Financing the Growth of Tomorrow's Companies Today

Q4 2021 INVESTOR PRESENTATION

February 22, 2022

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.

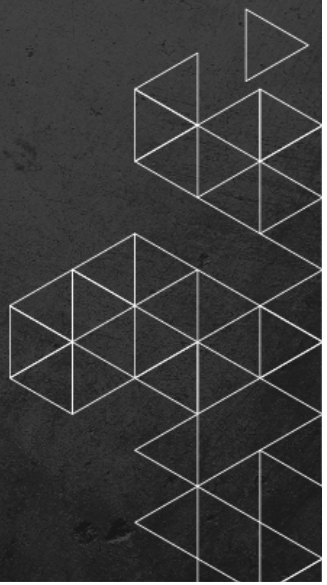
Hercules Capital

Structure	**Internally Managed** Business Development Company (BDC)
IPO Date	**June 9, 2005**
Investment Options	HTGC LISTED NYSE · **Common Stock** **Institutional Notes PAR $1000.00/$2000.00** • 2.625% Notes due 2026 • 3.375% Notes due 2027 • 4.28% Notes due 2025 • 4.31% Notes due 2025 • 4.50% Notes due 2026 • 4.55% Notes due 2026 • 4.77% Notes due 2024 **Retail Notes (Baby Bonds) PAR $25.00** • HCXY (NYSE) 6.25% Notes due 2033
Annualized Dividend Yield(1)	**8.0% as of December 31, 2021**
Distributions Declared	**$0.33 per share for Q4 2021** **$0.15 per share supplemental for Q4 2021**
Price to NAV	**1.60x - February 18, 2022** **1.1x to 1.6x historical range**

(1) Annualized based on the $0.33 base distribution declared for Q4 2021 and a closing stock price of $16.59 as of December 31, 2021

Fourth Quarter 2021 Investor Presentation

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



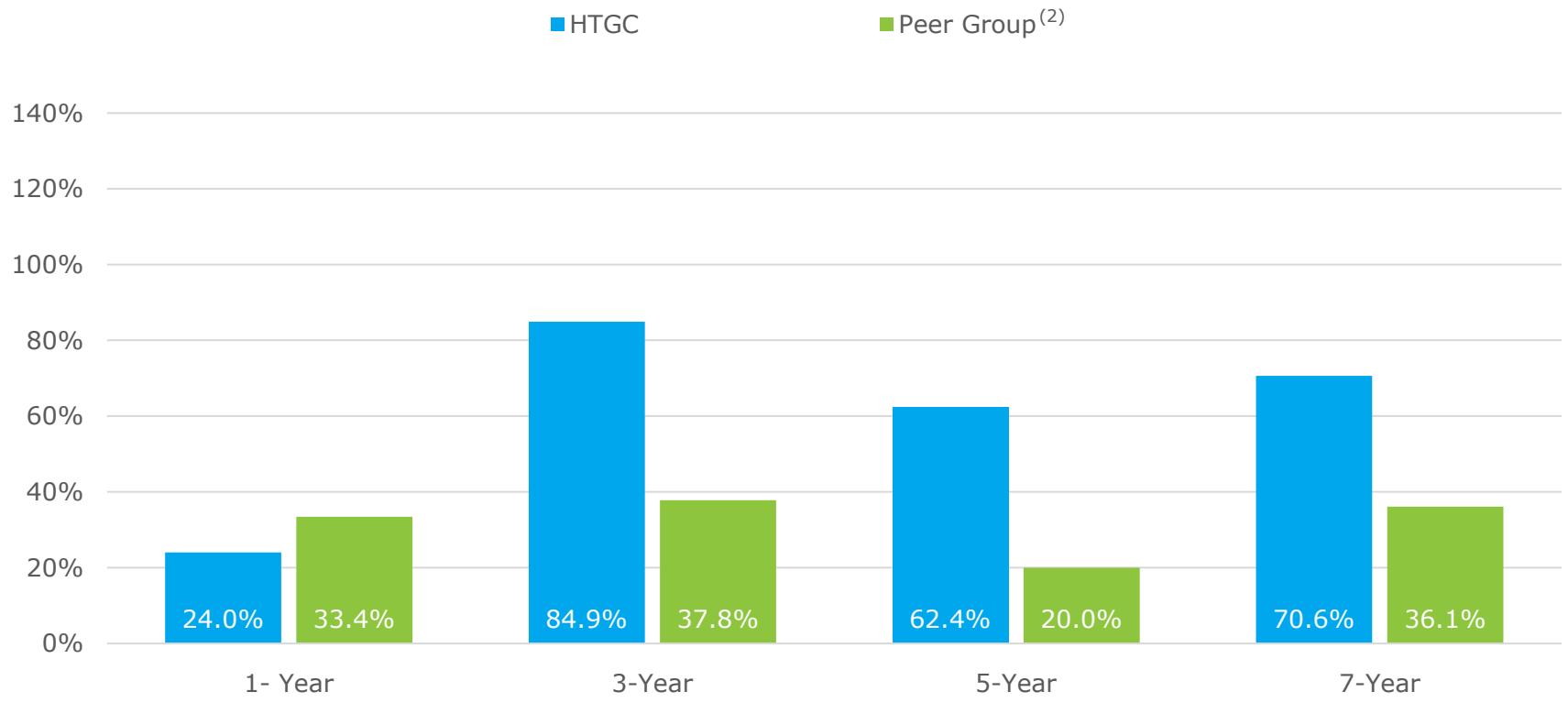
Key Performance Highlights

Q4 2021 Highlights

Robust Earnings	• Net Investment Income (NII) of $40.4M • Total Investment Income of $72.5M • NII per share of $0.35
Strong Shareholder Returns	• 1YR/3YR/5YR Total Shareholder Returns[1]: 24.0%/84.9%/62.4% • ROAE[1,2]: 12.4% • ROAA[1,2]: 6.2% • Net Interest Margin (NIM): 10.0%
High-Yield Portfolio of Earning Assets	• Total Debt Investments (at cost): $2.22B • Total Investments (at cost): $2.39B • Effective Yield: 13.0%
Industry-Leading Originations Platform	• $13.4B in total net debt commitments since inception • Cumulative Total Net Realized (Loss) since inception of ($58.8M) or annualized loss rate of 2.6 basis points • Gross debt & equity commitments: $947.8M[5] • Gross debt & equity fundings: $503.3M[5]
Strong Liquidity and Balance Sheet	• $627.7M available liquidity (subject to existing terms and covenants) • GAAP and regulatory leverage: 95.6% and 84.1%[3]
Strong Capital Raising Position	• Price-to-NAV: 1.60x[4] • "ATM" Equity Distribution Agreement • Investment Grade Credit Ratings: Moody's: Baa3 | DBRS: BBB | KBRA: BBB+

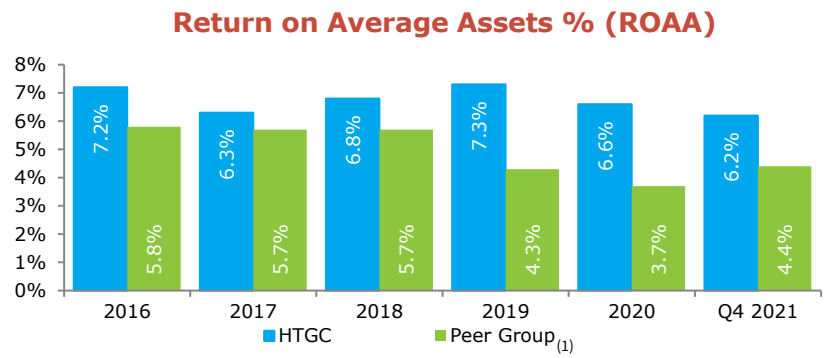
(1) Source: S&P CapIQ as of 12/31/21
(2) Based on NII, excludes realized and unrealized gains/losses
(3) Regulatory leverage is defined as GAAP leverage excluding SBA debentures
(4) As of February 18, 2022
(5) Includes commitments and fundings that were assigned to or directly committed or funded by the external funds "Adviser Funds" managed by Hercules Adviser LLC during the quarter

Total Shareholder Return (TSR)[1] vs. Select BDC Peer Group

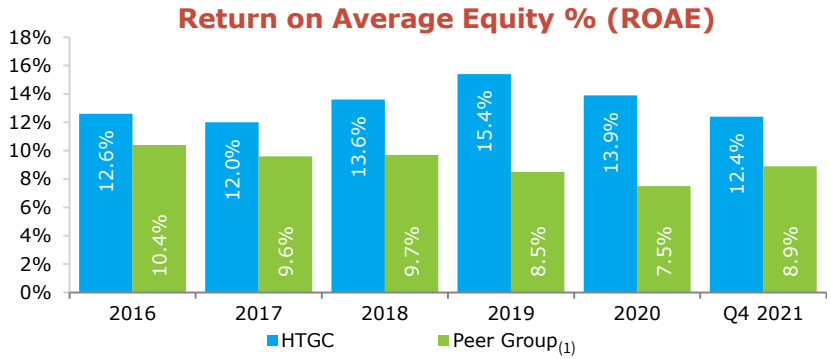


(1) TSR is defined as stock appreciation plus dividend distributions. Source: S&P Capital IQ as of December 31, 2021
(2) Peer Group: AINV, ARCC, BKCC, OCSL, FSK, GBDC, GSBD, MAIN, NMFC, OXSQ, PNNT, PSEC, SLRC, BBDC, TCPC, FCRD, TSLX

Delivering Strong Sustainable Shareholder Returns



Source: S&P Capital IQ as of 12/31/21 for HTGC and Peer Group. Return on Average Assets based on NII divided by average total assets.



Source: S&P Capital IQ as of 12/31/21 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.

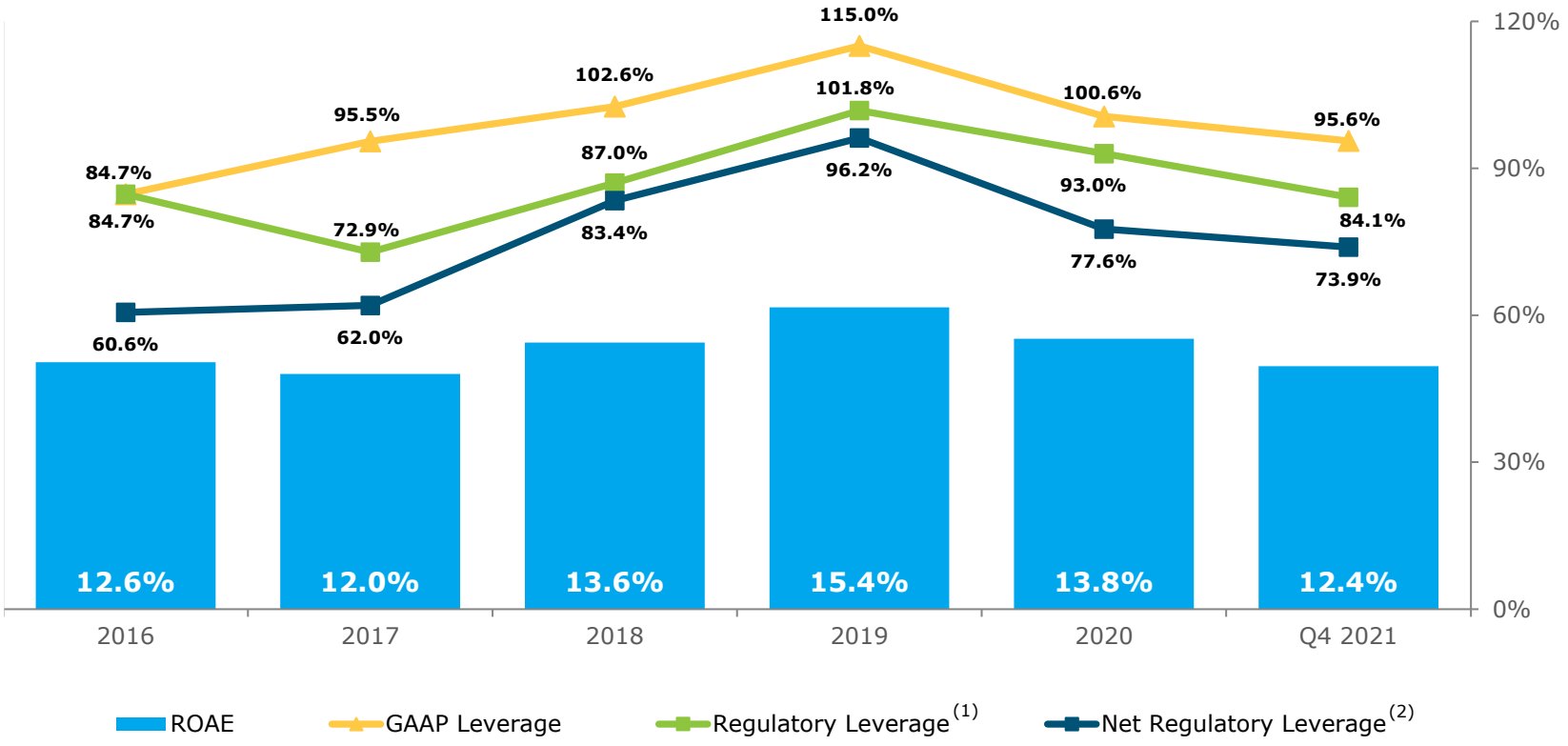
(1) Peer Group: AINV, ARCC, BKCC, OCSL, FSK, GBDC, GSBD, MAIN, NMFC, OXSQ, PNNT, PSEC, SLRC, BBDC, TCPC, FCRD, TSLX

(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 December 31, 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 2022 full year distributions to stockholders.

Available Leverage for Potential Earnings Growth

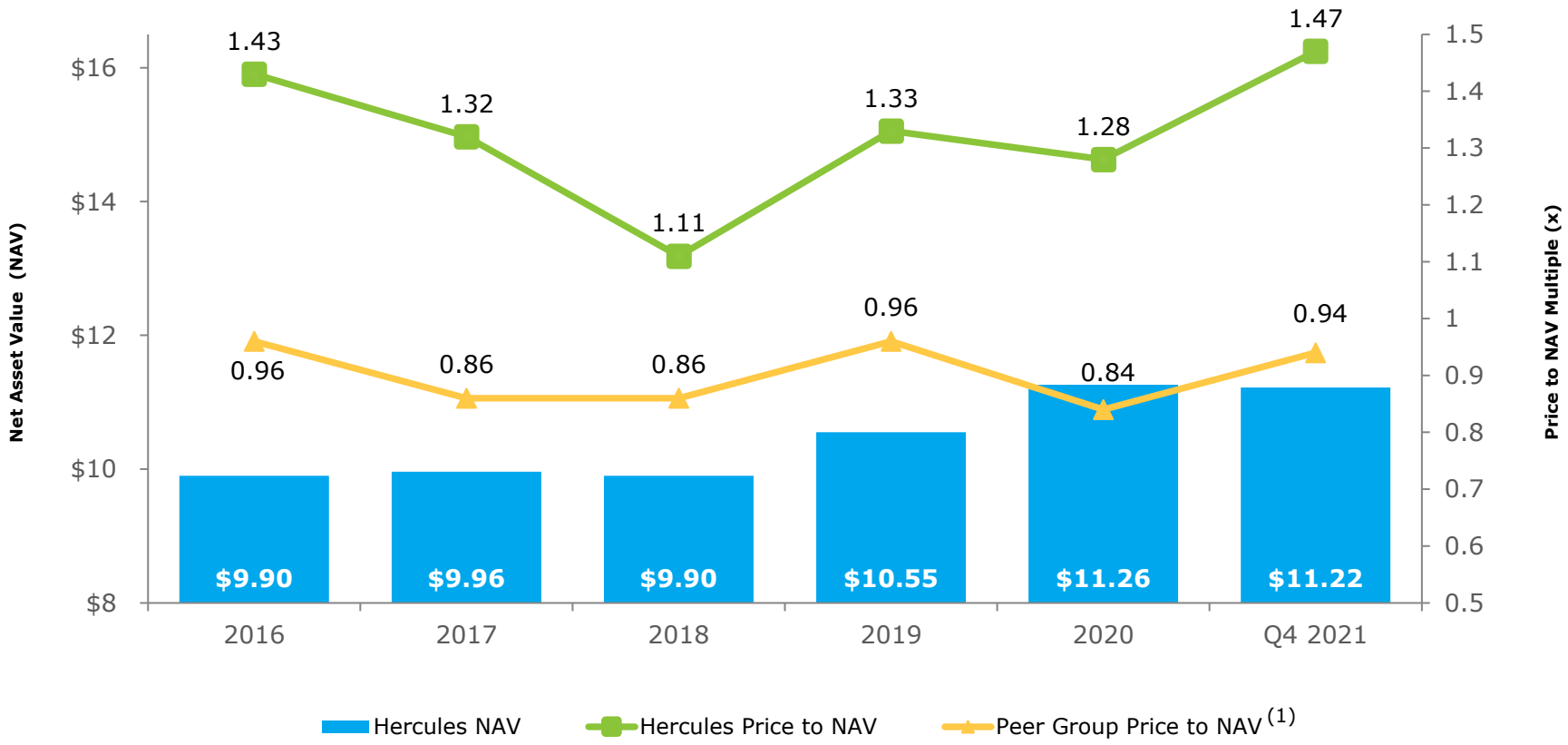
Leverage to Return on Average Equity % (ROAE)



(1) Excludes SBA
(2) Excludes SBA and cash

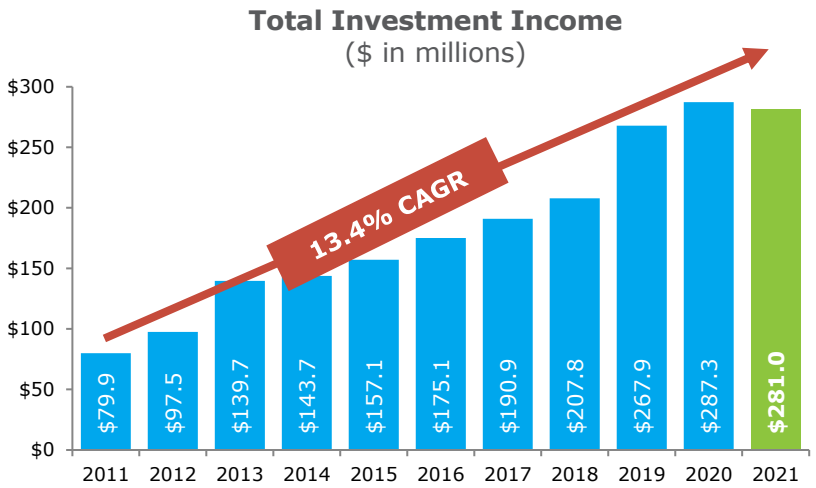
Hercules Has Consistently Maintained a Premium to NAV

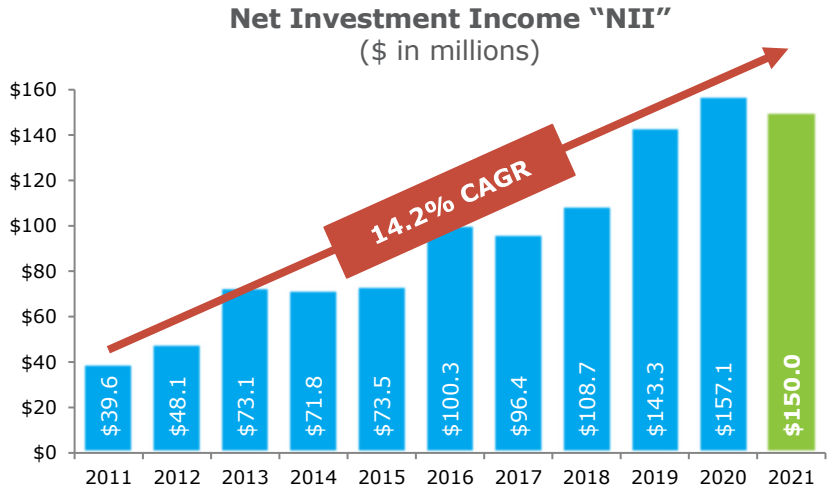
Creates a strong capital raising position to support growth

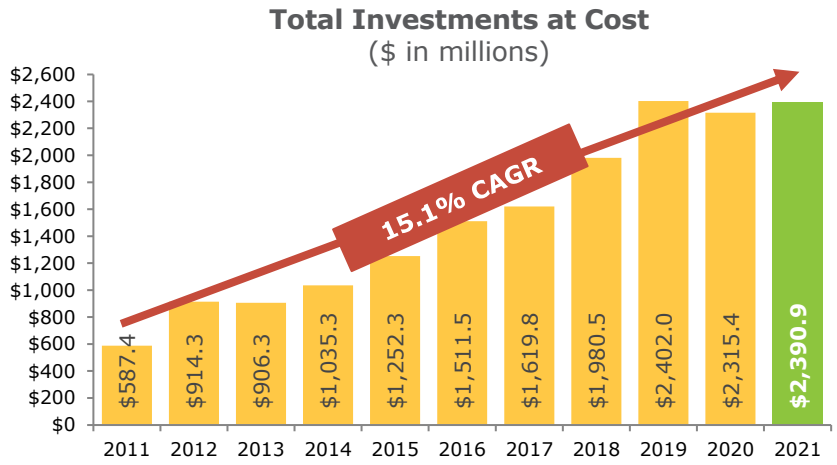


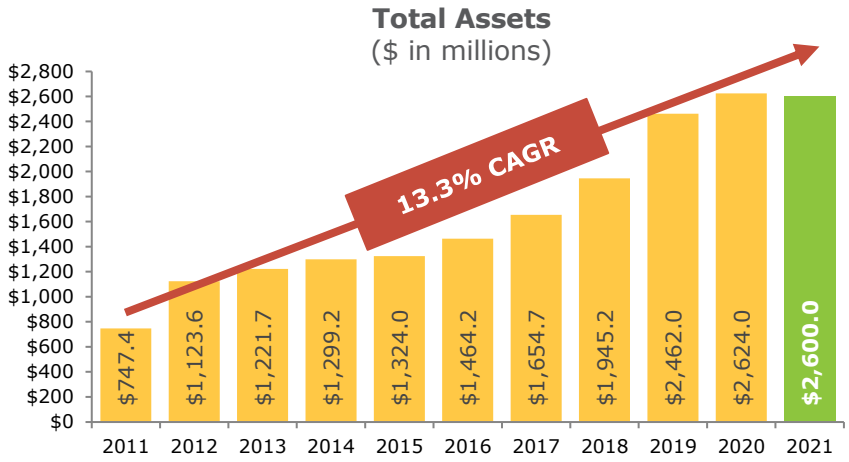
(1) Peer Group: AINV, ARCC, BKCC, OCSL, FSK, GBDC, GSBD, MAIN, NMFC, OXSQ, PNNT, PSEC, SLRC, BBDC, TCPC, FCRD, TSLX
Price to NAV Source: S&P CapIQ as of 12/31/21 for HTGC and Peer Group. Stock price based on closing price on last trading day of each calendar year or relative quarter.

Hercules Key Performance Highlights

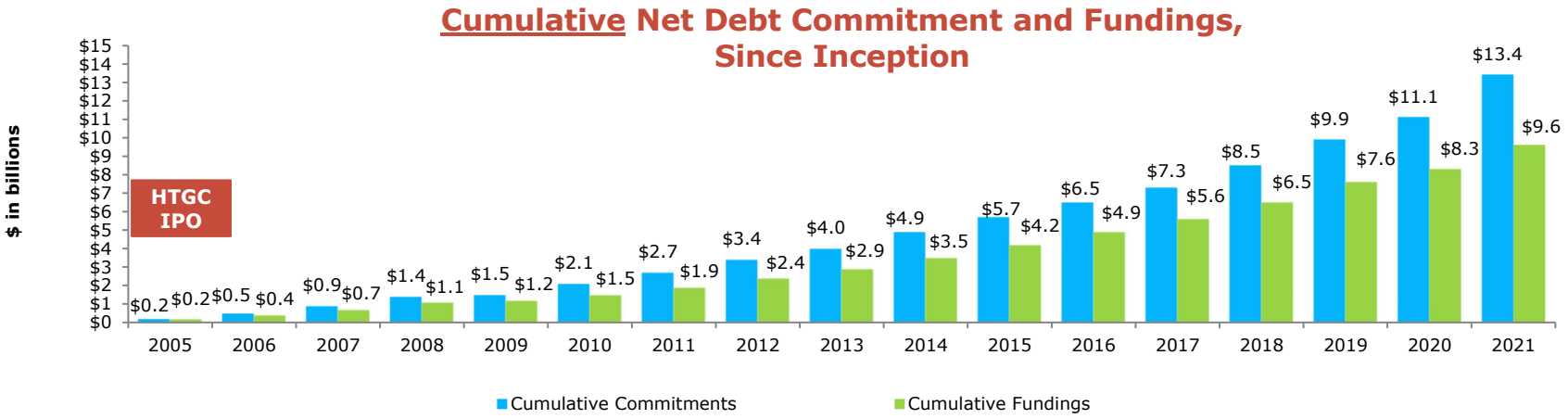


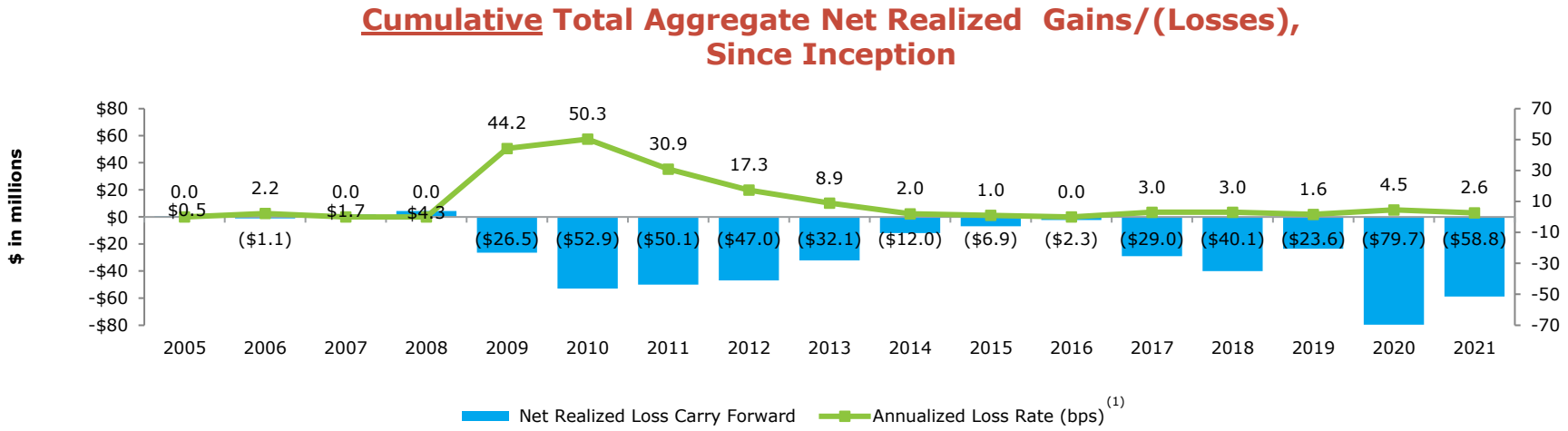






Portfolio Growth with Underwriting Discipline





(1) When compared to total new net 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

$2.06 BILLION MARKET CAPITALIZATION	**$2.22** BILLION DEBT INVESTMENT PORTFOLIO	**97** COMPANIES WARRANT & EQUITY PORTFOLIO	**$627.7** MILLION LIQUIDITY & BALANCE SHEET
FOUNDED DECEMBER 2003 **IPO: June 2005 "HTGC"**	DEBT INVESTMENTS COST BASIS **$2.22 billion**	WARRANT HOLDINGS IN **97 companies**	AVAILABLE LIQUIDITY TO INVEST[2] **$627.7 million**
ENTERPRISE VALUE **$3.24 billion[1]**	DEBT INVESTMENTS FAIR VALUE **$2.21 billion**	EQUITY HOLDINGS IN **75 companies**	GAAP LEVERAGE **95.6% / 84.1%** ex. SBA
MARKET CAPITALIZATION **$2.06 billion[1]**	EFFECTIVE YIELD **13.0%**	TOTAL WARRANT AND EQUITY GAAP COST **$169.4 million**	INVESTMENT GRADE RATINGS **Moody's: Baa3** **DBRS: BBB** **KBRA: BBB+**
NET ASSET VALUE PER SHARE **$11.22 as of 12/31/21**	DEBT INVESTMENTS IN **92 companies**	TOTAL WARRANT AND EQUITY FAIR VALUE **$223.1 million**	
HISTORICAL PRICE/NAV **~1.1x to ~1.6x range**	SHORT TERM MATURITIES **36-48 months**		
CURRENT PRICE/NAV **1.60x[1]**	INVESTMENT SIZE **$5 to $200 million**		

(1) Source for Enterprise Value and Market Capitalization is S&P Capital IQ as of February 18, 2022
(2) Subject to existing terms and covenants

Why Hercules is Different from 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

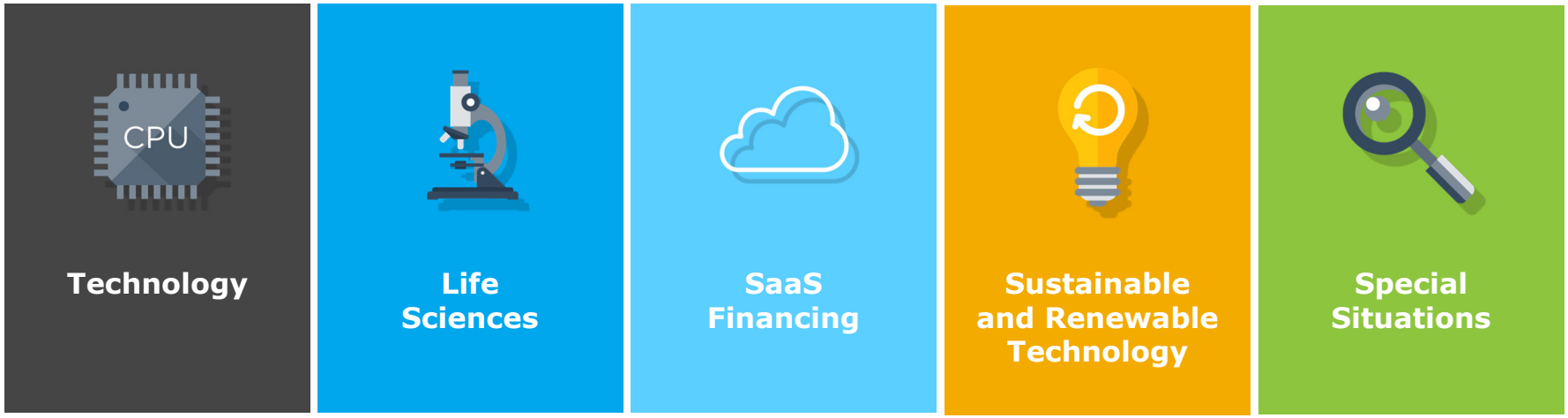
- We focus primarily on pre-IPO and M&A, innovative high-growth venture capital backed companies at their expansion (venture growth) and established stages in a broadly diversified variety of technology, life sciences and sustainable and renewable technology industries
- Highly asset sensitive debt investment portfolio – 94.0% floating rate loans and with interest rate floors(1)
- We are generally the only lender and 77.0% 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 (36-48 months)
- Focused on strong and sustainable shareholder returns
- Disciplined, proven investment philosophy with over 17 years of strong credit performance history

(1) As of December 31, 2021

We are at Center Stage of the Innovation Economy

Hercules has domain expertise in five specialized lending groups

"We are not generalists"



- We Invest at the Expansion "Venture Growth" and Established Stage
- $13.4 billion in total net debt commitments to over 560 companies since inception
- Offices in key venture capital markets: CA | MA | NY | DC | CT | UK
- Over 1000 different VC & PE firms, financial investors
- Over 230 portfolio companies completed/announced an IPO or M&A event since inception

Financial Highlights

Income Statement:
Q4 2021 vs. Q4 2020 Summary Results

($ in 000's, except per share amounts)	Three Months Ended December 31, 2021 (unaudited)	2020 (unaudited)	Year/Year Change
Interest Income	$ 64,960	$ 68,245	-5%
Fee Income	7,505	7,087	6%
Total Investment Income	72,465	75,332	-4%
Interest and Loan Fees	14,101	17,191	-18%
General and Administrative and Tax Expenses	6,711	5,982	12%
Employee Compensation	12,859	9,997	29%
Expenses Allocated to the Adviser Subsidiary	(1,561)	-	
Total Net Operating Expenses	32,110	33,170	-3%
Pre-Tax Net Investment Income-NII	40,355	42,162	-4%
Total Net Realized Gain (Loss) & Change in Unrealized Appreciation (Depreciation)	(36,643)	109,010	
Net Increase(Decrease) in Net Assets from Operations	3,712	151,172	-98%
NII - Net Investment Income per Share (Basic)	**$ 0.35**	**$ 0.37**	**-5%**
Weighted Average Shares Outstanding - Basic	115,194	113,898	1%

Current and Historical Income Statements

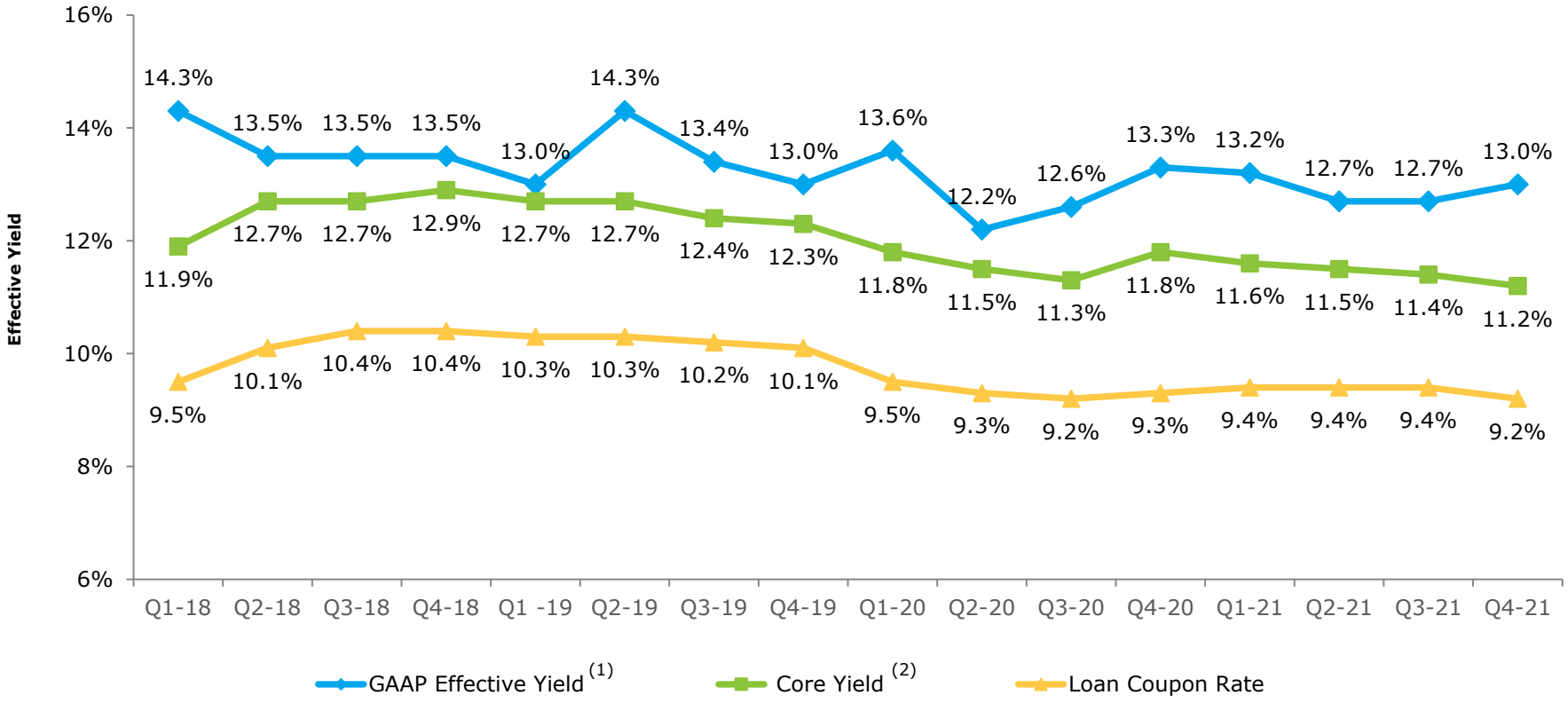
($ in 000's, except per share amounts)	Twelve Months Ended December 31, 2021	2020	Year/Year Change
Interest Income	$ 253,360	$ 263,379	-4%
Fee Income	27,616	23,879	16%
Total Investment Income	280,976	287,258	-2%
Interest and Loan Fees	63,104	66,874	-6%
General and Administrative and Tax Expenses	24,039	23,195	4%
Employee Compensation	48,900	40,049	22%
Expenses Allocated to the Adviser Subsidiary	(5,035)	-	
Total Net Operating Expenses	131,008	130,118	1%
Pre-Tax Net Investment Income-NII	149,968	157,140	-5%
Total Net Realized Gain (Loss) & Change in Unrealized Appreciation (Depreciation)	24,187	70,121	
Net Increase(Decrease) in Net Assets from Operations	174,155	227,261	-23%
NII - Net Investment Income per Share (Basic)	**$ 1.29**	**$ 1.39**	**-7%**
Weighted Average Shares Outstanding - Basic	114,742	111,985	2%

Current and Historical Balance Sheet

($ in 000's, except per share amounts)	December 31, 2021	December 31, 2020
ASSETS		
Total Investments	$ 2,434,522	$ 2,354,078
Cash and cash equivalents	133,115	198,282
Restricted cash	3,150	39,340
Interest receivable	17,365	19,077
Right of use asset	6,761	9,278
Other assets	5,100	3,942
Total Assets	**$ 2,600,013**	$ 2,623,997
LIABILITIES		
Debt (net of debt issuance costs)	1,236,303	1,286,638
Accounts payable and accrued liabilities	47,781	36,343
Operating lease liability	7,382	9,312
Total Liabilities	**$ 1,291,466**	$ 1,332,293
Net Assets	**$ 1,308,547**	$ 1,291,704
Shares Outstanding	**116,619**	114,726
Net Assets per Share	**$ 11.22**	$ 11.26

Effective Yield vs. Core Yield – Leads to Strong Earnings

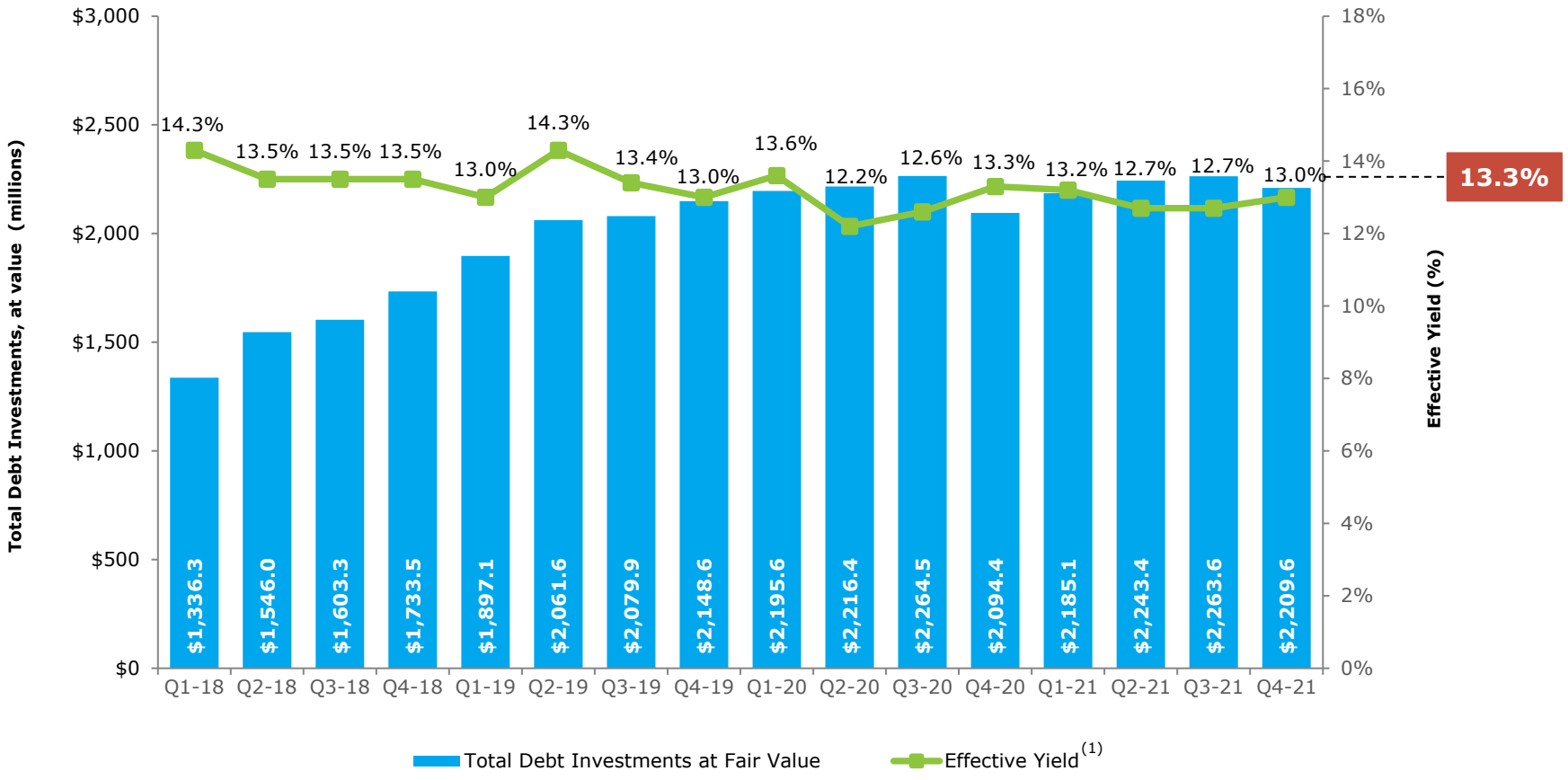
Median Core Yield of 11.8% (Q1 2018 – Q4 2021)



(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

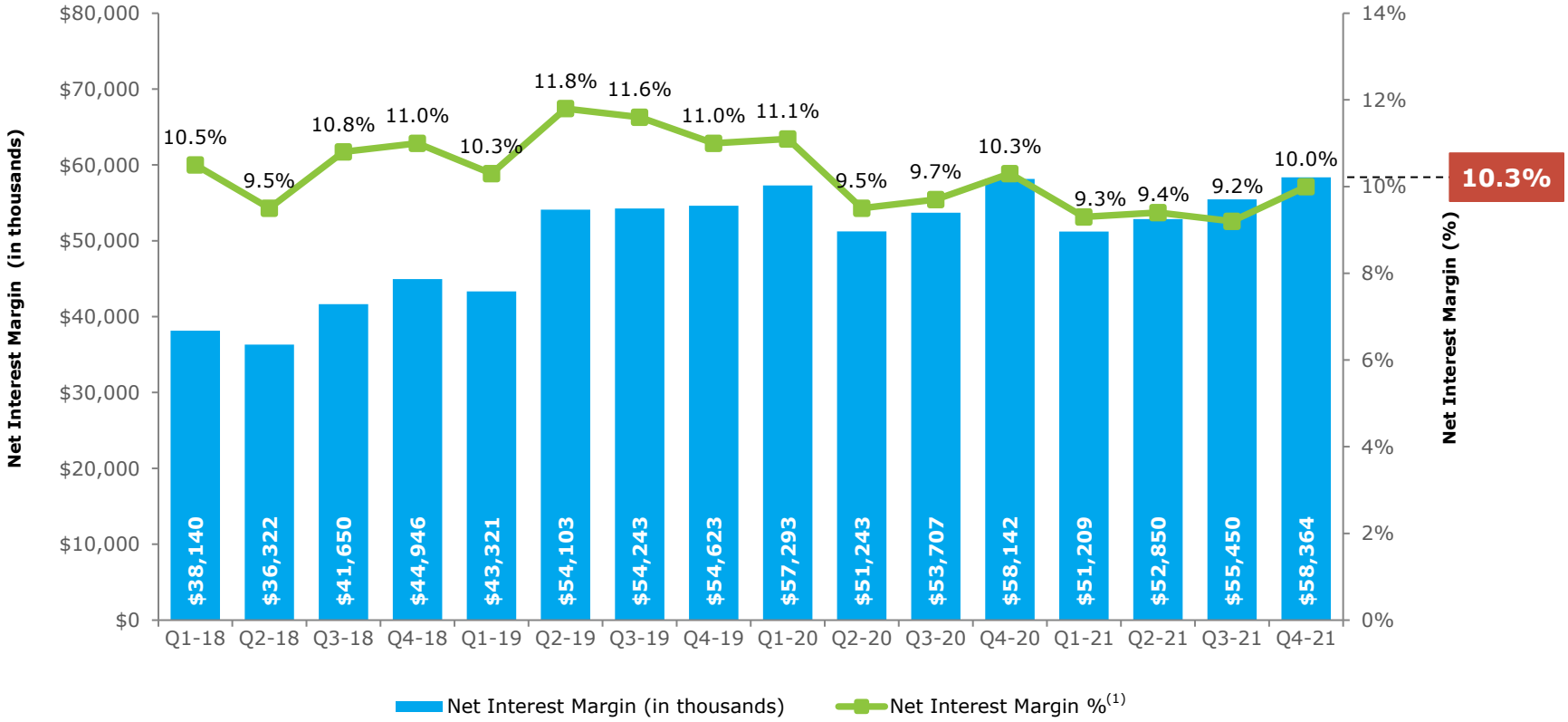
Median Effective Yield of 13.3% (Q1 2018 to Q4 2021)



(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 10.3% (Q1 2018 to Q4 2021)

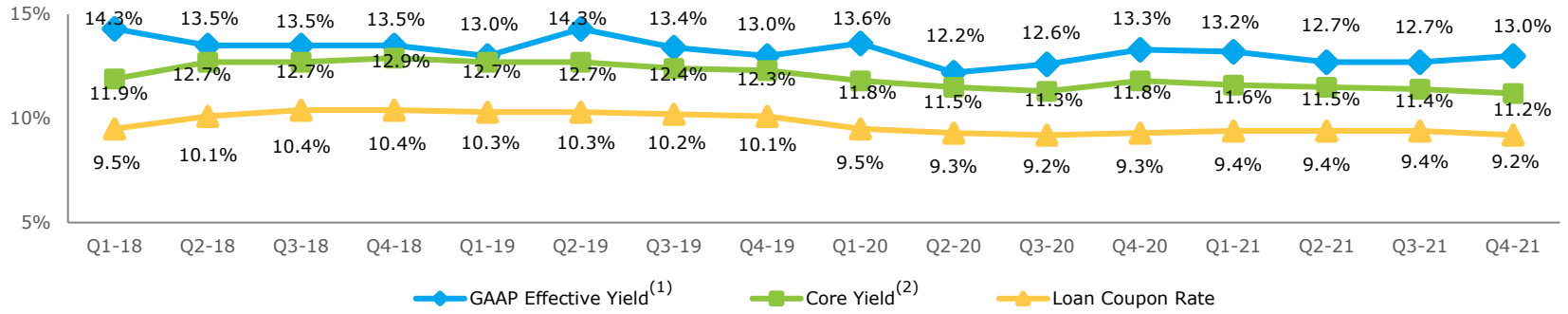


(1) Net Interest Margin % = Net Interest Income/Average Yielding Assets excluding Equity Investments

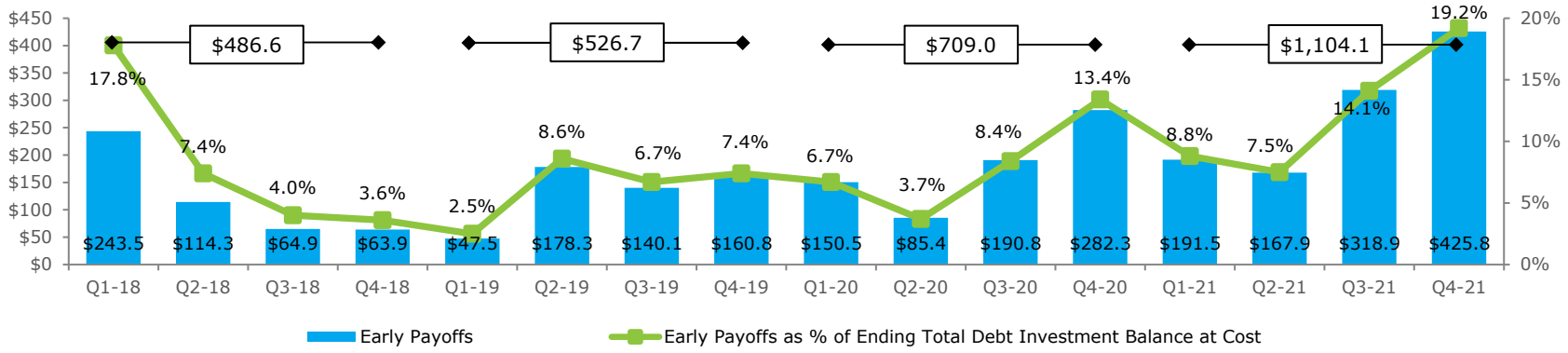
Impact of Early Payoffs on Effective Yields

Early Payoffs Lead to Higher Effective Yields and Earnings

Effective Yields



Unscheduled Early Payoffs ($ in millions)



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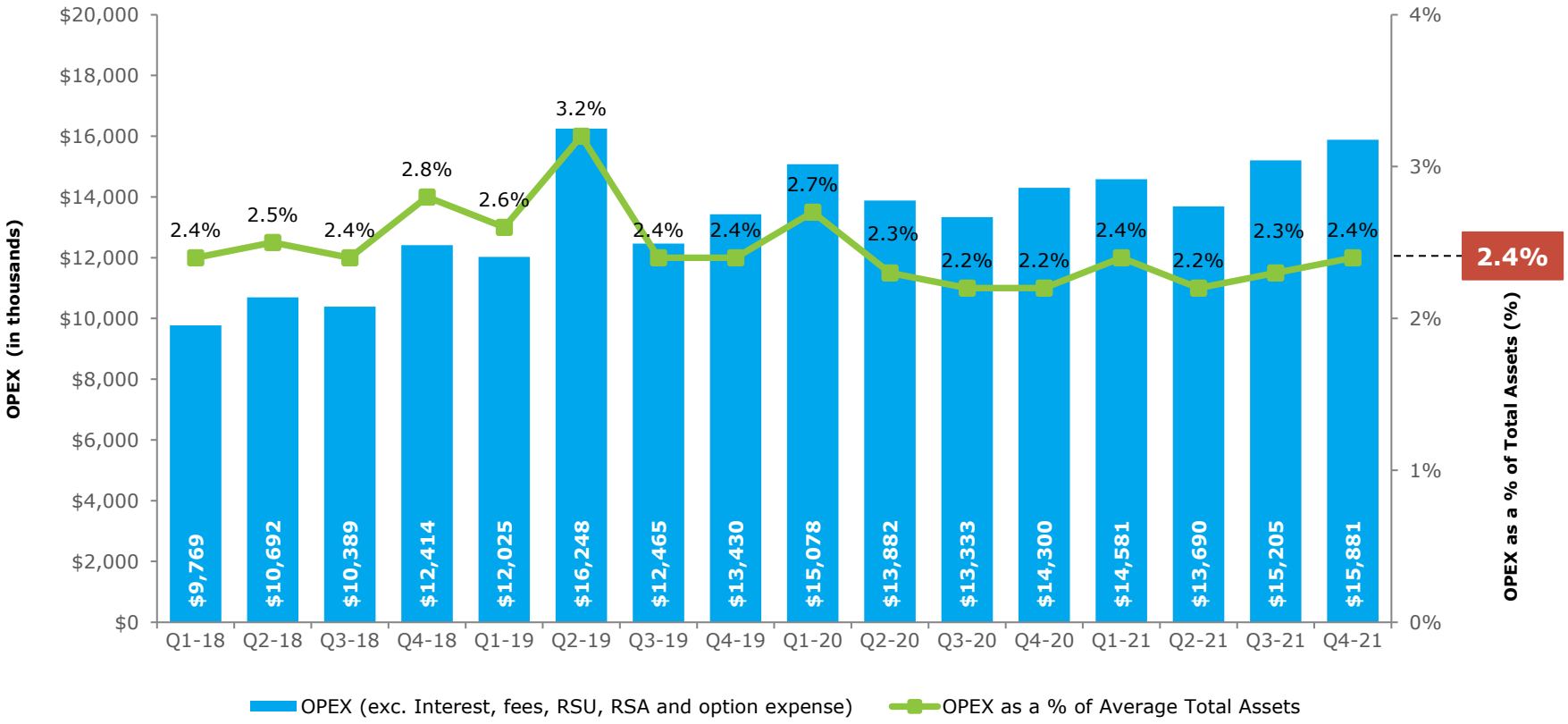
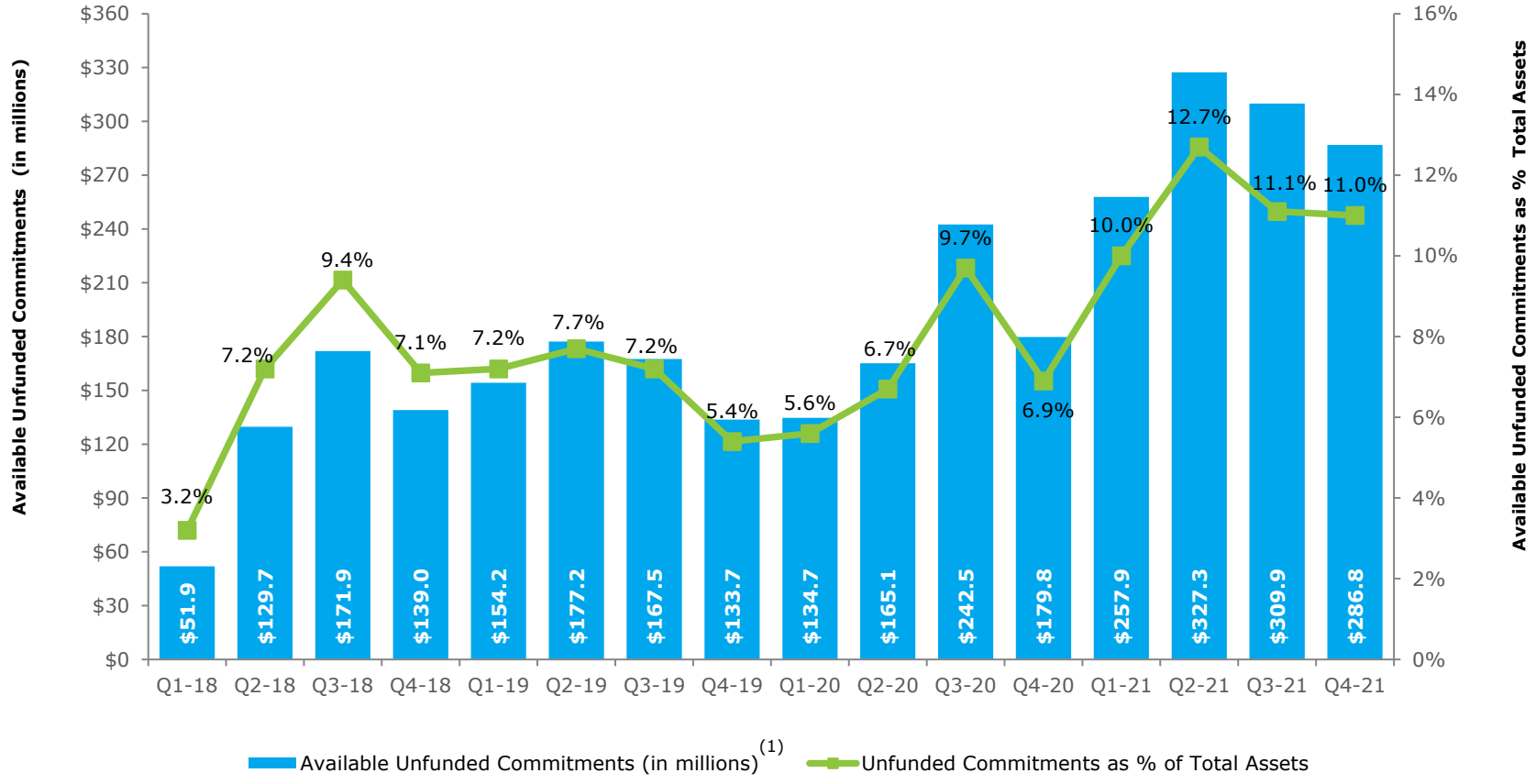
(2) Core Yield excludes Early Repayments and One-Time Fees, and includes income and fees from expired commitments

Non-Interest and Fee Expense to Average Total Assets

Median adjusted OPEX to average total assets of 2.4%
(Q1 2018 to Q4 2021)



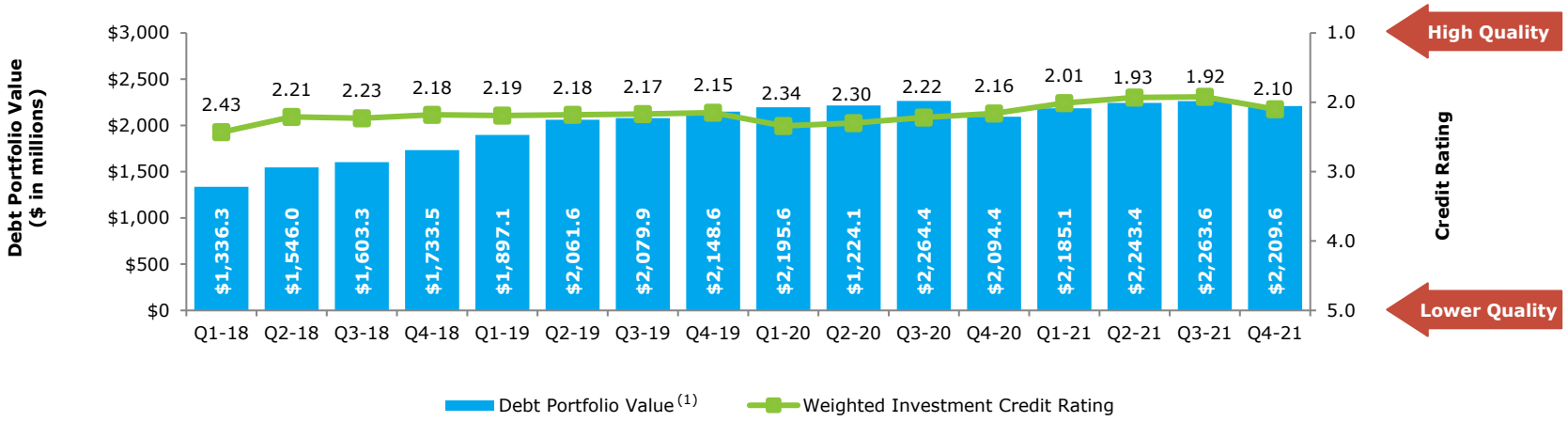
Unfunded Commitments as a Percentage of Total Assets



(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

Our disciplined credit underwriting standards have delivered consistent long-term results



Credit Grading (at Fair Value), Q4 2021 - Q4 2020 ($ in millions)

	Q4 2021		Q3 2021		Q2 2021		Q1 2021		Q4 2020	
Grade 1 - High	$ 409.0	18.5%	$ 692.1	30.6%	$ 637.2	28.4%	$ 497.5	22.8%	$ 411.0	19.6%
Grade 2	$ 1,208.3	54.7%	$ 1,103.8	48.8%	$ 1,192.7	53.1%	$ 1,240.7	56.8%	$ 1,027.9	49.1%
Grade 3	$ 581.4	26.3%	$ 458.2	20.2%	$ 403.8	18.0%	$ 426.2	19.5%	$ 621.3	29.7%
Grade 4	$ 8.3	0.4%	$ 8.3	0.4%	$ 8.4	0.4%	$ 20.4	0.9%	$ 25.3	1.2%
Grade 5 - Low	$ 2.6	0.1%	$ 1.1	0.0%	$ 1.3	0.1%	$ 0.2	0.0%	$ 8.9	0.4%
Weighted Avg. (at Cost)	**2.10**		**1.92**		**1.93**		**2.01**		**2.16**	

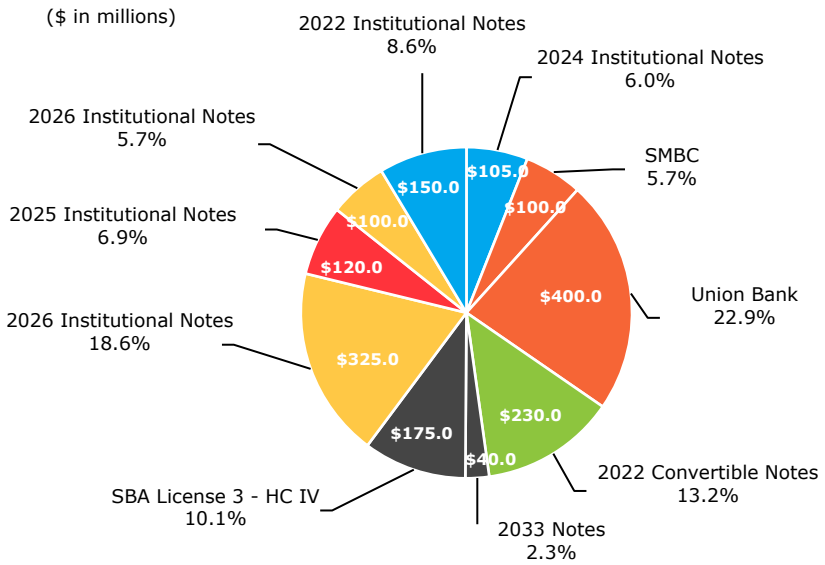
(1) Debt only; based on fair value

Diversified Sources of Funding: Q4 2021

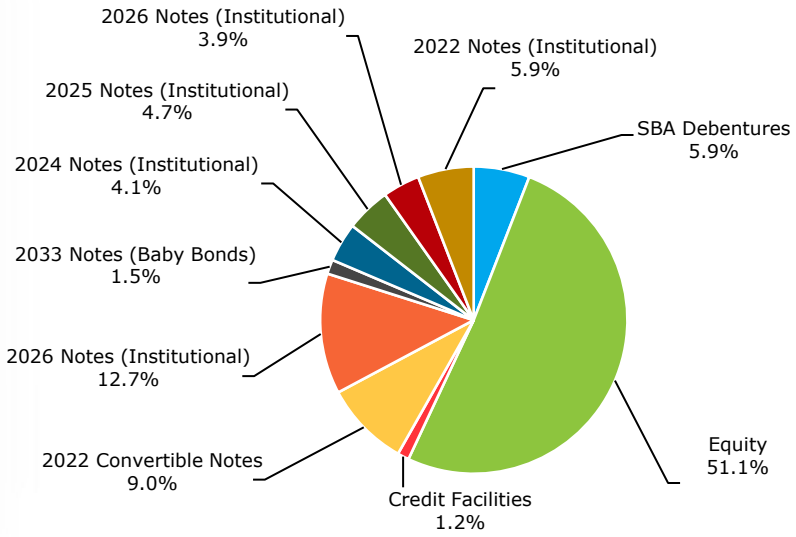
Entity Capitalization

Capital Sources as of 12/31/21	$ in Millions	% of Total
Equity	$1,308.5	51.1%
SBA Debentures	$150.5	5.9%
2022 Convertible Notes	$230.0	9.0%
2022 Notes (Institutional)	$150.0	5.9%
2024 Notes (Institutional)	$105.0	4.1%
September 2026 Notes (Institutional)	$325.0	12.7%
2033 Notes (Baby Bonds)	$40.0	1.5%
February & June 2025 Notes (Institutional)	$120.0	4.7%
March 2026 Notes (Institutional)	100.0	3.9%
Credit Facilities	$29.9	1.2%
Total Capital	**$2,558.9**	**100.0%**

Debt Capital Stack



Total Corporate Capitalization



Diversified Sources of Funding: Q4 2021

			Notes								SBA Debenture
	SMBC Credit Facility	Union Bank Credit Facility	January 2022 Conv. Notes	October 2022 Inst. Notes	Sept. 2026 Inst. Notes	October 2033 Notes	July 2024 Inst. Notes	February 2025 Inst. Notes	June 2025 Inst. Notes	March 2026 Inst. Notes	License 3 HC IV
DATE ENTERED	Nov. 2021	Feb. 2020	Jan. 2017	Oct. 2017	Sept. 2021	Oct. 2018	July 2019	Feb. 2020	June 2020	Nov. 2020 March 2021	March 2021
FACILITY SIZE *($ in millions)*	$100.0	$400.0	$230.0	$150.0	$325.0	$40.0	$105.0	$50.0	$70.0	$100.00	$175.0
INTEREST RATE	LIBOR + 187.5 bps	LIBOR + 250 bps	4.375% unsecured	4.625% unsecured	2.625% Unsecured	6.25% unsecured	4.77% unsecured	4.28% Unsecured	4.31% Unsecured	4.50%/4.55% Unsecured	LIBOR + 30 bps[1]
MATURITY	November 2026	February 2024	February 2022	October 2022	September 2026	October 2033	July 2024	February 2025	June 2025	March 2026	Mature 10 years after borrowing
ADDITIONAL INFO	(Expandable up to $150.0)	(Expandable up to $600.0)	DBRS: BBB KBRA: BBB+	DBRS: BBB KBRA: BBB+	Moody's: Baa3 KBRA: BBB+	NYSE: HCXY DBRS: BBB KBRA: BBB+	KBRA: BBB+	KBRA: BBB+	KBRA: BBB+	KBRA: BBB+	Reset in September 2021
OUTSTANDING *($ in millions)*	$29.9	$0.0	$230.0	$150.0	$325.0	$40.0	$105.0	$50.0	$70.0	$100.00	$150.5

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

Well-Managed Debt Maturity Schedule

Interest Rates & Asset Sensitivity

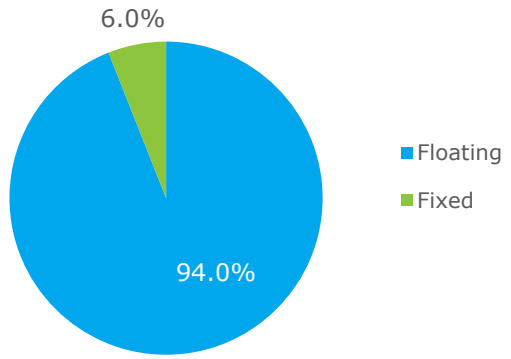
Basis Point Movement in Prime Rate

(1) EPS calculated on basic weighted shares outstanding of 115.2 million and a static debt investment portfolio as of December 31, 2021.
Estimates are also subject to change due to impact from potential participation in the Company's equity ATM program and future equity offerings.

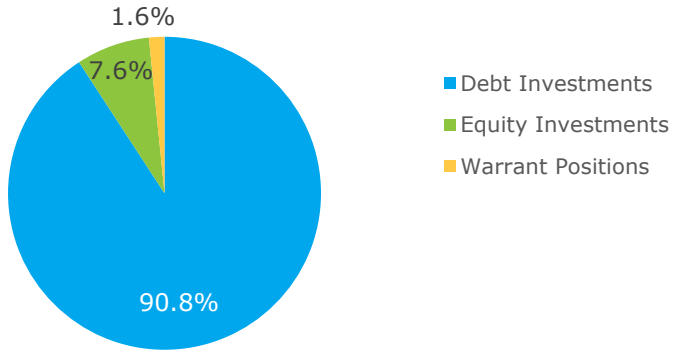
Portfolio Highlights

Hercules' Investment Portfolio: Q4 2021

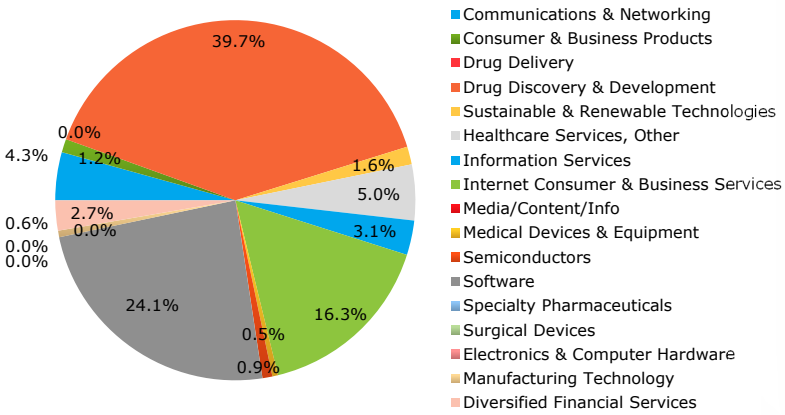
Floating vs. Fixed Rate



Investment Type Breakout

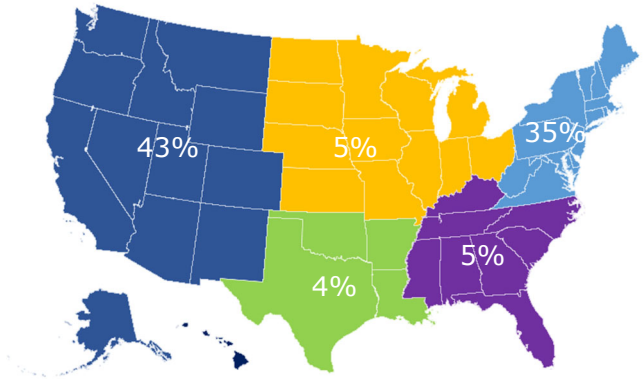


Industry Breakout



Percentage of Portfolio Companies by Region

(Portfolio Companies as of December 31, 2021)



International: 8%

Hercules' Warrant & Equity Portfolio: Potential Future Upside for Shareholder's Total Return

16 Portfolio Companies completed Initial Public Offerings – 2021

- Sprinklr, Privia Health, Proterra, 23andMe, Century Therapeutics, Xometry, Zeta Global Holdings, Rapid Micro Biosystems, Wheels Up, Couchbase, Rocket Lab, Varsity Tutors, Velo3D, Planet Labs, Nextdoor and Better Therapeutics
- Pineapple Energy, Gelesis, Intuity Medical, Grove Collaborative, Aerami Therapeutics, ZeroFox and SeatGeek in registration, reverse merger or SPACs
- One Confidential Filer

16 Portfolio Companies announced/completed M&A Liquidity Events – 2021

- The Wing, Convercent, Velocity Clinical Research, Ology Bioservices, ExtraHop, Vela Trading, Greenphire, Message Systems, Sapphire Digital, Envisage Technologies, Clarabridge, OneLogin, Tapjoy, Peerless Network, Kaleo and Fuze

Current Warrant & Equity Portfolio – Q4 2021

- 97 warrant holdings
  - GAAP fair value: $38.4 million
  - GAAP cost: $27.1 million
  - $67.4 million in nominal Exercise Value (as of 12/31/21)
- 75 equity holdings
  - GAAP fair value: $184.7 million
  - GAAP cost: $142.2 million

- Illustrative models of potential warrant gains (as of 12/31/21)
  - Assumption: 50% of warrants will not monetize
  - GAAP cost: $13.6 million
  - Based on 115.2 million weighted average shares

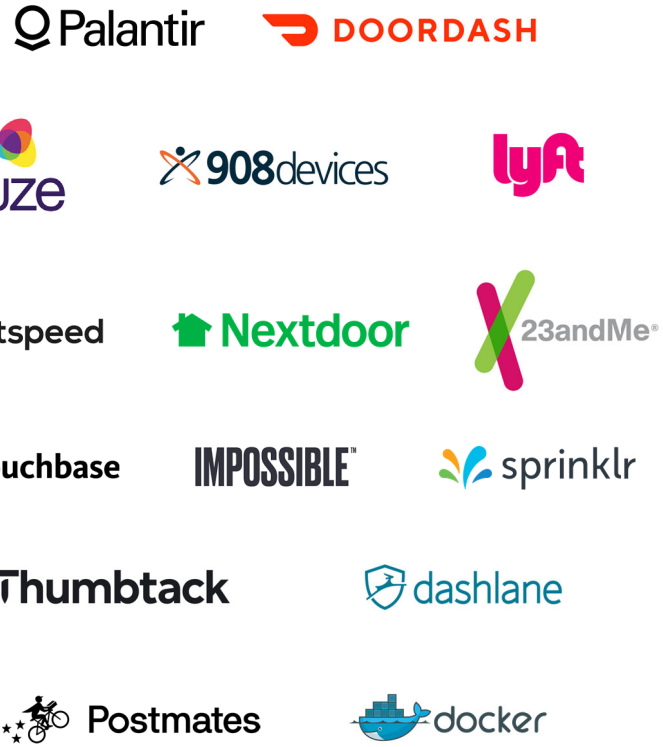
$33.7M x 2X multiple: $67.4M - $13.6M cost = $53.8M unrealized gain = **$0.47/share**

$33.7M x 3X multiple: $101.1M - $13.6M cost = $87.5M unrealized gain = **$0.76/share**

$33.7M x 4X multiple: $134.8M - $13.6M cost = $121.2 unrealized gain = **$1.05/share**

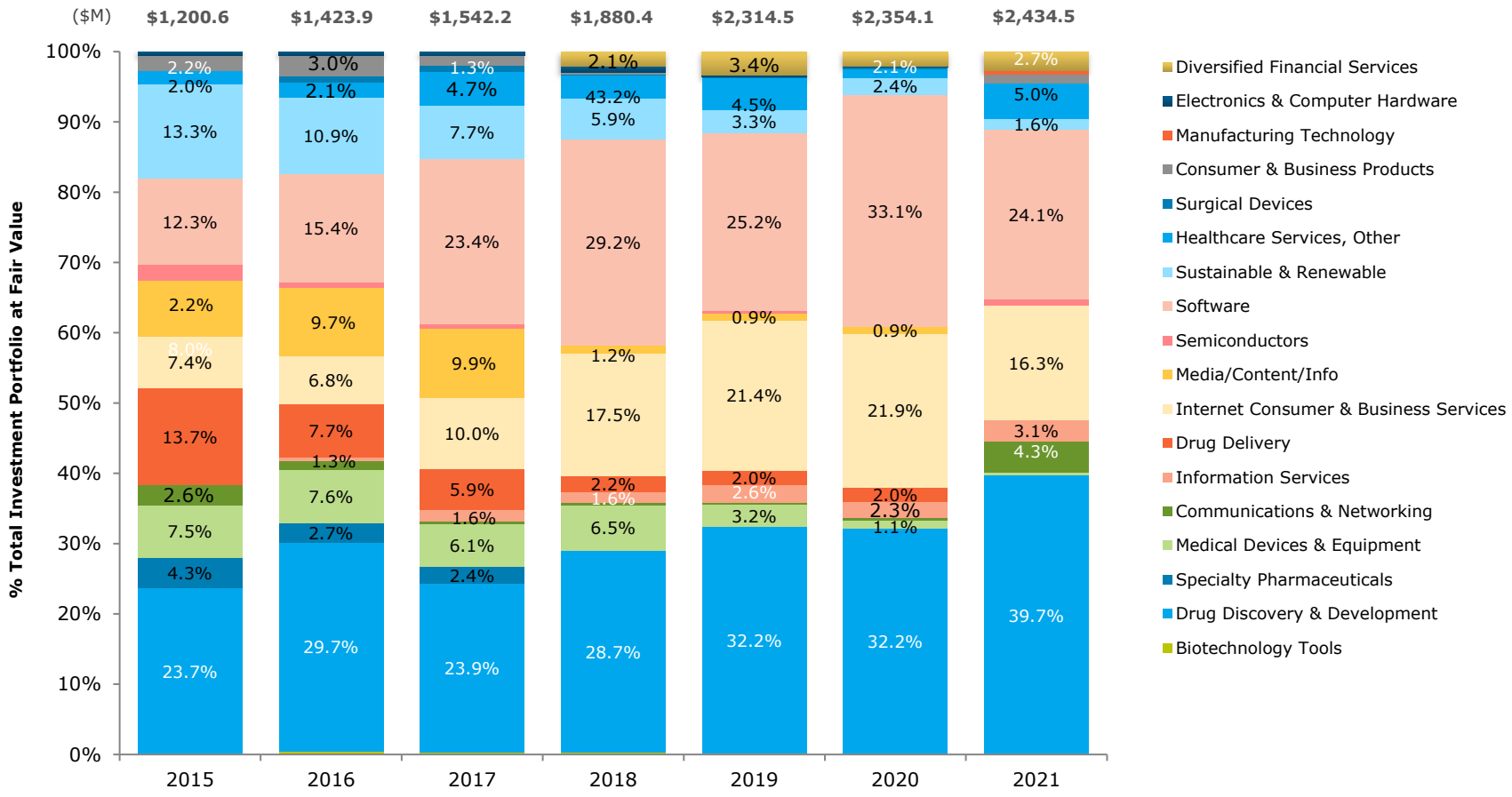
Select List of Warrant and Equity Portfolio Holdings

Technology



Life Sciences

A Broadly Diversified Portfolio Re-Balanced According to our Assessment of Ongoing Market Conditions Mitigates Risk



Select List of Diversified Portfolio Companies

Technology

Couchbase, Grove Collaborative, FanDuel, Postmates, fastly, Rhino, Arctic Wolf, Carbon Health, WorldRemit, Rocket Lab, NextRoll, Varsity Tutors

Life Sciences

uniQure, bicycle therapeutics, ChemoCentryx, bridgebio, Corium, Center for Breakthrough Medicines at Discovery Labs, AVEO Oncology, CODIAK, mesoblast, Century Therapeutics, Constellation Pharmaceuticals, Phathom Pharmaceuticals

SaaS Financing

box, imperva, fuze, PICO, onelogin, abrigo, DocuTAP, businessolver, salsa, C2FO, dashlane, Clarabridge, EverFi

Sustainable & Renewable Technology

Proterra, Plug Power, Xometry, Impossible, tpi Composites, Amyris, Pivot Bio, Druva, BrightSource Limitless, chargepoint, Trilliant, FluidicEnergy

Special Situations

Annie's, HighJump, Medsphere, intelligent beauty, InfoLogix, DocuSign, MD everywhere, zayo Group, Job broadband, daegis, Velocity, VaultLogix, Education Dynamics

Diversified Investment Approach Mitigates Risk

Four Key Diversification Strategies

FINANCIAL SPONSORS

More than 1000 Venture Capital & Private Equity Firms

INDUSTRY SECTORS

Technology
SaaS Financing
Life Sciences
Sustainable & Renewable
Special Situations

STAGES OF DEVELOPMENT

Expansion or "Venture Growth" & Established

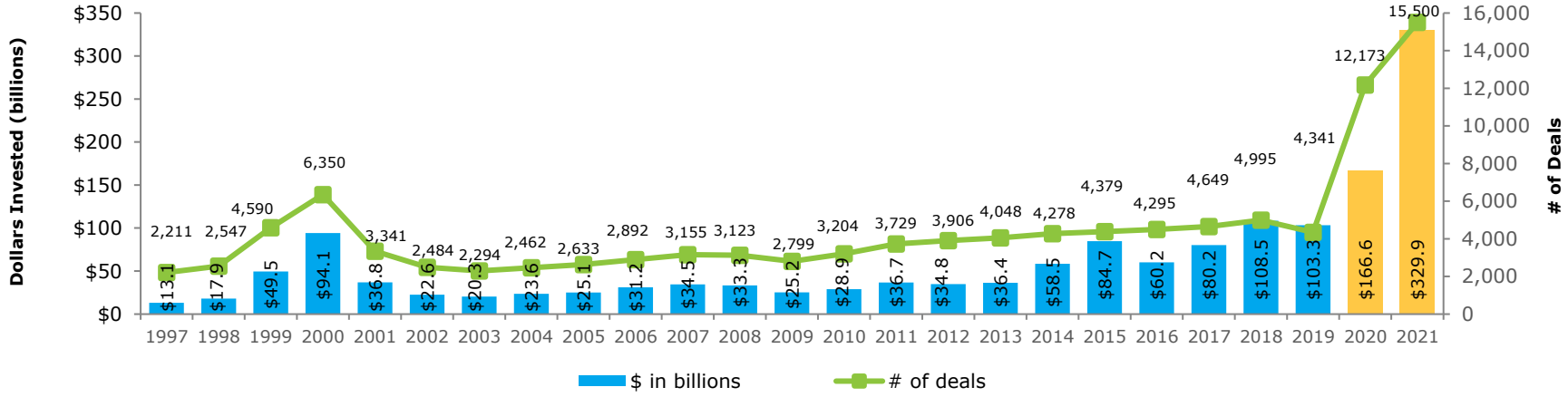
GEOGRAPHIC LOCATION

Key VC Investment Centers
Palo Alto
Boston
New York
Washington DC
San Diego
Westport
London

Venture Capital Market Opportunity

Over $1.5 Trillion Venture Capital Investments

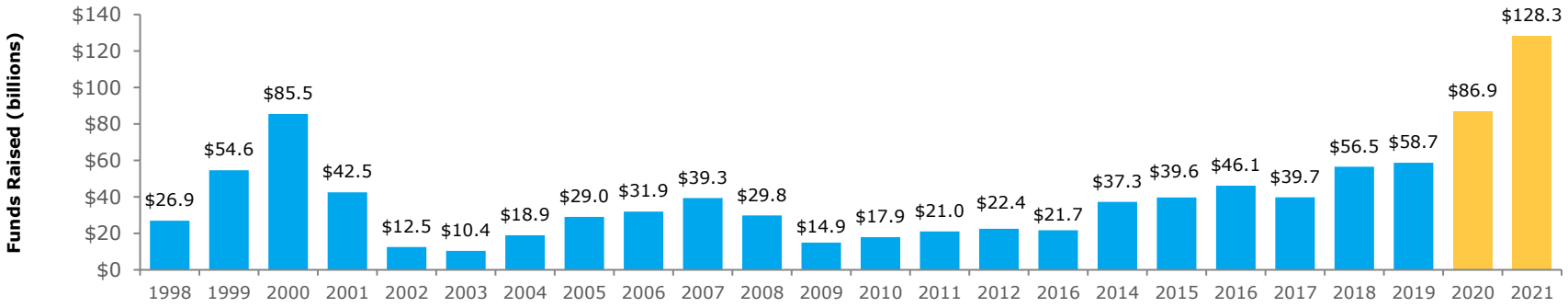
Venture Capital Investment Activity 1997 – Q4 2021



Note: Represents VC investments only

Source: Dow Jones VentureSource thru 2019 PitchBook-NVCA Venture Monitor thru Q4 2021

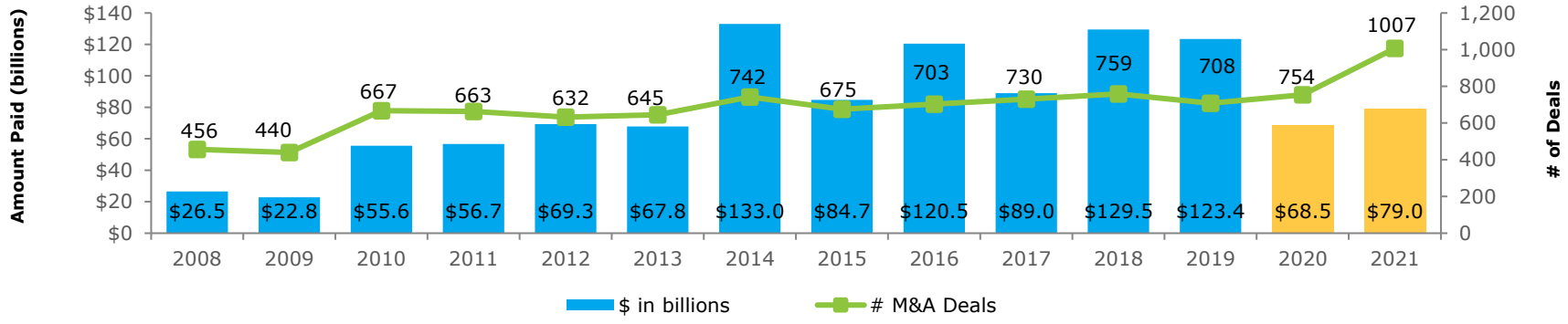
Venture Capital Fundraising Activity 1998 – Q4 2021



Source: Dow Jones VentureSource thru 2019 PitchBook-NVCA Venture Monitor thru Q4 2021

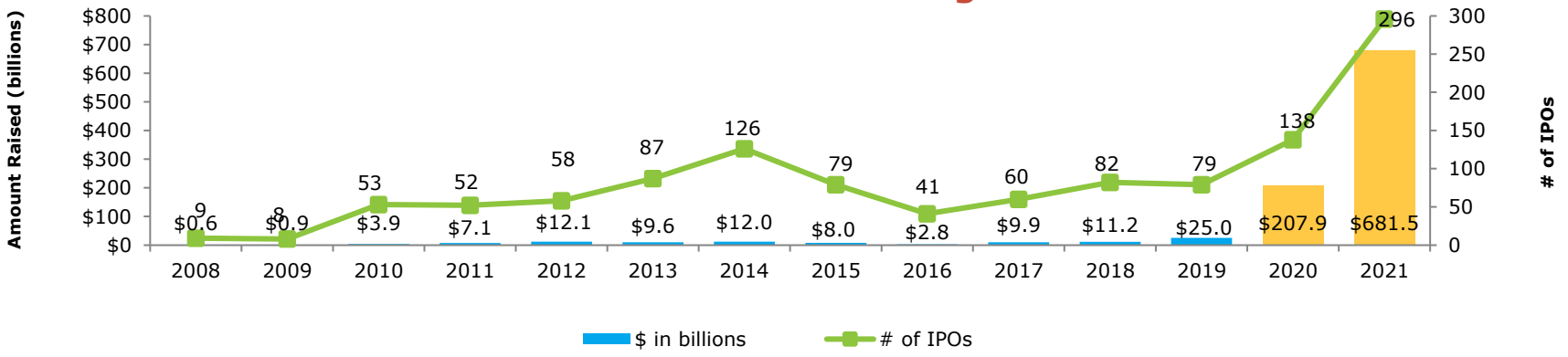
Exits of Venture Capital–Backed Companies

Mergers & Acquisitions



Source: Dow Jones VentureSource thru 2019 PitchBook-NVCA Venture Monitor thru Q4 2021

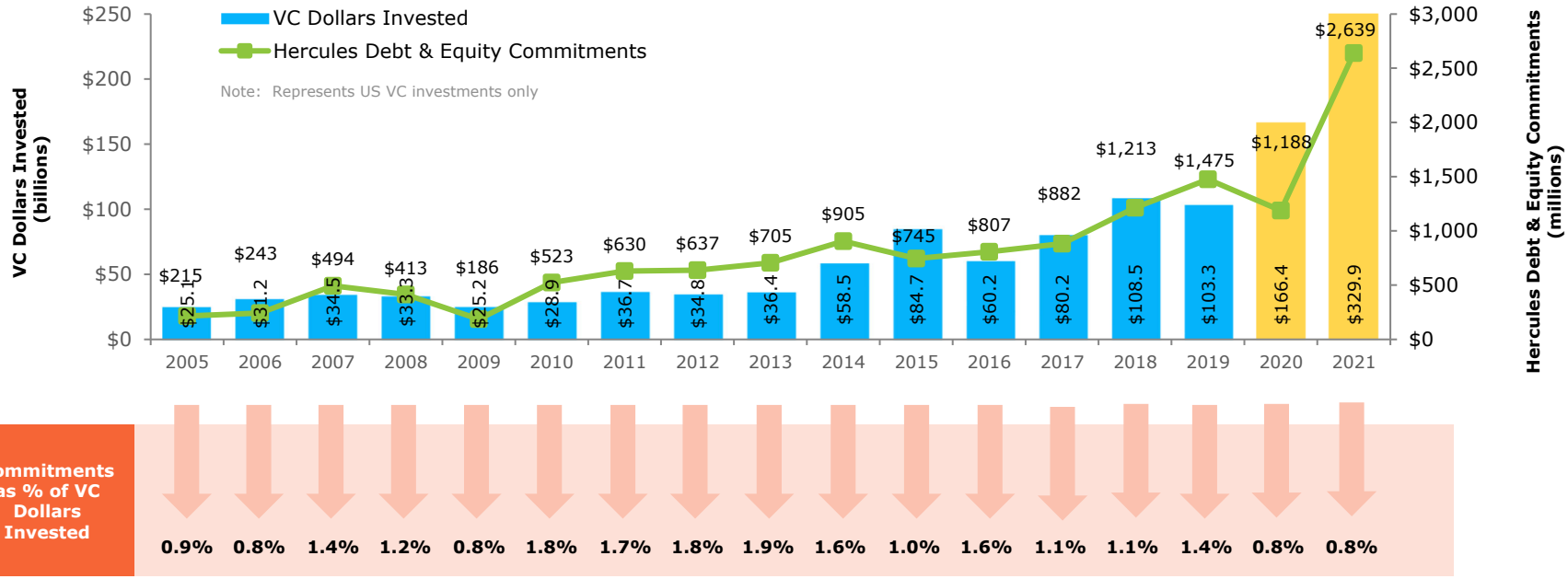
Initial Public Offerings



Source: Dow Jones VentureSource thru 2019 PitchBook-NVCA Venture Monitor thru Q4 2021

Hercules' Total Commitments vs. VC Dollars Invested

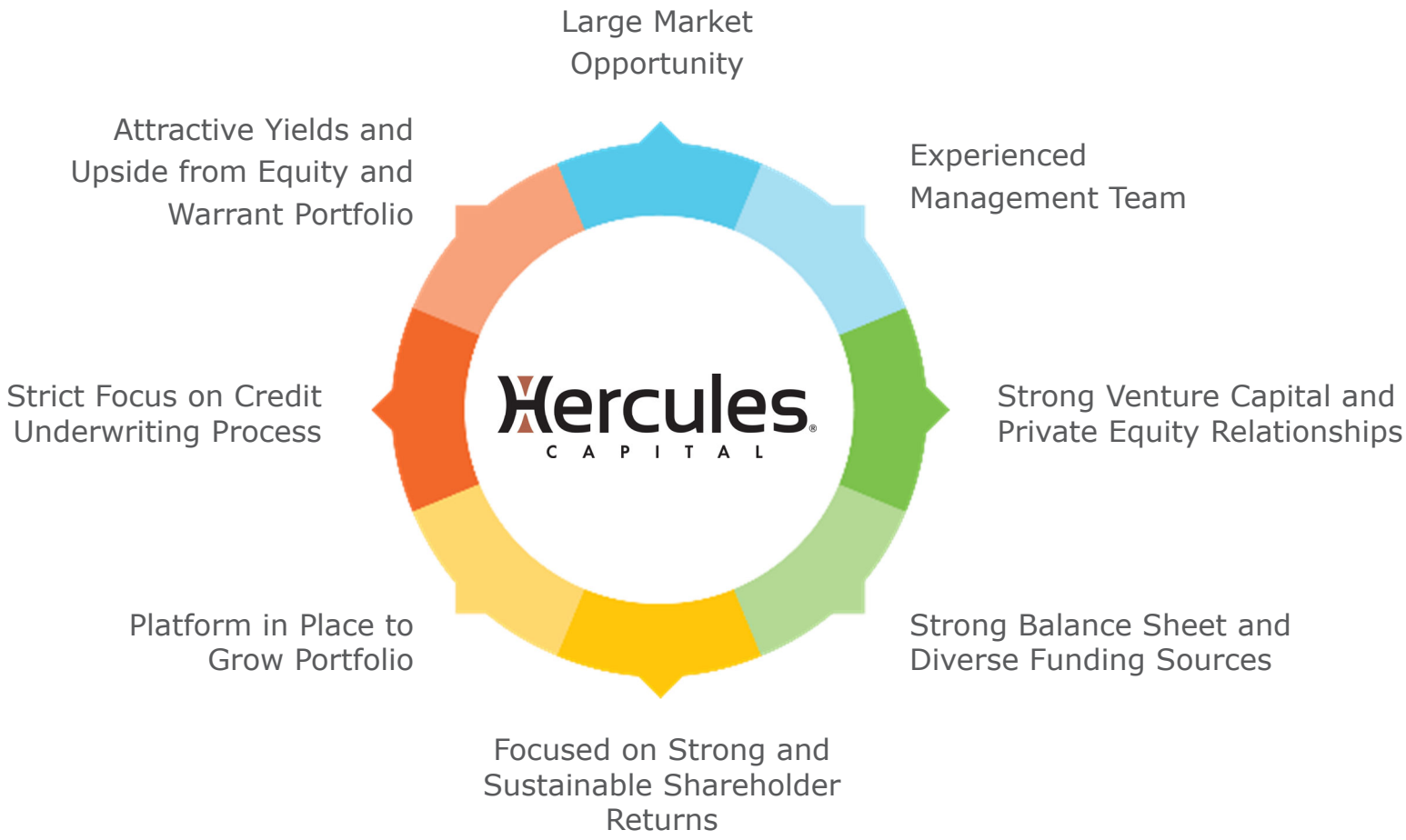
Venture Capital Investment Activity 2005 – Q4 2021



- Hercules' uncompromising yield and credit underwriting standards drive commitments
- Market conditions determine commitment activity more than pure VC investment activity
- Hercules' 17-year historical average: 1.2%

Source: Dow Jones VentureSource thru 2019 PitchBook-NVCA Venture Monitor thru Q4 2021

Investment Highlights



Analyst Coverage

Broad Industry Analyst Coverage

Finian O'Shea
Transferred Coverage
7/13/2018

John Hecht
Initiated Coverage
6/30/2015

Devin Ryan
Re-initiated Coverage
11/2/2020

Ryan Lynch
Re-initiated Coverage
2/19/2013

Crispin Love
Re-initiated Coverage
7/20/2020

Casey Alexander
Initiated Coverage
6/23/15

Mitchel Penn
Initiated Coverage
4/27/2021

Kenneth Lee
Initiated Coverage
3/25/2021

Christopher Nolan
Initiated Coverage
11/20/2017

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 a Publicly Listed, Internally Managed BDC and RIC

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
- Subject to comprehensive disclosure requirements under the 1934 Act

New York Stock Exchange-Listed Company

- Annual stockholder meeting
- Independent audit committee oversees integrity of financial statements and auditor independence
- Timely disclosure of material events

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)

- One Small Business Investment Company ("SBIC") license granted through the U.S. Small Business Administration ("SBA")
- Currently, $150.5 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