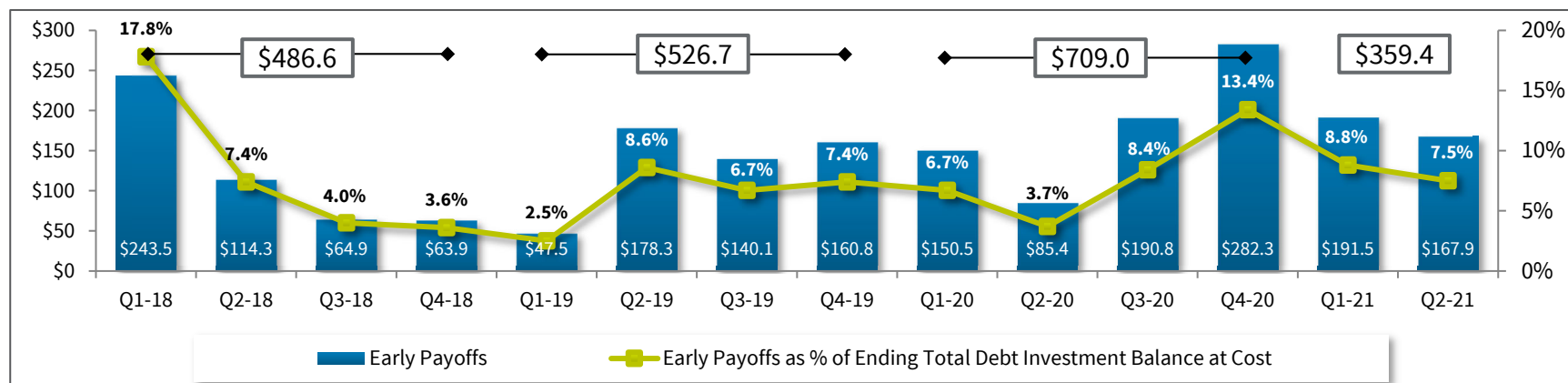
(1) Net Interest Margin = Net Interest Income/Average Yielding Assets excluding Equity Investments

IMPACT OF EARLY PAYOFFS ON EFFECTIVE YIELDS

Early Payoffs Lead to Higher Effective Yields and Earnings



EFFECTIVE YIELDS

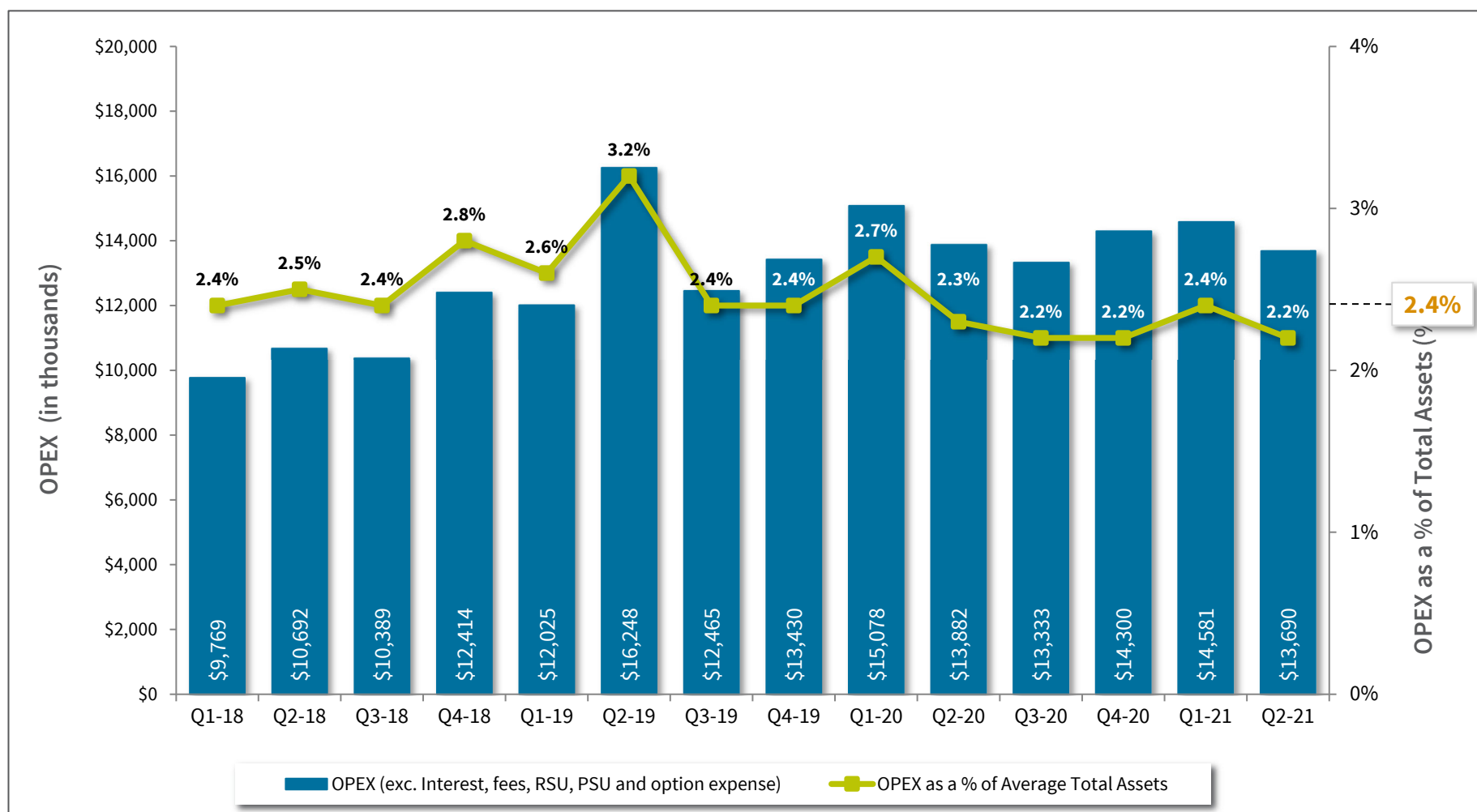


UNSCHEDULED EARLY PAYOFFS (\$ in millions)

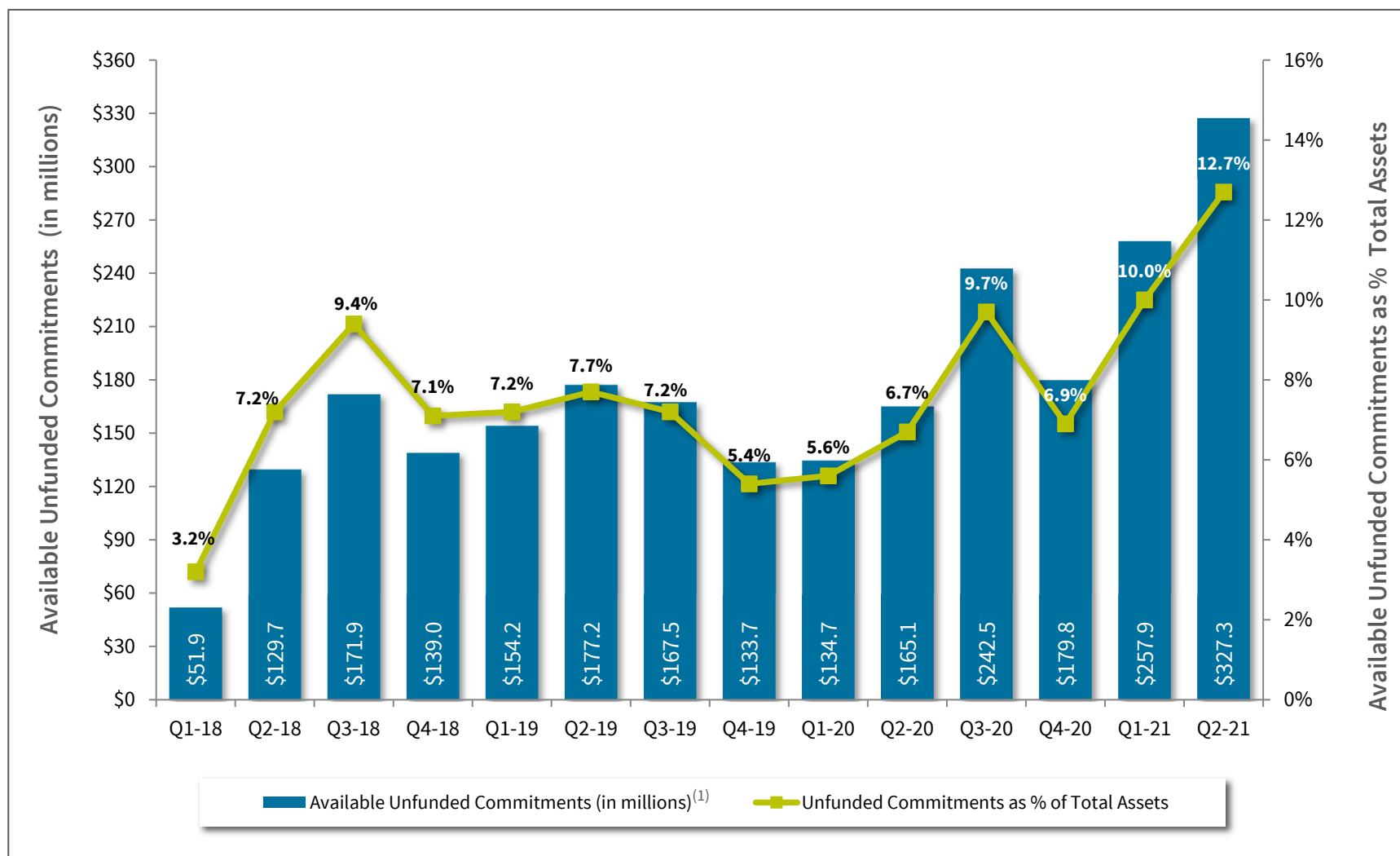
- (1) Effective Yield is inclusive of all fees, including all realized unamortized fees and all realized transaction fees including but not limited to amendment fees and prepayment fees, and is calculated based on the weighted average principal balance of loans outstanding on a daily basis
- (2) Core Yield excludes Early Repayments and One-Time Fees, and includes income and fees from expired commitments

NON-INTEREST AND FEE EXPENSE TO AVERAGE TOTAL ASSETS

MEDIAN ADJUSTED OPEX TO AVERAGE TOTAL ASSETS OF 2.4% (Q1 2018 TO Q2 2021)



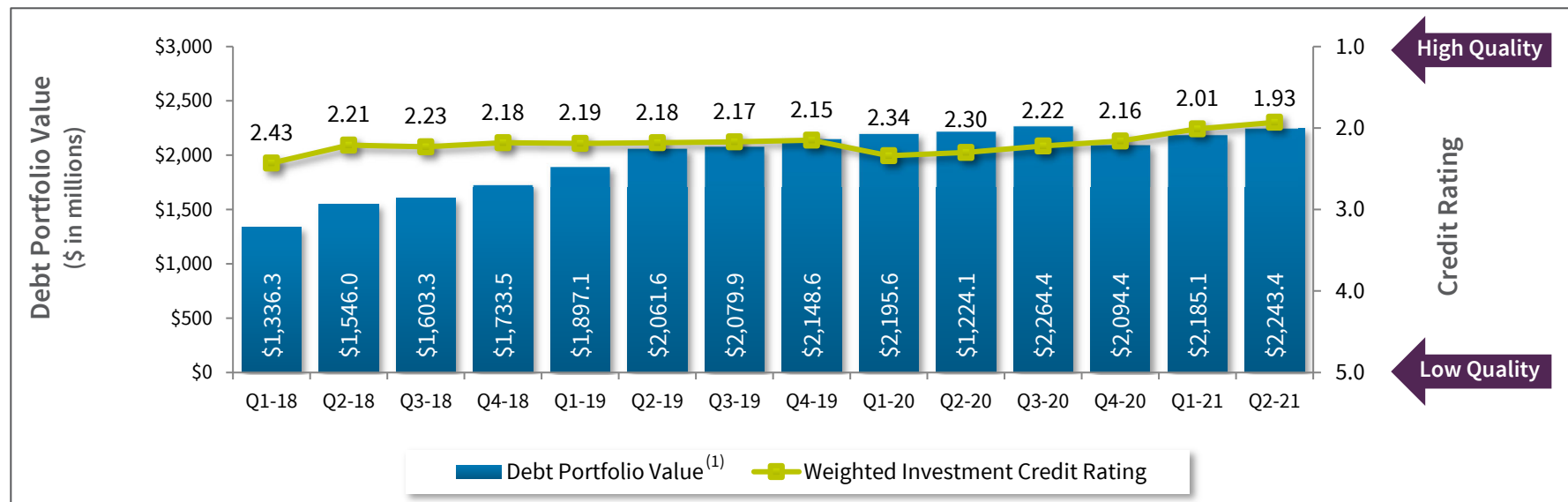
UNFUNDED COMMITMENTS AS A PERCENTAGE OF TOTAL ASSETS



(1) Amount represents available unfunded commitments, including undrawn revolving facilities, which are available at the request by the portfolio company.

CONSISTENT AND DISCIPLINED UNDERWRITING STANDARDS

Disciplined credit underwriting standards deliver consistent long-term results



Credit Grading at Fair Value, Q2 2021 - Q2 2020 (\$ in millions)

	Q2 2021		Q1 2021		Q4 2020		Q3 2020		Q2 2020	
Grade 1 - High	\$ 637.2	28.4%	\$ 497.5	22.8%	\$ 411.0	19.6%	\$ 406.5	17.9%	\$ 443.6	20.1%
Grade 2	\$ 1,192.7	53.1%	\$ 1,240.7	56.8%	\$ 1,027.9	49.1%	\$ 1,053.1	46.5%	\$ 877.9	39.6%
Grade 3	\$ 403.8	18.0%	\$ 426.2	19.5%	\$ 621.3	29.7%	\$ 772.3	34.1%	\$ 849.7	38.3%
Grade 4	\$ 8.4	0.4%	\$ 20.4	0.9%	\$ 25.3	1.2%	\$ 26.7	1.2%	\$ 25.0	1.1%
Grade 5 - Low	\$ 1.3	0.1%	\$ 0.2	0.0%	\$ 8.9	0.4%	\$ 5.9	0.3%	\$ 20.1	0.9%
Weighted Avg.	1.93		2.01		2.16		2.22		2.30	

(1) Debt only; based on fair value

DIVERSIFIED SOURCES OF FUNDING: Q2 2021

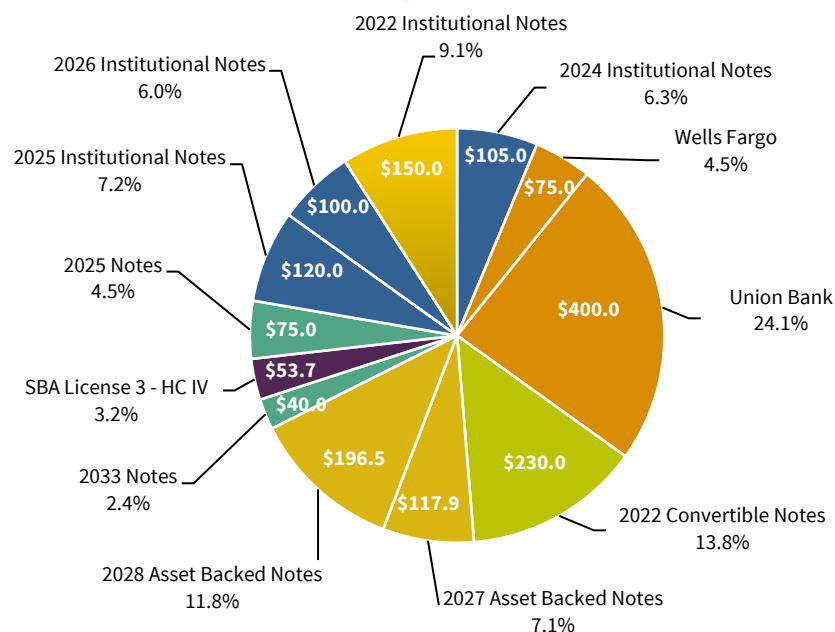
Entity Capitalization

Capital Sources as of 6/30/21

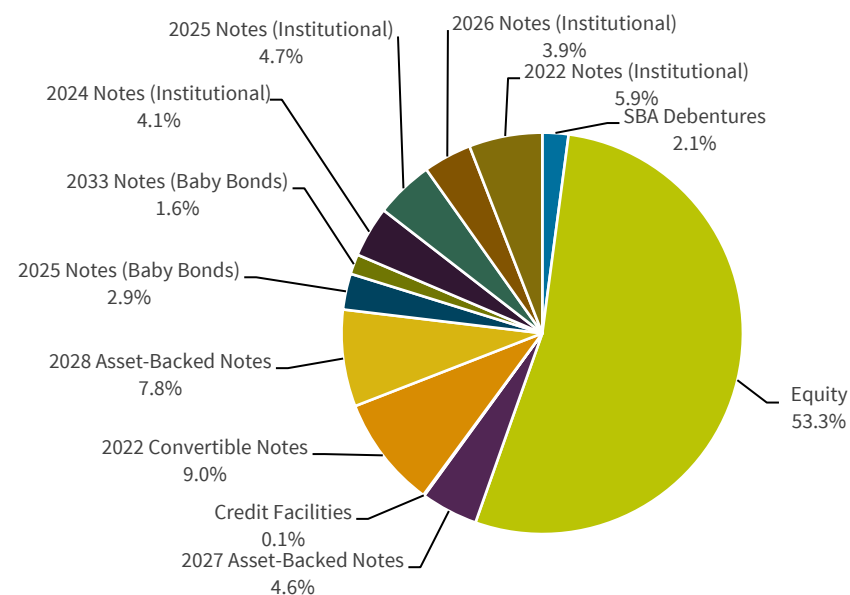
	\$ in Millions	% of Total
Equity	\$1,356.4	53.3%
SBA Debentures	\$53.7	2.1%
2027 Asset-Backed Notes	\$117.9	4.6%
2028 Asset-Backed Notes	\$196.5	7.8%
2022 Convertible Notes	\$230.0	9.0%
2022 Notes (Institutional)	\$150.0	5.9%
2024 Notes (Institutional)	\$105.0	4.1%
2025 Notes (Baby Bonds)	\$75.0	2.9%
2033 Notes (Baby Bonds)	\$40.0	1.6%
2025 Notes (Institutional)	\$120.0	4.7%
2026 Notes (Institutional)	100.0	3.9%
Credit Facilities	\$1.7	0.1%
Total Capital	\$2,546.2	100.0%

(\$ in millions)

Debt Capital Stack



Total Corporate Capitalization

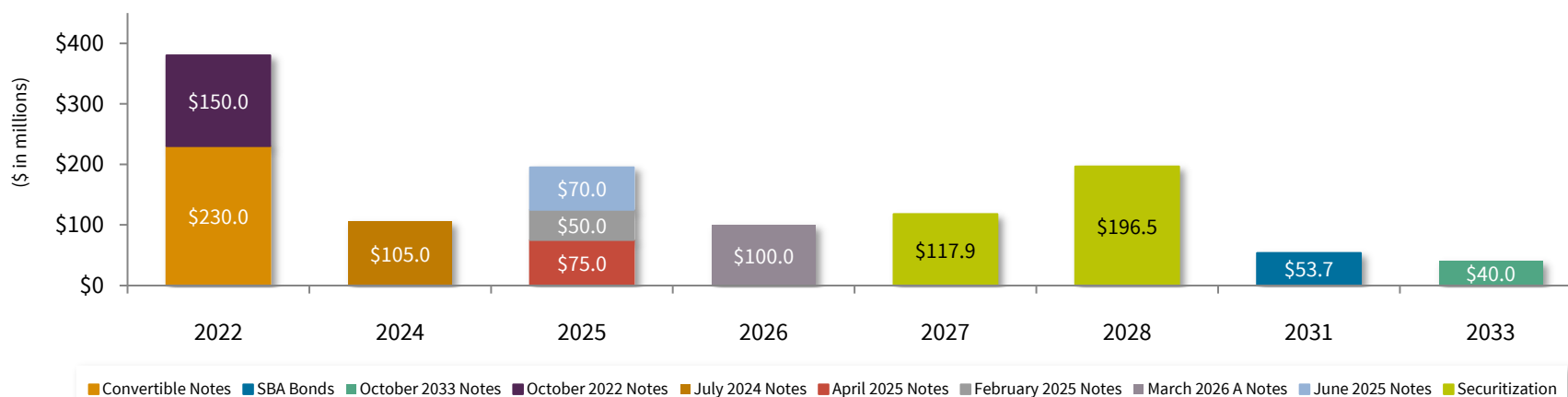


DIVERSIFIED SOURCES OF FUNDING (AS OF 6/30/21)

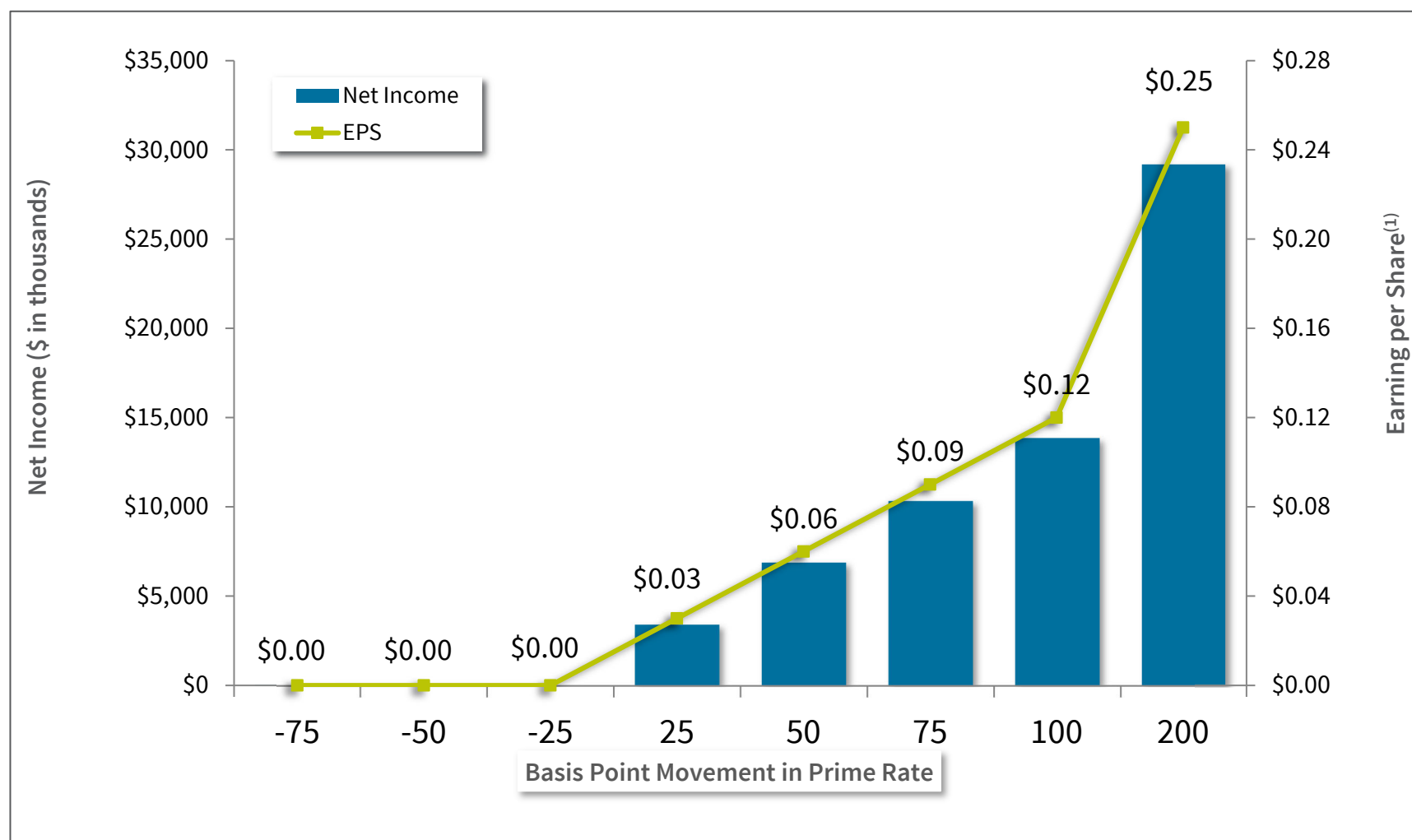
DATE ENTERED	Wells Fargo Credit Facility	Union Bank Credit Facility	Notes								SBA Debentures		Securitizations	
	Aug. 2008	Feb. 2020	January 2022 Conv. Notes	October 2022 Inst. Notes	April 2025 Notes	October 2033 Notes	July 2024 Inst. Notes	February 2025 Inst. Notes	June 2025 Inst. Notes	March 2026 Inst. Notes	License 3 HC IV			
			Jan. 2017	Oct. 2017	April 2018	Oct. 2018	July 2019	Feb. 2020	June 2020	Nov. 2020 March 2021	March 2021	Nov. 2018	Jan. 2019	
FACILITY SIZE (\$ in millions)	\$75.0	\$400.0	\$230.0	\$150.0	\$75.0	\$40.0	\$105.0	\$50.0	\$70.0	\$100.00	\$53.7	\$117.9	\$196.5	
INTEREST RATE	LIBOR + 300bps	LIBOR + 250bps	4.375% unsecured	4.625% unsecured	5.25% unsecured	6.25% unsecured	4.77% unsecured	4.28% Unsecured	4.31% Unsecured	4.50%/4.55% Unsecured	LIBOR + 30bps ⁽¹⁾	4.605%	4.703%	
MATURITY	January 2023	February 2024	February 2022	October 2022	April 2025	October 2033	July 2024	February 2025	June 2025	March 2026	Mature 10 years after borrowing	November 2027	February 2028	
ADDITIONAL INFO	(Expandable up to \$125.0)	(Expandable up to \$600.0)	DBRS: BBB KBRA: BBB+	DBRS: BBB KBRA: BBB+	NYSE: HCXZ DBRS: BBB KBRA: BBB+	NYSE: HCXY DBRS: BBB KBRA: BBB+	KBRA: BBB+	KBRA: BBB+	KBRA: BBB+	KBRA: BBB+	Reset in September 2021	KBRA: A(sf)	KBRA: A(sf)	
OUTSTANDING (\$ in millions)	\$0.0	\$1.7	\$230.0	\$150.0	\$75.0	\$40.0	\$105.0	\$50.0	\$70.0	\$100.00	\$53.7	\$117.9	\$196.5	

(1) Interest rate range for the SBA debentures does not include annual fees

Well Managed Debt Maturity Schedule



INTEREST RATES & ASSET SENSITIVITY



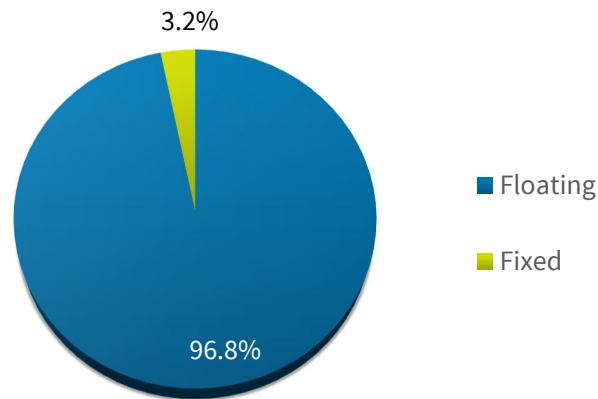
(1) EPS calculated on basic weighted shares outstanding of 114.7 million and a static debt investment portfolio as of June 30, 2021. Estimates are also subject to change due to impact from potential participation in the Company's equity ATM program and future equity offerings.

PORTFOLIO HIGHLIGHTS

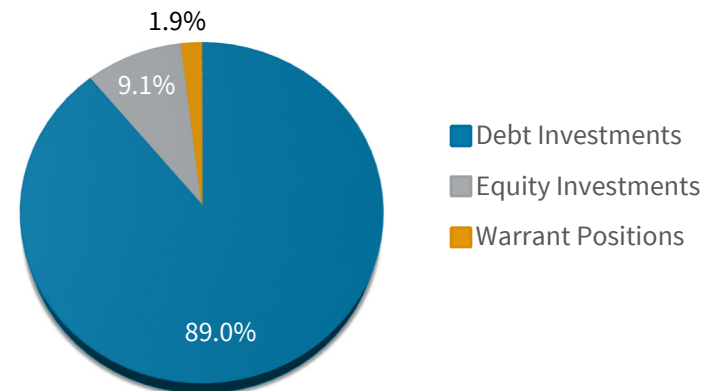


HERCULES' INVESTMENT PORTFOLIO: Q2 2021

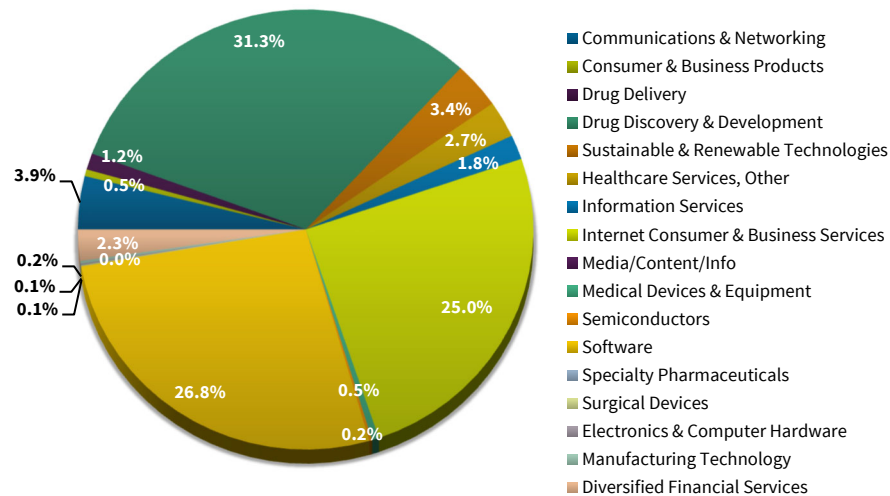
Floating vs. Fixed Rate



Investment Type Breakout

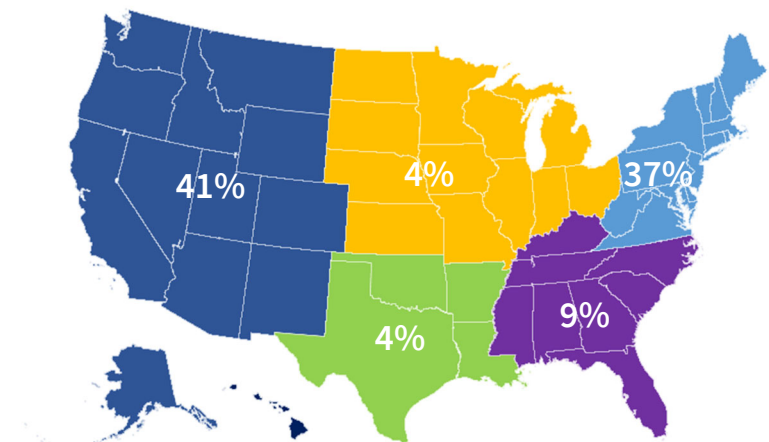


Industry Breakout



Percentage of Portfolio Companies by Region

(Portfolio Companies as of December 31, 2020)



International: 5%

Powered by Bing
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HERCULES' WARRANT & EQUITY PORTFOLIO: POTENTIAL FUTURE UPSIDE FOR SHAREHOLDER'S TOTAL RETURN

10 Portfolio Companies completed Initial Public Offerings – YTD 2021

- Sprinklr, Privia Health, Proterra, 23andMe, Century Therapeutics, Xometry, Zeta Global Holdings, Rapid Micro Biosystems, Wheels Up and Couchbase
- VELO3D, Pineapple Energy, Varsity Tutors, Valo Health, Nextdoor, Planet Labs, Rocket Lab and Gelesis in registration, reverse merger or SPACs

8 Portfolio Company announced/completed M&A Liquidity Events – YTD 2021

- The Wing, Convercent, Velocity Clinical Research, Ology Bioservices, ExtraHop, Vela Trading, Greenphire and Message Systems

Current Warrant and Equity Portfolio – Q2 2021

- | | |
|--|---|
| <ul style="list-style-type: none">■ 93 warrant holdings<ul style="list-style-type: none">• GAAP fair value ~\$46.7 million• GAAP cost ~\$25.1 million• ~\$61.5 million in nominal Exercise Value (as of 6/30/21) | <ul style="list-style-type: none">■ 67 equity holdings<ul style="list-style-type: none">• GAAP fair value ~\$229.9 million• GAAP cost ~\$133.8 million |
|--|---|

-
- Illustrative models of potential warrant gains (as of 6/30/21)
 - Assumption: 50% of warrants will not monetize
 - GAAP cost ~\$12.6 million
 - Based on ~114.7 million weighted average shares

\$30.8M x 2X multiple:
\$61.6M - \$12.6M cost =
\$49.0M unrealized gain = **\$0.43/share**

\$30.8M x 3X multiple:
\$92.4M - \$12.6M cost =
\$79.8M unrealized gain = **\$0.70/share**

\$30.8M x 4X multiple:
\$123.2M - \$12.6M cost =
\$111.6M unrealized gain = **\$0.96/share**

SELECT LIST OF WARRANT AND EQUITY PORTFOLIO HOLDINGS

Technology

 Palantir

 DOORDASH

 docker

 sprinklr

 fuze

 908devices

 lyft

 dashlane

IMPOSSIBLE™

 Couchbase

 Postmates

 lightspeed

 Nextdoor

Thumbtack

 23andMe®

Life Sciences

 bridgebio

TRICIDA

 insmed

 TransMedics

uniQure

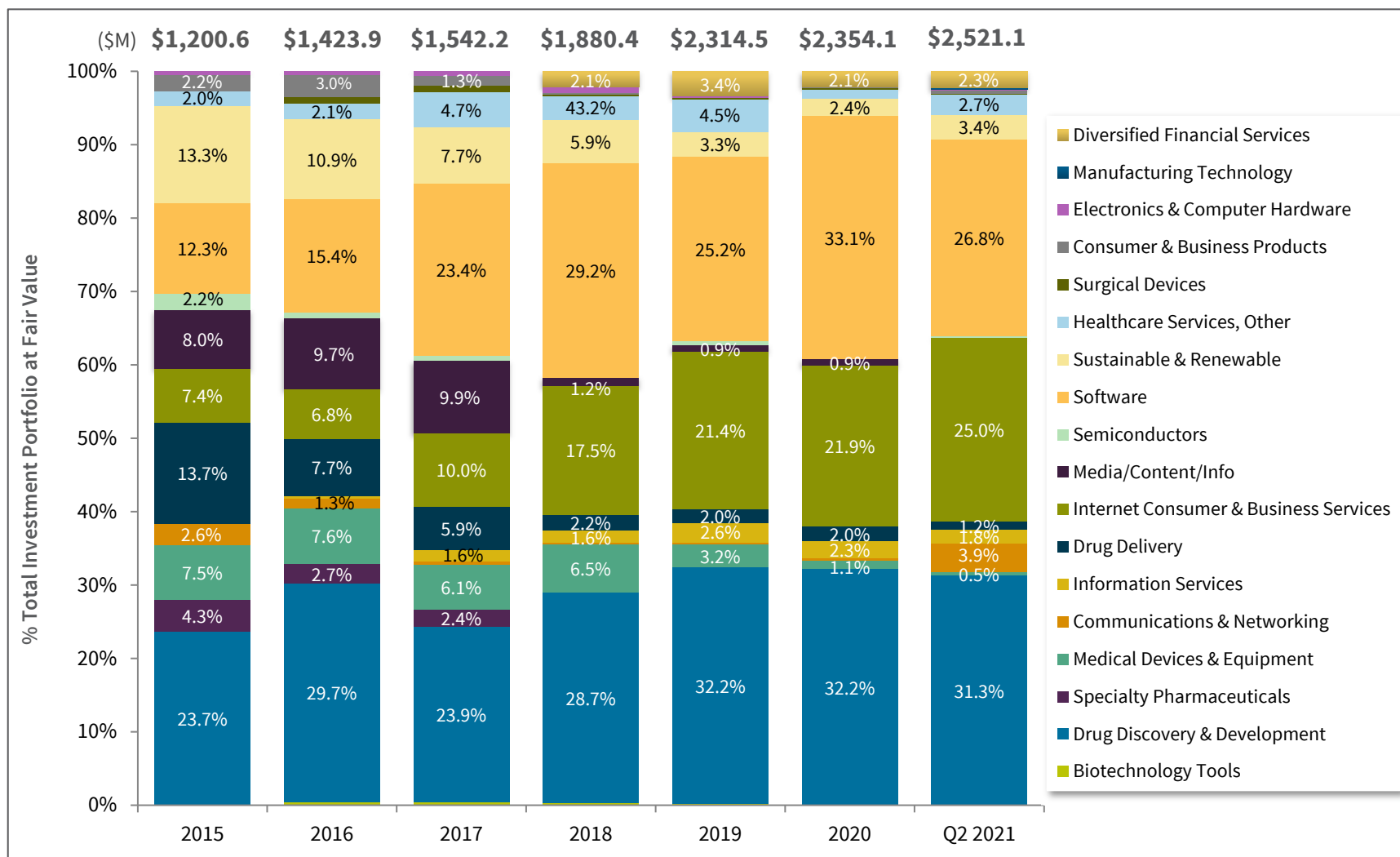
 avedro

 MYOVANT
SCIENCES

 Stealth
BIOTHERAPEUTICS

 CHEMOCENTRYX

A BROADLY DIVERSIFIED PORTFOLIO RE-BALANCED ACCORDING TO OUR ASSESSMENT OF ONGOING MARKET CONDITIONS MITIGATES RISK



SELECT LIST OF DIVERSIFIED PORTFOLIO COMPANIES

Technology



Life Sciences



SaaS Financing



Sustainable & Renewable Technology



Special Situations



DIVERSIFIED INVESTMENT APPROACH MITIGATES RISK



Four Key Diversification Strategies

FINANCIAL SPONSORS

More than
1000 Venture
Capital Firms
&
Investors

INDUSTRY SECTORS

Technology
SaaS Financing
Life Sciences
Sustainable &
Renewable
Special
Situations

STAGES OF DEVELOPMENT

Expansion or
“Venture Growth”
&
Established

GEOGRAPHIC LOCATION

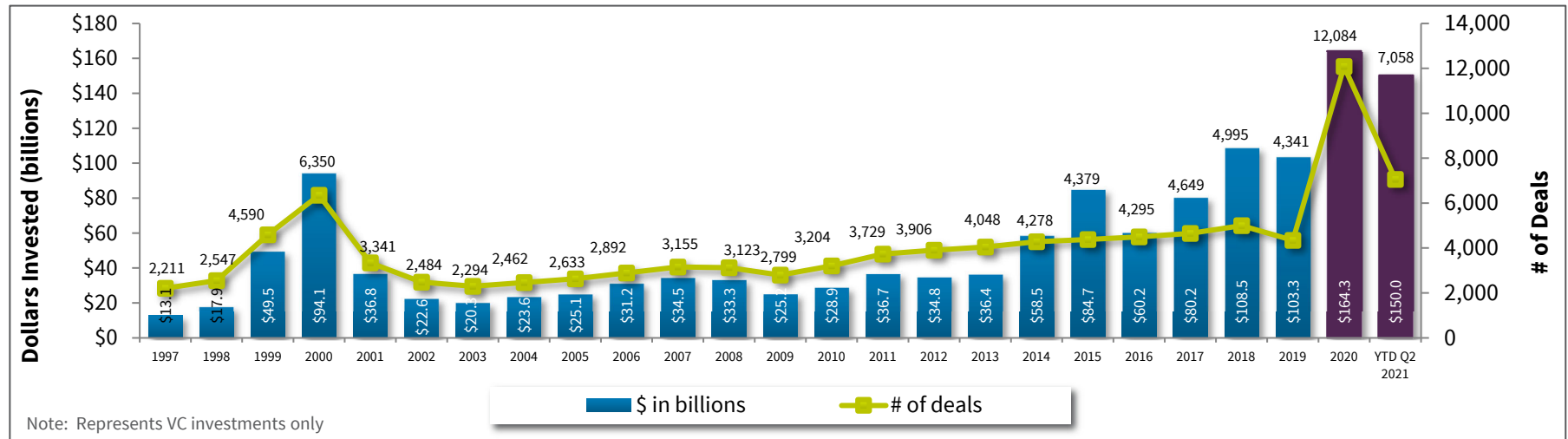
Key VC
Investment
Centers
Palo Alto
Boston
New York
Washington DC
Chicago
Hartford

VENTURE CAPITAL MARKET OPPORTUNITY



OVER \$1.4 TRILLION IN VENTURE CAPITAL INVESTMENTS

Venture Capital Investment Activity 1997 – Q2 2021



Source: Dow Jones VentureSource thru 2019 PitchBook-NVCA Venture Monitor thru Q2 2021

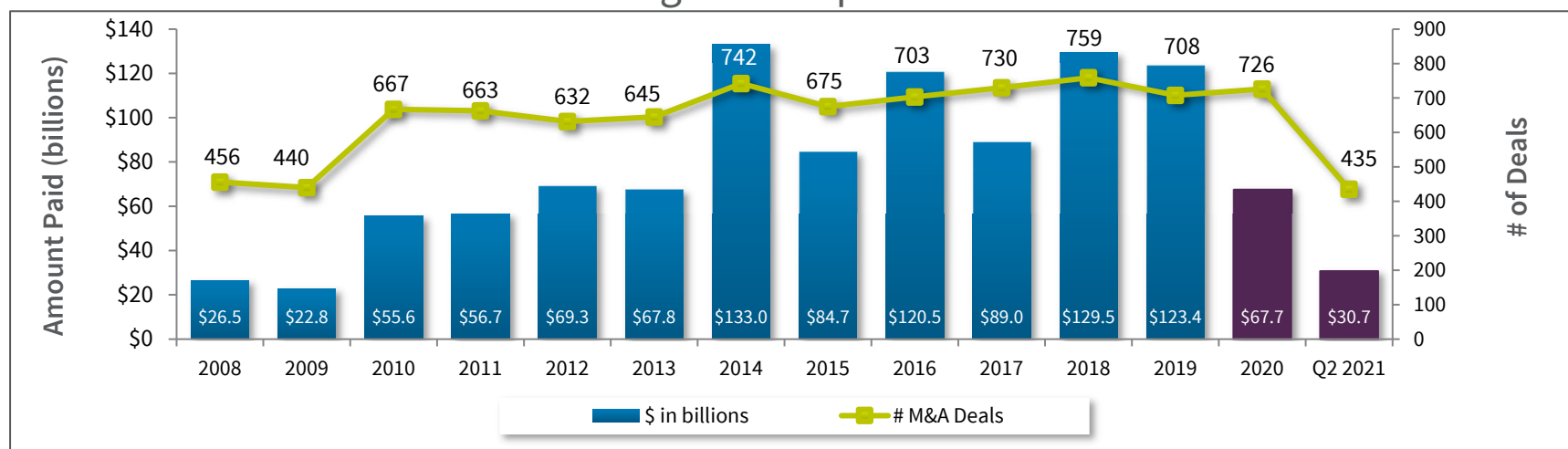
Venture Capital Fundraising Activity 1998 – Q2 2021



Source: Dow Jones VentureSource thru 2019 PitchBook-NVCA Venture Monitor thru Q2 2021

EXITS OF VENTURE CAPITAL-BACKED COMPANIES

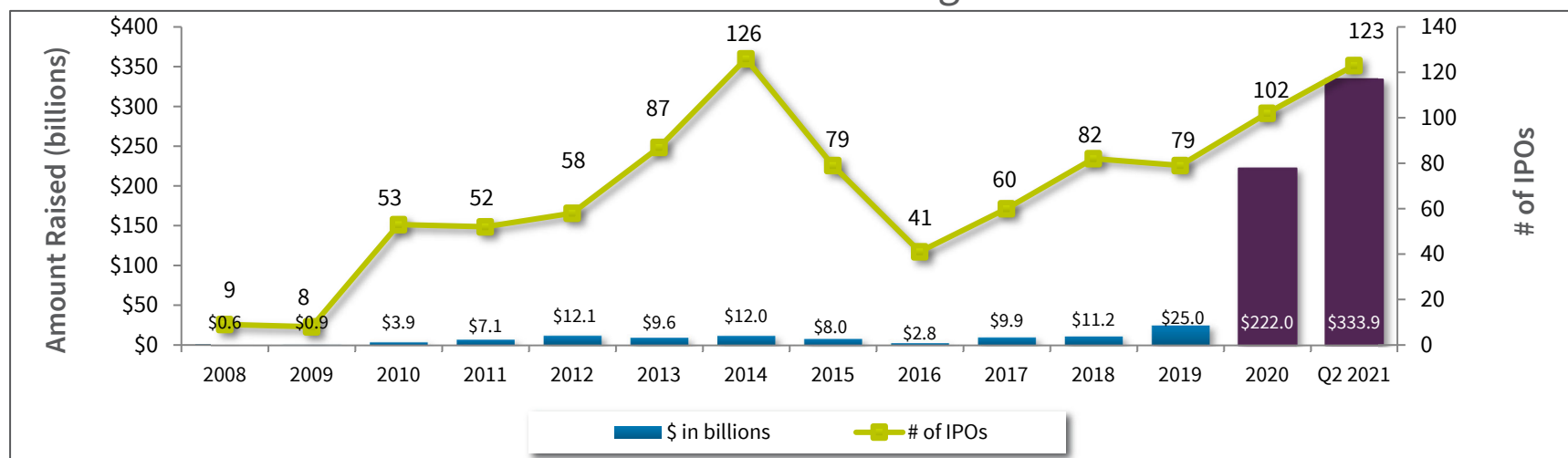
Mergers & Acquisitions



Source: Dow Jones VentureSource thru 2019

PitchBook-NVCA Venture Monitor thru Q2 2021

Initial Public Offerings

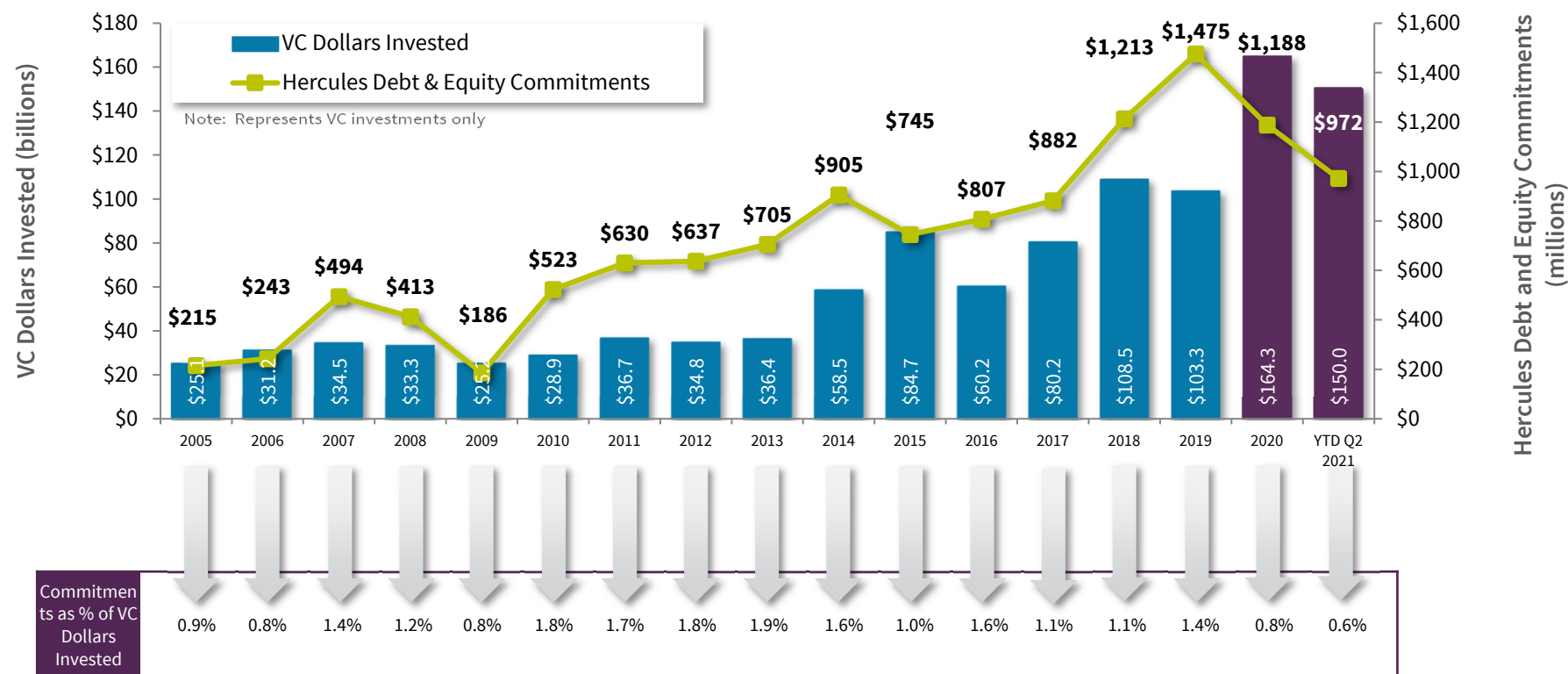


Source: Dow Jones VentureSource thru 2019

PitchBook-NVCA Venture Monitor thru Q2 2021

HERCULES' TOTAL COMMITMENTS vs. VC DOLLARS INVESTED

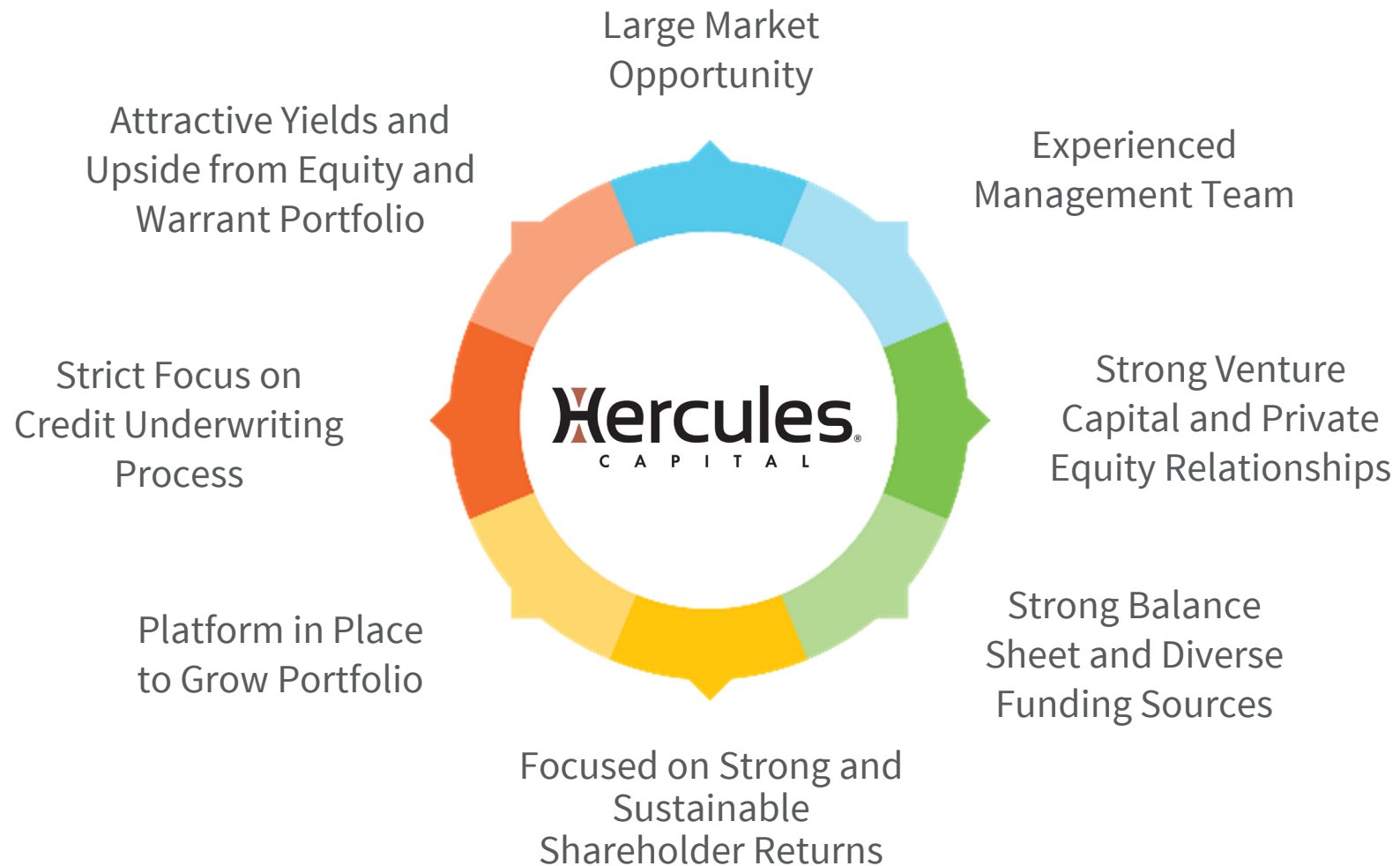
VENTURE CAPITAL INVESTMENT ACTIVITY 2005 – Q2 2021



- Hercules' uncompromising yield and credit underwriting standards drives commitments
- Market conditions determine commitment activity more than pure VC investment activity
- Hercules' 16-year historical average: 1.3%

Source: Dow Jones VentureSource thru 2019 PitchBook-NVCA Venture Monitor thru Q2 2021

INVESTMENT HIGHLIGHTS



ANALYST COVERAGE



BROAD INDUSTRY ANALYST COVERAGE – 11 FIRMS



Finian O'Shea
(Transferred Coverage 7/13/2018)

Jefferies

John Hecht
(Initiated Coverage 6/30/2015)

JMP

Devin Ryan
(Re-Initiated Coverage 11/2/2020)



A Stifel Company
Ryan Lynch
(Re-initiated Coverage 2/19/2013)



Sarkis Sherbetchyan
(Re-initiated Coverage 2/22/2021)

PIPER | SANDLER

Crispin Love
(Re-initiated Coverage 7/20/2020)



Casey Alexander
(Initiated Coverage 6/23/15)



Christopher Nolan
(Initiated Coverage 11/20/2017)



Mitchel Penn
(Initiated Coverage 4/27/2021)



Henry Coffey
(Initiated Coverage 10/24/17)



Capital Markets
Kenneth Lee
(Initiated Coverage 3/25/2021)

Hercules Capital is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding Hercules Capital's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of Hercules Capital or its management. Hercules Capital does not by its reference above or distribution imply its endorsement of or concurrence with such information, conclusions or recommendations.



SUPPLEMENTAL INFORMATION



REGULATION AND STRUCTURE

Hercules is an Internally Managed BDC under the 1940 Act and a RIC for Tax Purposes

Business Development Company (BDC)

- Regulated by the SEC under the Investment Company Act of 1940
- Leverage limited to approximately 2:1 debt/equity, unless an SEC exemptive order exists to exclude SBA debt
- Investments are required to be carried at fair value
- Majority of Board of Directors must be independent
- Offer managerial assistance to portfolio companies

Regulated Investment Company (RIC)

- Distribute taxable income as dividend distributions to shareholders
- Mandates asset diversification
- Eliminates corporate taxation
- Allows for the retention of capital gains and/or spillover of taxable income

Small Business Investment Company (SBIC)

- Two Small Business Investment Company (“SBIC”) licenses granted through the U.S. Small Business Administration (“SBA”)
- Currently, \$53.7 million exemption from SEC leverage restrictions for BDCs, excludes all SBIC debt from BDC 2:1 leverage test

PRIMARILY INVEST AT STAGES OF HIGH GROWTH

	Expansion Stage	Established
Type of Company	Follow-on Rounds of Growth Capital (Series B-Liquidity Event)	Private Late Stage/ Select Public Companies
Equity Capital Provider	Venture Capital/ Private Equity	Public Markets/ Private Equity
Expectation for Additional Sponsor Support	1-3 Additional Rounds	0-2 Additional Rounds
Targeted Warrant Gain Potential	3-7 x	2-4 x
Potential Time to Liquidity	4-6 years	2-4 years