Risk Factors Comparison 2024-02-15 to 2023-02-16 Form: 10-K

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Investing in our securities involves a number of significant risks. In addition to the other information contained in this Annual Report on Form 10- K, you should carefully consider the following information before making an investment in our securities. The risks set forth below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also impair our operations and performance. If any of the following events occur, our business, financial condition, and results of operations could be materially adversely affected. In such case, our NAV and the trading price of our common stock or the value of our other securities could decline, and you may lose all or part of your investment. Risks Related To Our Business Structure We operate in a highly competitive market for investment opportunities. We compete for investments with a number of other investment funds (including venture capital and private equity funds, debt funds, BDCs and SBICs), as well as traditional financial services companies such as commercial and investment banks and other sources of funding. Many of our competitors are substantially larger and have considerably greater financial, technical, marketing and other resources than we do. For example, some competitors may have a lower cost of funds and / or access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we do match our competitors' pricing, terms or structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. A significant increase in the number and / or the size of our competitors in this target market could force us to accept less attractive investment terms. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or that the Code imposes on us as a RIC. We are dependent upon senior management personnel for our future success, particularly our CEO, Scott Bluestein. We depend upon the members of our senior management, particularly Mr. Bluestein, and other key personnel for the identification, final selection, structuring, closing and monitoring of our investments. These employees have critical industry experience and relationships on which we rely to implement our business plan. Our future success depends on the continued service of our senior management team. The departure of Mr. Bluestein or any member of our senior management team or a significant number of the members of our investment team could have a material adverse effect on our ability to achieve our investment objective as well as our business, financial condition or results of operation. As a result, we may not be able to operate our business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer. Our success depends on attracting and retaining qualified personnel in a competitive environment. Our growth will require that we retain new investment and administrative personnel in a competitive market. Our ability to attract and retain personnel with the requisite credentials, experience and skills depends on several factors including, but not limited to, our ability to offer competitive wages, benefits and professional growth opportunities. Many of the entities, including investment funds (such as venture capital funds, private equity funds, debt funds and mezzanine funds) and traditional financial services companies, with which we compete for experienced personnel have greater resources than we have. The competitive environment for qualified personnel may require us to take certain measures to ensure that we are able to attract and retain experienced personnel. Such measures may include increasing the attractiveness of our overall compensation packages, altering the structure of our compensation packages through the use of additional forms of compensation, or other steps. The inability to attract and retain experienced personnel would have a material adverse effect on our business. As an internally managed BDC, we are subject to certain restrictions that may adversely affect our business. As an internally managed BDC, the size and categories of our assets under management is limited, and we are unable to offer as wide a variety of financial products to prospective portfolio companies and sponsors (potentially limiting the size and diversification of our asset base). We therefore may not achieve efficiencies of scale and greater management resources available to externally managed business development companies. In addition, if we fail to comply with restrictions applicable to an internally managed BDC, for example with respect to the portion of our assets representing qualifying assets, we may be subject to further restrictions that could have a negative impact on our business. See " Item 1. Business — Regulation. " Additionally, as an internally managed BDC, our ability to offer more competitive and flexible compensation structures, such as offering both a profit- sharing plan and an equity incentive plan, is subject to the limitations imposed by the 1940 Act, which limits our ability to attract and retain talented investment management professionals. As such, these limitations could inhibit our ability to grow, pursue our business plan and attract and retain professional talent, any or all of which may have a negative impact on our business, financial condition and results of operations. Our business model depends to a significant extent upon strong referral relationships. We expect that members of our management team will maintain their relationships with venture capital and private equity firms, other financial institutions and intermediaries, investment bankers, commercial bankers, financial advisers, attorneys, accountants, consultants and other individuals within our network, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If we fail to maintain our existing relationships or develop new relationships with sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom members of our management team have relationships are not obligated to provide us with investment opportunities and, therefore, there is no assurance that such relationships will general investment opportunities for us. Our Board may change our operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse. Our Board has the authority to modify or waive certain of our current operating policies and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, NAV, operating results and value of our stock. However, the effect might be adverse, which could negatively impact our ability to pay interest and principal payments to holders of our debt instruments and dividends to our stockholders and cause our investors to lose all or part of their investment in us. We may not be able to pay distributions to our stockholders, our distributions may not grow over time, and a portion of distributions paid to our stockholders may be a return of capital, which is a distribution of the stockholders' invested capital. We intend to pay distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to pay a specified level of cash distributions, previously projected distributions for future periods, or year- to- year increases in cash distributions. Our ability to pay distributions might be adversely affected by, among other things, the impact of one or more of the risk factors described herein. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could limit our ability to pay distributions. All distributions will be paid at the discretion of our Board and will depend on our earnings, our financial condition, maintenance of our RIC status, compliance with applicable BDC regulations, compliance with our debt covenants and such other factors as our Board may deem relevant from time to time. We cannot assure you that we will pay distributions to our stockholders in the future. When we make distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated taxable earnings, recognized capital gains or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for U. S. federal income tax purposes, which may result in higher tax liability when the shares are sold, even if they have not increased in value or have lost value. In addition, any return of capital will be net of any sales load and offering expenses associated with sales of shares of our common stock. In the future, our distributions may include a return of capital. We are subject to risks related to corporate social responsibility. Our business faces increasing public scrutiny related to environmental, social and governance (" ESG ") activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, support for local communities, corporate governance and transparency and considering ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand, the cost of our operations and relationships with investors, all of which could adversely affect our business and results of operations. Additionally, new regulatory initiatives related to ESG could adversely affect our business. **In addition, different stakeholder groups have divergent views on ESG matters, which increases the risk that any action or lack thereof with respect to ESG matters will be perceived negatively by at least some stakeholders and may adversely impact our reputation and business. If we do not successfully manage ESG- related expectations across these varied stakeholder interests, it could erode stakeholder trust, impact our reputation and constrain our business.** Risks Related To Our Investments Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment. Investing in our portfolio companies exposes us indirectly to a number of significant risks. Among other things, these companies: • may have limited financial resources (including the inability to obtain additional equity or debt financing as needed) and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments; • may require substantial additional financing to satisfy their continuing working capital and other cash requirements; • may have shorter operating histories, narrower product lines, smaller market shares and / or significant customer concentrations than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; • are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation, termination or significant under- performance of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us; • generally have less predictable operating results which may fluctuate suddenly and dramatically, may from time- to- time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, finance expansion or maintain their competitive position, and may have more limited access to capital and higher funding costs; • may be adversely affected by a lack of IPO or merger and acquisition opportunities; and • generally have less publicly available information about their businesses, operations and financial condition. We are required to rely on the ability of our management team and investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and may lose all or part of our investment. In addition, in the course of providing significant managerial assistance to certain of our portfolio companies, certain of our officers and directors may serve as directors on the boards of such companies. To the extent that litigation arises out of our investments in these companies, our officers and directors may be named as defendants in such litigation, which could result in an expenditure of funds (through our indemnification of such officers and directors) and the diversion of management time and resources. A lack of IPO or merger and acquisition opportunities may cause companies to stay in our portfolio longer, leading to lower returns, unrealized depreciation, or realized losses. A lack of IPO or merger and acquisition, or M & A, opportunities for private companies, including venture capital- backed and institutional- backed companies could lead to portfolio companies staying longer in our portfolio as private entities still requiring funding. IPO activity in particular has slowed significantly during 2022 **- 2023** and this trend may remain for the foreseeable future. This situation may adversely affect the amount of available funding for early- stage companies in particular as, in general, venture capital, institutional, and other sponsor firms are being forced to provide additional financing to late- stage companies that cannot complete an IPO or M & A transaction. In the best case, such stagnation would dampen returns, and in the worst case, could lead to unrealized depreciation and realized losses as some portfolio companies run short of cash and have to accept lower valuations in private fundings or are not able to access additional capital at all. A lack of IPO or M & A opportunities for private companies can also cause some venture capital, institutional, and other sponsor firms to change their strategies, leading some of them to reduce funding to their portfolio companies and making it more difficult for such companies to access capital and to fulfill their potential, which can result in unrealized depreciation and realized losses in such portfolio companies by other companies, such as ourselves, who are co- investors in such portfolio companies. Investing in publicly traded companies can involve a high degree of risk and can be speculative. A portion of our portfolio is invested in publicly traded companies or companies that are in the process of completing ~~their~~ **an** IPO. As publicly traded companies, the securities of these companies may not trade at high volumes, and prices can be volatile, particularly during times of general market volatility, which may restrict our ability to sell our positions and may have a material adverse impact on us. In addition, our ability to invest in public companies may be limited in certain circumstances. To maintain our status as a BDC, we are not permitted to acquire any assets other than " qualifying assets " specified in the 1940 Act unless, at the time the acquisition is made and giving effect to it, at least 70 % of our total assets are qualifying assets (with certain limited exceptions). Subject to certain exceptions for follow- on investments and distressed companies, an investment in an issuer that has outstanding securities listed on a national securities exchange may be treated as a qualifying asset only if such issuer has a market capitalization that is less than $ 250. 0 million at any point in the 60 days prior to the time of such investment and meets the other specified requirements. Our investments are concentrated in certain technology- related industries, which subjects us to the risk of significant loss if any one or more of such industries experiences a downturn. We have invested and intend to continue investing in a ~~limited~~ number of companies that operate in technology- related industries. A downturn in one or more technology- related industry sectors and particularly those in which we are heavily concentrated could materially adversely affect our financial condition more than if we invested in a wider range of industries. As of December 31, ~~2022~~ **2023** , approximately ~~80~~ **78** . 5 % of the fair value of our portfolio comprised investments in three industries: 38. ~~8~~ **7** % comprised investments in the " Drug Discovery and Development " industry, ~~26~~ **23** . ~~9~~ **6** % comprised investments in the " Software " industry and ~~14~~ **16** . ~~8~~ **2** % comprised investments in the " Consumer & Business Services " industry. Companies in technology- related industries are subject to numerous risks, including: **•** Technology Industry (including Software and Consumer & Business Services Industries) Risk. The market prices and values of companies operating in the technology industry – including software and consumer and business services companies – tend to exhibit a greater degree of risk and volatility than other types of investments. These companies may fall in and out of favor with the public and investors rapidly, which may cause sudden selling and dramatically lower market prices. These companies also may be affected adversely by changes in technology, consumer and business purchasing patterns, short product cycles, falling prices and profits, government regulation, lack of standardization or compatibility with existing technologies, intense competition, aggressive pricing **, advances in artificial intelligence and machine learning** , dependence on copyright and / or patent protection and / or obsolete products or services. Certain technology- related companies may face special risks that their products or services may not prove to be commercially successful. Technology- related companies are also strongly affected by worldwide scientific or technological developments. As a result, their products may rapidly become obsolete. Companies in the application software industry, in particular, may also be negatively affected by the decline or fluctuation of subscription renewal rates for their products and services, which may have an adverse effect on profit margins. Companies in the systems software industry may be adversely affected by, among other things, actual or perceived security vulnerabilities in their products and services, which may result in individual or class action lawsuits, state or federal enforcement actions and other remediation costs. Such companies are also often subject to governmental regulation and may, therefore, be adversely affected by governmental policies. In addition, a rising interest rate environment tends to negatively affect technology and technology- related companies. Those technology or technology- related companies seeking to finance their expansion would have increased borrowing costs, which may negatively impact their earnings. Technology- related companies are often smaller and less experienced companies and may be subject to greater risks than larger companies, such as limited product lines, markets and financial and managerial resources. These risks may be heightened for technology companies in foreign markets. **•** Drug Discovery & Development Industry Risk. The success of pharmaceutical companies operating in the drug discovery and development industry is highly dependent on the development, procurement and marketing of drugs. The values of pharmaceutical companies are also dependent on the development, protection and exploitation of intellectual property rights and other proprietary information, and the profitability of pharmaceutical companies may be significantly affected by such things as the expiration of patents or the loss of, or the inability to enforce, intellectual property rights. The research and other costs associated with developing or procuring new drugs and the related intellectual property rights can be significant, and the results of such research and expenditures are unpredictable. There can be no assurance that those efforts or costs will result in the development of a profitable drug. Pharmaceutical companies may be susceptible to product obsolescence. Many pharmaceutical companies face intense competition from new products and less costly generic products. Moreover, the process for obtaining regulatory approval by the FDA or other governmental regulatory authorities is long and costly and there can be no assurance that the necessary approvals will be obtained or maintained. Pharmaceutical companies are also subject to rapid and significant technological change and competitive forces that may make drugs obsolete or make it difficult to raise prices and, in fact, may result in price discounting. Pharmaceutical companies may also be subject to expenses and losses from extensive litigation based on intellectual property, product liability and similar claims. Failure of pharmaceutical companies to comply with applicable laws and regulations can result in the imposition of civil and criminal fines, penalties and, in some instances, exclusion of participation in government sponsored programs such as Medicare and Medicaid. Pharmaceutical companies may be adversely affected by government regulation and changes in reimbursement rates. The ability of many pharmaceutical companies to commercialize current and any future products depends in part on the extent to which reimbursement for the cost of such products and related treatments are available from third party payors, such as Medicare, Medicaid, private health insurance plans and health maintenance organizations. Third- party payors are increasingly challenging the price and cost- effectiveness of medical products. Significant uncertainty exists as to the reimbursement status of health care products, and there can be no assurance that adequate third- party coverage will be available for pharmaceutical companies to obtain satisfactory price levels for their products. The international operations of many pharmaceutical companies expose them to risks associated with instability and changes in economic and political conditions, foreign currency fluctuations, changes in foreign regulations and other risks inherent to international business. Additionally, a pharmaceutical company' s valuation can often be based largely on the potential or actual performance of a limited number of products. A pharmaceutical company' s valuation can also be greatly affected if one of its products proves unsafe, ineffective or unprofitable. Such companies also may be characterized by thin capitalization and limited markets, financial resources or personnel, as well as dependence on wholesale distributors. The values of companies in the pharmaceutical industry have been and will likely continue to be extremely volatile. • Biotechnology Industry Risk. The success of biotechnology companies is highly dependent on the development, procurement and / or marketing of drugs **, products, and / or technologies** . The values of biotechnology companies are also dependent on the development, protection and exploitation of intellectual property rights and other proprietary information, and the profitability of biotechnology companies may be significantly affected by such things as the expiration of patents or the loss of, or the inability to enforce, intellectual property rights. The research and other costs associated with developing or procuring new drugs, products or technologies and the related intellectual property rights can be significant, and the results of such research and expenditures are unpredictable. There can be no assurance that those efforts or costs will result in the development of a profitable drug, product or technology. Moreover, the process for obtaining regulatory approval by the FDA or other governmental regulatory authorities is long and costly and there can be no assurance that the necessary approvals will be obtained or maintained. Biotechnology companies are also subject to rapid and significant technological change and competitive forces that may make drugs, products or technologies obsolete or make it difficult to raise prices and, in fact, may result in price discounting. Biotechnology companies may also be subject to expenses and losses from extensive litigation based on intellectual property, product liability and similar claims. Failure of biotechnology companies to comply with applicable laws and regulations can result in the imposition of civil and / or criminal fines, penalties and, in some instances, exclusion of participation in government sponsored programs such as Medicare and Medicaid. Biotechnology companies may be adversely affected by government regulation and changes in reimbursement rates. Healthcare providers, principally hospitals, that transact with biotechnology companies, often rely on third party payors, such as Medicare, Medicaid, private health insurance plans and health maintenance organizations to reimburse all or a portion of the cost of healthcare related products or services. Biotechnology companies will continue to be affected by the efforts of governments and third- party payors to contain or reduce health care costs. For example, certain foreign markets control pricing or profitability of biotechnology products and technologies. In the United States, **the Inflation Reduction Act has imposed a number of provisions aimed at reducing drug spending and** there has been, and there will likely continue to be, a number of **additional** federal and state proposals to implement ~~similar~~ **additional** controls. A biotechnology company' s valuation could be based on the potential or actual performance of a limited number of products. A biotechnology company' s valuation could be affected if one of its products proves unsafe, ineffective or unprofitable. Such companies may also be characterized by thin capitalization and limited markets, financial resources or personnel. The stock prices of companies involved in the biotechnology sector have been and will likely continue to be extremely volatile. • Life Sciences Industry Risk. Life sciences industries are characterized by limited product focus, rapidly changing technology and extensive government regulation. In particular, technological advances can render an existing product, which may account for a disproportionate share of a company' s revenue, obsolete. Obtaining governmental approval from agencies such as the FDA, the U. S. Department of Agriculture and other governmental agencies for new products can be lengthy, expensive and uncertain as to outcome. Any delays in product development may result in the need to seek additional capital, potentially diluting the interests of existing investors such as the Company. In addition, governmental agencies may, for a variety of reasons, restrict the release of certain innovative technologies of commercial significance, such as genetically altered material. These various factors may result in abrupt advances and declines in the securities prices of particular companies and, in some cases, may have a broad effect on the prices of securities of companies in particular life sciences industries. Intense competition exists within and among certain life sciences industries, including competition to obtain and sustain proprietary technology protection. Life sciences companies can be highly dependent on the strength of patents, trademarks and other intellectual property rights for maintenance of profit margins and market share. The complex nature of the technologies involved can lead to patent disputes, including litigation that may be costly and that could result in a company losing an exclusive right to a patent. Competitors of life sciences companies may have invested substantially in developing technologies and products that are more effective or less costly than any that may be developed by life sciences companies in which the Company invests and may also prove to be more successful in production and marketing. Competition may increase further as a result of potential advances in health services and medical technology and greater availability of capital for investment in these fields. With respect to healthcare, cost containment measures already implemented by the federal government, state governments and the private sector have adversely affected certain sectors of these industries. Increased emphasis on managed care in the United States may put pressure on the price and usage of products sold by life sciences companies in which the Company may invest in and may adversely affect the sales and revenues of life sciences companies. Product development efforts by life sciences companies may not result in commercial products for many reasons, including, but not limited to, failure to achieve acceptable clinical trial results, limited effectiveness in treating the specified condition or illness, harmful side effects, failure to obtain regulatory approval, and high manufacturing costs. Even after a product is commercially released, governmental agencies may require additional clinical trials or change the labeling requirements for products if additional product side effects are identified, which could have a material adverse effect on the market price of the securities of those life sciences companies. Certain life sciences companies in which the Company may invest may be exposed to potential product liability risks that are inherent in the testing, manufacturing, marketing and sale of pharmaceuticals, medical devices or other products. There can be no assurances that a product liability claim would not have a material adverse effect on the business, financial condition or securities prices of a company in which the Company has invested. • Healthcare Services Industry Risk. The operations of healthcare services companies are subject to extensive federal, state and local government regulations, including Medicare and Medicaid payment rules and regulations, federal and state anti- kickback laws, the physician self- referral law and analogous state self- referral prohibition statutes, Federal Acquisition Regulations, the False Claims Act and federal and state laws regarding the collection, use and disclosure of patient health information and the storage, handling and administration of pharmaceuticals. The Medicare and Medicaid reimbursement rules related to claims submission, enrollment and licensing requirements, cost reporting, and payment processes impose complex and extensive requirements upon dialysis providers as well. A violation or departure from any of these legal requirements may result in government audits, lower reimbursements, significant fines and penalties, the potential loss of certification, recoupment efforts or voluntary repayments. If healthcare services companies fail to adhere to all of the complex government regulations that apply to their businesses, such companies could suffer severe consequences that would substantially reduce revenues, earnings, cash flows and stock prices. If healthcare companies are unable to successfully expand their product lines through internal research and development and acquisitions, their business may be materially and adversely affected. In addition, if these companies are unable to successfully grow their businesses through marketing partnerships and acquisitions, their business may be materially and adversely affected. • Sustainable and Renewable Technology Industry Risk. Companies in sustainable and renewable technology sectors may be subject to extensive regulation by foreign, U. S. federal, state and / or local agencies. Changes in existing laws, rules or regulations, or judicial or administrative interpretations thereof, new laws, rules or regulations, or changes in government priorities or limitations on government resources could all have an adverse impact on the business and industries of these companies. We are unable to predict whether any such changes in laws, rules or regulations will occur and, if they do occur, the impact of these changes on our portfolio companies and our investment returns. Furthermore, if any of our portfolio companies fail to comply with applicable regulations, they could be subject to significant penalties and claims that could materially and adversely affect their operations, which would also impact our ability to realize value since our exit from the investment may be subject to the portfolio company obtaining the necessary regulatory approvals. Our portfolio companies may be subject to the expense, delay and uncertainty of the regulatory approval process for their products and, even if approved, these products may not be accepted in the marketplace. In addition, there is considerable uncertainty about whether foreign, U. S., state and / or local governmental entities will enact or maintain legislation or regulatory programs that mandate reductions in greenhouse gas emissions or provide incentives for sustainable and renewable technology companies. Without such regulatory policies, investments in sustainable and renewable technology companies may not be economical and financing for sustainable and renewable technology companies may become unavailable. Further, industries within the energy sector are cyclical with fluctuations in commodity prices and demand for, and production of commodities driven by a variety of factors. The highly cyclical nature of the industries within the energy sector may lead to volatile changes in commodity prices. Commodity price fluctuation may adversely affect the earnings of companies in which we may invest. Our financial results could be negatively affected if a significant portfolio investment fails to perform as expected. Our total investment in companies may be significant individually or in the aggregate. As a result, if a significant investment in one or more companies fails to perform as expected, our financial results could be more negatively affected, and the magnitude of the loss could be more significant than if we had made smaller investments in more companies. The following table shows the fair value of the investments held in portfolio companies as of December 31, ~~2022~~ **2023** , that represent greater than 5 % of our net assets: (in thousands) December 31, **2023Fair** ~~2022 Fair Value Percentage~~ **ValuePercentage** of Net Assets **Axsome Therapeutics, Inc. $ 162, 022 9. 0 % Phathom Pharmaceuticals, Inc. 129, 738 7. 2 %** Corium, Inc. **108** ~~$ 135~~ , ~~619 9~~ **545 6** . ~~7~~ **0 % SeatGeek, Inc. 108, 053 6. 0** % Worldremit Group ~~Limited~~ **Limited96** ~~94~~ , **020 5** ~~031 6. 7 % Phathom Pharmaceuticals, Inc. 94, 017 6. 7 % Axsome Therapeutics, Inc. 89, 461 6. 4 % Rocket Lab Global Services, LLC 87, 933 6~~ . 3 % • ~~SeatGeek, Inc. 87, 876 6. 3 % Convoy, Inc. 73, 862 5. 3 % uniQure B. V. 73, 408 5. 2 % Corium, Inc. develops, engineers, and manufactures drug delivery products and devices that utilize the skin and mucosa as a primary means of transport. Worldremit Group Limited is a global online money transfer business. Phathom Pharmaceuticals, Inc. is a biopharmaceutical company focused on the development and commercialization of novel treatments for gastrointestinal diseases and disorders.~~ Axsome Therapeutics, Inc. is a biopharmaceutical company developing novel therapies for the management of central nervous system disorders for which there are limited treatment options. **• Phathom Pharmaceuticals** ~~Rocket Lab Global Services~~ , ~~LLC~~ **Inc.** is a ~~commercial space provider~~ **biopharmaceutical company focused on the development and commercialization** of **novel treatments for gastrointestinal diseases and disorders** ~~high- frequency, low- cost launches~~ . **• Corium, Inc. develops, engineers, and manufactures drug delivery products and devices that utilize the skin and mucosa as a primary means of transport. •** SeatGeek, Inc. is a mobile- focused ticket platform that enables users to buy and sell tickets for live sports, concerts and theater events. ~~Convoy, Inc.~~ **• Worldremit Group Limited** is a **global online money transfer business** ~~developer for on- demand shipment services. uniQure B. V. is a leader in the field of gene therapy, developing proprietary therapies to treat patients with severe genetic diseases of the central nervous system and liver~~ . Our financial results could be materially adversely affected if these portfolio companies or any of our other significant portfolio companies encounter financial difficulty and fail to repay their obligations or to perform as expected. We may be exposed to higher risks with respect to our investments that include PIK interest or exit fees. Our investments may include contractual PIK interest and exit fees. PIK interest represents contractual interest added to a loan ~~'~~ **'** s principal balance and is due in accordance with the loan ~~'~~ **'** s amortization terms. Exit fees represent a contractual fee accrued over the life of the loan and is typically due at loan payoff. To the extent PIK interest and exit fees constitute a portion of our income, we are exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash, including the following: • PIK interest and exit fee instruments may have higher yields, which reflect the payment deferral and credit risk associated with these instruments; • PIK interest and exit fee instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of the collateral; and • PIK interest and exit fee instruments may represent a higher credit risk than coupon loans; even if the conditions for income accrual under generally accepted accounting principles in the United States of America are satisfied, a borrower could still default when actual payment is due upon the maturity of such loan. The lack of liquidity in our investments may adversely affect our business. We generally invest in companies whose securities are not publicly traded and / or whose securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. As a result, we do not expect to achieve liquidity in our investments in the near- term. Our investments are usually subject to contractual or legal restrictions on resale or are otherwise illiquid because there is usually no established trading market for such investments. Even if an established trading market for such securities were established, we may be limited in our ability to divest ourselves from a debt or equity instrument for a variety of reasons, such as limited trading volume in a public company' s securities, or regulatory factors such as the receipt of material non- public information or insider blackout periods when we are legally prohibited from selling. The illiquidity of most of our investments may make it difficult for us to dispose of them at a favorable price or at all and, as a result, we may suffer losses. We may not have the funds or ability to make additional investments in our portfolio companies. We may not have the funds or ability to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through the extension of additional loans, the exercise of a warrant to purchase equity securities, or the funding of additional equity investments. There is no assurance that we will make, or will have sufficient funds to make, follow- on investments. Any decisions not to make a follow- on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation, may reduce our ability to protect an existing investment or may dilute our equity interest or otherwise reduce the expected yield on the investment. There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims. Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which we invest. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. Even if our investment is structured as a senior- secured loan, principles of equitable subordination, as defined by existing case law, could lead a bankruptcy court to subordinate all or a portion of our claim to that of other creditors and transfer any lien securing such subordinated claim to the bankruptcy estate. The principles of equitable subordination defined by case law have generally indicated that a claim may be subordinated only if its holder is guilty of misconduct or where the senior loan is re- characterized as an equity investment and the senior lender has actually provided significant managerial assistance to the bankrupt debtor. We may also be subject to lender liability claims for actions taken by us with respect to a borrower' s business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender liability claim, including as a result of actions taken in rendering significant managerial assistance or actions to compel and collect payments from the borrower outside the ordinary course of business. We are a non- diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer, which may subject us to a risk of significant loss if any such issuer experiences a downturn. We are classified as a non- diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. Under the 1940 Act, a " diversified " investment company is required to invest at least 75 % of the value of its total assets in cash and cash items, government securities, securities of other investment companies and other securities limited in respect of any one issuer to an amount not greater than 5 % of the value of the total assets of such company and no more than 10 % of the outstanding voting securities of such issuer. As a non- diversified investment company, we are not subject to this requirement. To the extent that we assume large positions in the securities of a small number of issuers, our NAV may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market' s assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company might be. Beyond our RIC asset diversification requirements, we do not have fixed guidelines for portfolio diversification, and our investments could be concentrated in relatively few portfolio companies. See " Risk Factors – **Risks Related to Operating as a RIC and U. S.** Federal Income ~~Tax~~ **Taxes** ~~Risks – We will be subject to corporate- level U. S. federal income tax if we are unable to qualify as a RIC under Subchapter M of the Code~~ . " We generally will not control our portfolio companies, which may result in the portfolio company making decisions which could adversely impact the value of our investments in the portfolio company ~~'~~ **'** s securities. In some instances, we may control our portfolio companies or provide our portfolio companies with significant managerial assistance. However, we do not, and do not expect to, control the ultimate decision making in most of our portfolio companies, even though we may have board representation or board observation rights, and our debt agreements may contain certain restrictive covenants. As a result, we are subject to the risk that a portfolio company in which we invest will make business decisions with which we disagree, and the management of such company will take risks or otherwise act in ways that do not serve our interests as debt investors or minority equity holders. Due to the lack of liquidity for our investments in non-traded companies, we may not be able to dispose of our interests in our portfolio companies as readily as we would like or at an appropriate valuation. As a result, a portfolio company may make decisions that would decrease the value of our portfolio holdings. Defaults by our portfolio companies will harm our operating results. A portfolio company' s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to non- payment of interest and other defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross- defaults under other agreements and jeopardize a portfolio company' s ability to meet its obligations under the debt or equity securities that we hold. In addition, in the event of a default by a portfolio company on a secured loan, we will only have recourse to the assets collateralizing the loan, which in some cases excludes the IP on which we have only a negative pledge. In any case, the assets collateralizing our loan may not be sufficient to fully cover our indebtedness. Further, some of our secured loans are secured by a negative pledge on a portfolio company' s intellectual property. In the event of a default on a loan, there can be no assurance that our security interest will be enforceable in a court of law or bankruptcy court or that there will not be others with senior or pari passu credit interests. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company. Substantially all of our portfolio investments are recorded at fair value as determined in accordance with our Valuation Guidelines and, as a result, there may be uncertainty as to the value of our portfolio investments. As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at the fair value as determined in accordance with our Valuation Guidelines adopted pursuant to Rule 2a-5 under the 1940 Act. As of December 31, ~~2022~~ **2023** , portfolio investments, whose fair value is determined in good faith by our Valuation Committee and approved by the Board were approximately ~~97~~ **95** . ~~9~~ **1** % of our total assets. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material. Our NAV could be adversely affected if determinations regarding the fair value of these investments were materially higher than the values ultimately realized upon the disposal of such investments. Any unrealized depreciation we experience on our investment portfolio may be an indication of future realized losses, which could reduce our income available for distribution and could impair our ability to service our borrowings. Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized depreciation in our portfolio could be an indication of a portfolio company' s inability to meet its repayment obligations to us with respect to the affected loans or potential impairment of the value of affected equity investments. This could result in realized losses in the future and ultimately in reductions of our income and gains available for distribution in future periods. Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity. During the year ended December 31, ~~2022~~ **2023** , we received early principal payments and early payoffs on our debt investments of approximately $ ~~373~~ **925** . ~~3~~ **1** million. We are subject to the risk that the debt investments we make in our portfolio companies may be repaid prior to maturity. When this occurs, we will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid, and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our securities. The phase- out ~~of LIBOR~~ and ~~the use of~~ replacement **of** ~~rates for~~ LIBOR may adversely affect the value of our portfolio securities. ~~On March 5~~ **As of June 30** , ~~2021~~ **2023** , ~~the U. K.' s Financial Conduct Authority publicly announced that all~~ **no settings of LIBOR continue to be published on a representative basis and publication of many non-** U. S. Dollar LIBOR settings **have been entirely discontinued. On July 29** ~~will either cease to be provided by any administrator or no longer be representative (i) immediately after December 31~~ , 2021 ~~for one- week and two- month U. S. Dollar LIBOR settings and (ii) immediately after June 30~~ , ~~2023 for~~ the ~~remaining U. S. Dollar LIBOR settings. The~~ U. S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U. S. financial institutions, ~~supports~~ **recommended** replacing U. S. ~~Dollar~~ **dollar** LIBOR with **alternative reference rates based on** the Secured Overnight Financing Rate ~~, or~~ **("** SOFR **"). SOFR significantly differs from LIBOR** , ~~a new index~~ **both in the actual rate and how it is** calculated **. Further, on March 15, 2022, the Consolidated Appropriations Act of 2022, which includes the Adjustable Interest Rate (LIBOR) Act (" LIBOR Act "), was signed into law in the United States. This legislation established a uniform benchmark replacement process for certain financial contracts that mature after June 30, 2023 that do not contain clearly defined or practicable LIBOR fallback provisions. The legislation also created a safe harbor that shields lenders from litigation if they choose to utilize a replacement rate recommended** by ~~short~~ **the Board of Governors of the U. S. Federal Reserve. In addition, the U. K. Financial Conduct Authority, which regulates the publisher of LIBOR (ICR Benchmark Administration) has announced that it will require the continued publication of one, three and six month tenors of U. S. dollar LIBOR on a non** - ~~term repurchase agreements~~ **representative synthetic basis until the end of September 2024** , ~~backed~~ **which may result in certain non- U. S. law- governed contracts and U. S. law- governed contracts not being covered** by ~~Treasury~~ **the federal legislation remaining on synthetic U. S. dollar LIBOR until the end of this period. The transition from LIBOR or the use of synthetic LIBOR in floating- rate debt** securities **in** ~~. Although there are an increasing number of issuances utilizing SOFR or~~ **our portfolio** ~~the Sterling Over Night Index Average,~~ or ~~SONIA,~~ **issued by us could have a material** ~~an~~ **and adverse impact** ~~alternative reference rate that is based~~ on ~~transactions, these~~ -- **the value** ~~alternative reference rates may not attain market acceptance as replacements for~~ - **or** ~~LIBOR~~ **liquidity of those instruments** . The transition away from LIBOR to alternative reference rates is complex and could have a material adverse effect on our business, financial condition and results of operations, including as a result of any changes in the pricing of our investments, changes to the documentation for certain of our investments and the pace of such changes, disputes and other actions regarding the interpretation of current and prospective loan documentation or modifications to processes and systems ~~. In anticipation of the cessation of LIBOR, we may need to renegotiate any credit agreements extending beyond June 30, 2023 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate or rely on certain fallback provisions that could cause interest rates to shift to a base rate plus a margin. Any such renegotiations may have a material adverse effect on our business, financial condition and results of operations, including as a result of changes in interest rates payable to us by our portfolio companies. In addition, if a replacement rate is not widely agreed upon, the mismatch on the interest rates payable by any leverage incurred by us and the interest rate payable to us on our portfolio company investments could result in a decrease in our net investment income and distributions we are able to pay to our stockholders~~ . We are subject to risks associated with the current interest rate environment and changes in interest rates will affect our cost of capital, net investment income and the value of our investments. To the extent we borrow money or issue debt securities or preferred stock to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities or preferred stock and the rate at which we invest these funds. In addition, many of our debt investments and borrowings have floating interest rates that reset on a periodic basis, and many of our investments are subject to interest rate floors and caps. As of December 31, ~~2022~~ **2023** , approximately 95. ~~3~~ **9** % of our debt investments were at floating rates or floating rates with a floor, and 4. ~~7~~ **1** % of our debt investments were at fixed rates. As a result, a change in market interest rates could have a material adverse effect on our net investment income, in particular with respect to increases from current levels to the level of the interest rate caps on certain investments. In periods of rising interest rates, our cost of funds will increase because the interest rates on the amounts borrowed under our Credit Facilities are floating and are not subject to interest rate caps, which could reduce our net investment income to the extent any debt investments have either fixed interest rates, or floating interest rates subject to an interest rate cap below the then current levels, and as a result such interest rates on these debt investments will not increase. Some of our portfolio companies have debt investments which bear interest at variable rates and may be negatively affected by changes in market interest rates. An increase in market interest rates would increase the interest costs and reduce the cash flows of our portfolio companies that have variable rate debt instruments, a situation which could reduce the value of our investments in these portfolio companies. The value of our securities could also be reduced from an increase in market interest rates as rates available to investors could make an investment in our securities less attractive than alternative investments. Conversely, decreases in market interest rates could negatively impact the interest income from our variable rate debt investments. A decrease in market interest rates may also have an adverse impact on our returns by requiring us to accept lower yields on our debt investments and by increasing the risk that our portfolio companies will prepay our debt investments, resulting in the need to redeploy capital at potentially lower rates. See further discussion and analysis at " Item 7A. Quantitative and Qualitative Disclosures about Market Risk. " We may not realize gains from our equity or warrant investments. Certain investments that we have made in the past and may make in the future include warrants or other equity securities. Investments in equity securities involve a number of significant risks, including the risk of further dilution as a result of additional issuances, inability to access additional capital and failure to pay current distributions. We may from time to time make non- control, equity investments in portfolio companies. Our goal is ultimately to realize gains upon our disposition of such equity interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. We may seek puts or similar rights to give us the right to sell our equity securities back to the portfolio company issuer; however, we may be unable to exercise these put rights for the consideration provided in our investment documents if the issuer is in financial distress. In addition, we anticipate that approximately 50 % of our warrants may not realize any exit or generate any returns. Furthermore, because of the financial reporting requirements under U. S. generally accepted accounting principles (~~"~~ **"** U. S. GAAP ~~"~~ **"**), of those approximately 50 % of warrants that we do not realize any exit, the assigned costs to the initial warrants may lead to realized losses when the warrants either expire or are not exercised. We may expose ourselves to risks ~~if~~ **when** we engage in hedging transactions. ~~If~~ **When** we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and there can be no assurance that any such hedging arrangements will achieve the desired effect. During the year ended **and as of** December 31, ~~2022~~ **2023** , we ~~did~~ **had entered into and held one outstanding foreign currency forward contract. We do** not ~~engage~~ **utilize hedge accounting and as such we recognize the value of our derivatives at fair value on the Consolidated Statements of Assets and Liabilities with changes** in ~~any hedging activities~~ **the net unrealized appreciation (depreciation) on forward currency forward contracts recorded on the Consolidated Statements of Operations** . Our investments in foreign securities or investments denominated in foreign currencies may involve significant risks in addition to the risks inherent in U. S. and U. S.- denominated investments. Our investment strategy contemplates potential investments in securities of foreign companies. Our total investments at value in foreign companies were approximately $ ~~293~~ **386** . 4 million or ~~9~~ **11** . 9 % of total investments as of December 31, ~~2022~~ **2023** . Investing in foreign companies may expose us to additional risks not typically associated with investing in securities of U. S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U. S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Although most of our investments will be U. S. dollar denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short- term interest rates, differences in relative values of similar assets in different currencies, long- term opportunities for investment and capital appreciation, and political developments. The disposition of our investments may result in contingent liabilities. Many of our investments involve private securities. In connection with the disposition of an investment in private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to certain potential liabilities. These arrangements may result in contingent liabilities that ultimately yield funding obligations that must be satisfied through our return of certain distributions previously made to us. Depending on funding requirements, we may need to raise additional capital to meet our unfunded commitments through additional borrowings. As of December 31, ~~2022~~ **2023** , we had approximately $ ~~628~~ **335** . ~~9~~ **3** million of available unfunded commitments, including undrawn revolving facilities, which were available at the request of the portfolio company and unencumbered by milestones. Our unfunded contractual commitments may be significant from time- to- time. A portion of these unfunded contractual commitments are dependent upon the portfolio company achieving certain milestones before the debt commitment becomes available. Furthermore, our credit agreements contain customary lending provisions which allow us relief from funding obligations for previously made commitments in instances where the underlying company experiences materially adverse events that affect the financial condition or business outlook for the company. These commitments will be subject to the same underwriting and ongoing portfolio maintenance as are the on- balance sheet financial instruments that we hold. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. Closed commitments generally fund 50-80 % of the committed amount in aggregate over the life of the commitment. We believe that our assets provide adequate cover to satisfy all of our unfunded commitments and we intend to use cash flow from operations and early principal repayments and proceeds from borrowings and notes to fund these commitments. However, there can be no assurance that we will have sufficient capital available to fund these commitments as they come due, which could have a material adverse effect on our reputation in the market and our ability to generate incremental lending activity and subject us to lender liability claims. Our ability to secure additional financing and satisfy our financial obligations under indebtedness outstanding from time to time will depend upon our future operating performance, which is subject to the prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond our control. The prolonged continuation or worsening of current economic and capital market conditions could have a material adverse effect on our ability to secure financing on favorable terms, if at all. Risks Related To Leverage Because we have substantial borrowings, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us. Borrowings, also known as leverage, magnify the potential for loss on investments in our indebtedness and gain or loss on investments in our equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent we use leverage. Such events could result in a substantial loss to us, which would be greater than if leverage had not been used. In addition, our investment objectives are dependent on the continued availability of leverage at attractive relative interest rates. We may also borrow from banks and other lenders and may issue debt securities or enter into other types of borrowing arrangements in the future. Lenders of these senior securities will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. We generally may grant security interests in our assets, subject to our requirement to maintain a 150 % minimum asset coverage ratio and any restrictions on encumbered assets imposed by the terms of our existing indebtedness. The terms of our existing indebtedness require us to comply with certain financial and operational covenants, and we expect similar covenants in future debt instruments. Failure to comply with such covenants could result in a default under the applicable credit facility or debt instrument if we are unable to obtain a waiver from the applicable lender or holder, and such lender or holder could accelerate repayment under such indebtedness and negatively affect our business, financial condition, results of operations and cash flows. In addition, under the terms of any credit facility or other debt instrument we enter into, in the event of a default, we are likely to be required by its terms to use the net proceeds of any investments that we sell to repay a portion of the amount borrowed under such facility or instrument before applying such net proceeds to any other uses. See " Note 5 – Debt " and " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition, Liquidity, Capital Resources and Obligations " for a discussion regarding our outstanding indebtedness. If the value of our assets decreases, leveraging would cause NAV to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any decrease in our income would cause net investment income to decline more sharply than it would have had we not leveraged our business. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities. Our ability to service our debt depends largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Our secured credit facilities with Sumitomo Mitsui Banking Corporation (the " SMBC Facility ") and MUFG Union Bank, N. A., (the " MUFG Bank Facility ") and our letter of credit facility with Sumitomo Mitsui Banking Corporation ~~entered into in January 2023~~

(the “ SMBC LC Facility ” and together with the SMBC Facility and MUFG Bank Facility, our “ Credit Facilities ”), as well as the July 2024 Notes, February 2025 Notes, June 2025 Notes, June 2025 3- Year Notes, March 2026 A Notes, March 2026 B Notes, September 2026 Notes, January 2027 Notes, 2031 Asset- Backed Notes and 2033 Notes (each term as is individually defined herein and collectively, the “ Notes ”) contain financial and operating covenants that could restrict our business activities, including our ability to declare dividend distributions if we default under certain provisions. As of December 31, ~~2022~~ **2023** , we had $ ~~72~~ **94** . 0 million and $ ~~107~~ **61** . 0 million in borrowings under the SMBC Facility and MUFG Bank Facility ~~. As of December 31, 2022, we had approximately $ 175. 0 million of indebtedness outstanding incurred by our SBIC subsidiary,~~ and approximately $ 1. 24 billion in aggregate principal outstanding Notes **. Further we have an additional $ 175. 0 million SBA Debentures outstanding and incurred by our SBIC subsidiary, as of December 31, 2023** . Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming that we employ (1) our actual asset coverage ratio as of December 31, ~~2022~~ **2023** , (2) a hypothetical asset coverage ratio of 200 %, and (3) a hypothetical asset coverage ratio of 150 % (each excluding our SBA debentures as permitted by our exemptive relief) each at various annual returns on our portfolio as of December 31, ~~2022~~ **2023** , net of expenses. The calculations in the table below are hypothetical, and actual returns may be higher or lower than those appearing in the table below. Annual Return on Our Portfolio (Net of Expenses)- 10 %- 5 % 0 % 5 % 10 % Corresponding return to common stockholder assuming our actual asset coverage of ~~198~~ **228** . ~~5~~ **7** % as of December 31, ~~2022~~ **2023** (1) (~~26~~ **23** . ~~44~~ **15**) % (~~15~~ **13** . ~~64~~ **67**) % (4. ~~83~~ **20**) % 5. ~~98~~ **28** % ~~16~~ **14** . ~~78~~ **76** % Corresponding return to common stockholder assuming 200 % asset coverage (2) (26. ~~23~~ **45**) % (15. ~~50~~ **86**) % (~~4~~ **5** . ~~77~~ **27**) % 5. ~~97~~ **32** % ~~16~~ **15** . ~~70~~ **91** % Corresponding return to common stockholder assuming 150 % asset coverage (3) (~~40~~ **41** . ~~44~~ **21**) % (~~24~~ **25** . ~~72~~ **64**) % (~~9~~ **10** . ~~00~~ **07**) % ~~6~~ **5** . ~~72~~ **50** % ~~22~~ **21** . ~~44~~ **07** % **(1)** Assumes $ 3. ~~0~~ **4** billion in total assets, $ 1. 6 billion in debt outstanding, $ 1. ~~4~~ **8** billion in stockholders’ equity, and an average cost of funds of 4. ~~2~~ **8** %, which is the approximate average cost of our Notes and Credit Facilities for the period ended December 31, ~~2022~~ **2023** . Actual interest payments may be different. **(2)** Assumes $ 3. ~~0~~ **8** billion in total assets including debt issuance costs on a pro forma basis, $ ~~1~~ **2** . ~~6~~ **0** billion in debt outstanding, $ 1. ~~4~~ **8** billion in stockholders’ equity, and an average cost of funds of 4. ~~2~~ **8** %, which is the approximate average cost of our Notes and Credit Facilities for the period ended December 31, ~~2022~~ **2023** , along with the hypothetical estimated incremental cost of debt that would be incurred on offering the maximum permissible debt under the 200 % asset coverage. Actual interest payments may be different. **(3)** Assumes $ ~~4~~ **5** . ~~4~~ **6** billion in total assets including debt issuance costs on a pro forma basis, $ 3. ~~0~~ **8** billion in debt outstanding, $ 1. ~~4~~ **8** billion in stockholders’ equity, and an average cost of funds of 4. ~~2~~ **8** %, which is the approximate average cost of our Notes and Credit Facilities for the period ended December 31, ~~2022~~ **2023** , along with the hypothetical estimated incremental cost of debt that would be incurred on offering the maximum permissible debt under the 150 % asset coverage. Actual interest payments may be different. Our ability to achieve our investment objective may depend in part on our ability to access additional leverage on favorable terms and there can be no assurance that such additional leverage can in fact be achieved. If we are unable to obtain leverage or renew, extend or replace our current leverage facilities, or if the interest rates of such leverage are not attractive, we could experience diminished returns. The number of leverage providers and the total amount of financing available could decrease or remain static. Certain of our assets are subject to security interests under our senior securities and if we default on our obligations under our senior securities, we may suffer adverse consequences, including foreclosure on those assets. Certain of our assets are currently pledged as collateral under our senior securities, including any credit facilities or notes. If we default on our obligations under our senior securities, our lenders may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests or their superior claim. In such event, we may be forced to sell our investments to raise funds to repay our outstanding borrowings in order to avoid foreclosure and these forced sales may be at times and at prices we would not consider advantageous. Moreover, such deleveraging of our company could significantly impair our ability to effectively operate our business in the manner in which we have historically operated. As a result, we could be forced to curtail or cease new investment activities and lower or eliminate the dividends that we have historically paid to our stockholders. In addition, if the lenders exercise their right to sell the assets pledged under our senior securities, such sales may be completed at distressed sale prices, thereby diminishing or potentially eliminating the amount of cash available to us after repayment of the amounts outstanding under the senior securities. If our operating performance declines and we are not able to generate sufficient cash flow to service our debt obligations, we may in the future need to refinance or restructure our debt, sell assets, reduce or delay capital investments, seek to raise additional capital or seek to obtain waivers from the required lenders under our senior securities to avoid being in default. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under our senior securities. If we breach our covenants under our senior securities and seek a waiver, we may not be able to obtain a waiver from the required lenders or debt holders. If this occurs, we would be in default under our senior securities, the lenders or debt holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations could proceed against the collateral securing the debt. Because certain of our senior securities have customary cross- default and cross- acceleration provisions, if the indebtedness under our senior securities is accelerated, we may be unable to repay or finance the amounts due. Risks Related To Our Investment Management Activities Our executive officers and employees, through the Adviser Subsidiary, are expected to manage the Adviser Funds or separately managed accounts, which includes funds from External Parties, that operate in the same or a related line of business as we do, which may result in significant conflicts of interest. Our executive officers and employees, through the Adviser Subsidiary, are expected to manage the Adviser Funds that operate in the same or a related line of business as we do, and which funds may be invested in by us and / or our executive officers and employees. Accordingly, they may have obligations to such other entities, the fulfillment of which obligations may not be in the interests of us or our stockholders. Our relationship with the Adviser Subsidiary may require us to commit resources to achieving the Adviser Funds or External Parties’ investment objectives, while such resources were previously solely devoted to achieving our investment objective. Our investment objective and investment strategies may be very similar to those of the Adviser Funds and External Parties, and it is likely that an investment appropriate for us, the Adviser Funds, or External Parties would be appropriate for the other entity. Because the Adviser Subsidiary may receive performance- based fee compensation from the Adviser Funds or External Parties, this may provide an incentive to allocate opportunities to the Adviser Funds or External Parties instead of us. Accordingly, we and the Adviser Subsidiary have established policies and procedures governing the allocation investment opportunities between us, the Adviser Funds, and External Parties. We may be limited in or unable to participate in certain investments based upon such allocation policy. Although we will endeavor to allocate investment opportunities in a fair and equitable manner, we may face conflicts in allocating investment opportunities between us, the Adviser Funds and External Parties managed by the Adviser Subsidiary. Investments in the Adviser Funds managed by our Adviser Subsidiary may create conflicts of interests. Our Adviser Subsidiary is committed to make contributions as a limited partner to certain Adviser Funds, it is also entitled to receive distributions on such interest. Our officers and employees may dedicate more time or resources to the Adviser Funds or allocate more favorable investment opportunities to the Adviser Funds instead of us. The Adviser Funds will, at times, acquire, hold, or sell investments that are also suitable for us. Investments allocated to the Adviser Funds may reduce the amount of investments available to us. Our officers and employees may make investment decisions or recommendations for the Adviser Funds that differ from the investment decisions that are made for us. The Adviser Subsidiary could determine to sell a loan for one or more Adviser Funds while all or a portion of such loan is retained by us, or vice- versa. The Adviser Subsidiary makes its decisions as to whether the Adviser Funds should invest pursuant to, among other things, its duties under the applicable governing documents for the Adviser Funds. Conflicts of interest can arise if the Adviser Subsidiary seeks to acquire or sell portions of one or more loans for one or more of the Adviser Funds while we also seek to acquire or sell portions of such loans. We and the Adviser Subsidiary have implemented an investment allocation policy and procedures designed to ensure that investment opportunities are allocated among us and the Adviser Funds fairly and equitably over time; however, there can be no assurance that the application of our allocation policy will result in our desired participation in every investment opportunity that may be suitable for both us and the Adviser Funds. In addition, we may make investments in the Adviser Funds in the form of loans. For example, prior to the receipt by the Adviser Funds of capital contributions from investors for which a capital call notice has or will be given, we expect to provide loan financing to such Adviser Funds to fund such amounts on a temporary basis in order to permit the Adviser Funds to invest in a target portfolio company within the applicable time constraints prior to the receipt by the Adviser Funds of a capital call in respect of such investment. In addition, we may provide loan financing to the Adviser Funds to cover start- up and initial operating costs prior to the receipt by the Adviser Funds of a capital call in respect of such expenses. The provision of debt financing to the Adviser Funds may cause conflicts of interest, including in situations where our interest as a lender to the Adviser Funds conflicts with the interest of holders of third- party equity interests. We, through the Adviser Subsidiary, derive revenues from managing third- party funds pursuant to management agreements that may be terminated, which could negatively impact our operating results. We will derive our revenues related to the Adviser Subsidiary primarily from dividend income, which the Adviser Subsidiary will pay from net profits generated from advisory fees charged to the Adviser Funds. The Adviser Funds may be established with different fee structures, including management fees payable at varying rates and carried interest or performance fees that are payable at varying hurdle rates. Investment advisory, carried interest, and performance fee revenues can be adversely affected by several factors, including market factors, third- party investor preferences, and our Adviser Subsidiary' s performance and track record. A reduction in revenues of our Adviser Subsidiary, without a commensurate reduction in expenses, would adversely affect our Adviser Subsidiary' s business and our revenues and results of operations derived from the Adviser Subsidiary. In addition, the terms of the investment management agreements with the Adviser Funds generally provide for the right to terminate the management agreement in certain circumstances. Termination of any such management agreements would reduce the fees we earn from the Adviser Funds, which could have a material adverse effect on our results of operations. Risk Related To BDCs Failure to comply with applicable laws or regulations and changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy. We, the Adviser Funds and our portfolio companies are subject to applicable local, state and federal laws and regulations, including those promulgated by the SEC, the NYSE, and the Public Company Accounting Oversight Board. Failure to comply with any applicable local, state or federal law or regulation could negatively impact our reputation and our business results. New legislation may also be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make, any of which could harm us and our stockholders, potentially with retroactive effect. Additionally, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth herein and may result in our investment focus shifting from the areas of expertise of our investment team to other types of investments in which our investment team may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment. Failure to maintain our status as a BDC would reduce our operating flexibility. If we do not remain a BDC, we might be regulated as a closed- end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease our operating flexibility. Operating under the constraints imposed on us as a BDC and RIC may hinder the achievement of our investment objectives. The 1940 Act and the Code impose numerous constraints on the operations of BDCs and RICs that do not apply to certain of the other investment vehicles that we may compete with. BDCs are required, for example, to invest at least 70 % of their total assets in certain qualifying assets, including U. S. private or smaller U. S. public companies, cash, cash equivalents, U. S. government securities and other high- quality debt instruments that mature in one year or less from the date of investment. See " Item 1. Business – Regulation. " Moreover, qualification for taxation as a RIC requires satisfaction of source- of- income, asset diversification and distribution requirements. **See " Certain United States Federal Income Tax Considerations — Qualifying as a Regulated Investment Company. "** Operating under these constraints may hinder our ability to take advantage of attractive investment opportunities and to achieve our investment objective. Any failure to do so could subject us to enforcement action by the SEC, cause us to fail to satisfy the requirements associated with RIC status and subject us to entity- level corporate income taxation, cause us to fail the 70 % test described above or otherwise have a material adverse effect on our business, financial condition or results of operations. Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital. Our business will require capital to operate and grow. In addition to funding new and existing investments, we may pursue growth through acquisitions or strategic investments in new businesses. Completion and timing of any such acquisitions or strategic investments may be subject to a number of contingencies and risks. There can be no assurance that the integration of an acquired business will be successful or that an acquired business will prove to be profitable or sustainable. We may acquire additional capital from the following sources: Senior Securities. We may issue debt securities or preferred stock and / or borrow money from banks or other financial institutions, which we refer to collectively as senior securities. As a result of issuing senior securities, we will be exposed to additional risks, including the following: • Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150 % immediately after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we will be prohibited from issuing debt securities or preferred stock and / or borrowing money from banks or other financial institutions and may not be permitted to declare a dividend or make any distribution to stockholders or repurchase shares until such time as we satisfy this test. • Any amounts that we use to service our debt or make payments on preferred stock will not be available for dividends to our common stockholders. • It is likely that any senior securities or other indebtedness we issue will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, some of these securities or other indebtedness may be rated by rating agencies, and in obtaining a rating for such securities and other indebtedness, we may be required to abide by operating and investment guidelines that further restrict operating and financial flexibility. • We and, indirectly, our stockholders will bear the cost of issuing and servicing such securities and other indebtedness. • Preferred stock or any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock, including separate voting rights and could delay or prevent a transaction or a change in control to the detriment of the holders of our common stock. • Any unsecured debt issued by us would generally rank (i) pari passu with our current and future unsecured indebtedness and effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, and (ii) structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries. Additional Common Stock. We are not generally able to issue and sell our common stock at a price below NAV per share. We may, however, sell our common stock, warrants, options or rights to acquire our common stock, at a price below the current NAV of the common stock if our Board of Directors determines that such sale is in the best interests of our stockholders, and our stockholders approve such sale. **Our stockholders have authorized us to issue common stock at a price below the then- current NAV per share, subject to certain conditions including Board approval, for a twelve- month period expiring on July 20, 2024.** See " Risk Factors – Risks Related to our Securities — Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock " for a discussion of the risks related to us issuing shares of our common stock below NAV. Our stockholders have **also** authorized us to issue warrants, options or rights to subscribe for, convert to, or purchase shares of our common stock at a price per share below the **then- current** NAV per share, subject to the applicable requirements of the 1940 Act. There is no expiration date on our ability to issue such warrants, options, rights or convertible securities based on this stockholder approval. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and they may experience dilution. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future, on favorable terms or at all. Risks Related To Our Securities Investing in our securities may involve a high degree of risk. The investments we make in accordance with our investment objective may be highly speculative and result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Our investments in portfolio companies involve higher levels of risk, and therefore, an investment in our securities may not be suitable for someone with lower risk tolerance. Shares of closed- end investment companies, including BDCs, may trade at a discount to their NAV. Shares of closed- end investment companies, including BDCs, may trade at a discount to NAV. This characteristic of closed- end investment companies and BDCs is separate and distinct from the risk that our NAV per share may decline. We cannot predict whether our common stock will trade at, above or below NAV. In addition, if our common stock trades below our NAV per share, we will generally not be able to issue additional common stock at the market price unless our stockholders approve such a sale and our Board makes certain determinations. **While our stockholders have authorized us to issue common stock at a price below the then- current NAV per share, subject to certain conditions including Board approval, for a twelve- month period expiring on July 20, 2024, we cannot predict whether we will make any such sales.** See " Risk Factors — Risks Related to our Securities — Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock " for a discussion related to us issuing shares of our common stock below NAV. The market price of our securities may be volatile and fluctuate significantly. Fluctuations in the trading prices of our securities may adversely affect the liquidity of the trading market for our securities and, if we seek to raise capital through future securities offerings, our ability to raise such capital. The market price and liquidity of the market for our securities may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include: • significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies; • changes in regulatory policies, accounting pronouncements or tax guidelines; • the exclusion of BDC common stock from certain market indices, such as what happened with respect to the Russell indices and the Standard and Poor' s indices, could reduce the ability of certain investment funds to own our common stock and limit the number of owners of our common stock and otherwise negatively impact the market price of our common stock; • inability to obtain any exemptive relief that may be required by us in the future from the SEC; • loss of our BDC or RIC status or our wholly owned subsidiary' s status as an SBIC; • changes in our earnings or variations in our operating results; • changes in the value of our portfolio of investments; • any shortfall in our investment income or net investment income or any increase in losses from levels expected by investors or securities analysts; • loss of a major funding source; • fluctuations in interest rates; • the operating performance of companies comparable to us; • departure of our key personnel; • proposed, or completed, offerings of our securities, including classes other than our common stock; • global or national credit market changes; and • general economic trends and other external factors. Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock. The 1940 Act prohibits us from selling shares of our common stock at a price below the current NAV per share of such stock, with certain exceptions. One such exception is prior stockholder approval of issuances below NAV provided that our Board of Directors makes certain determinations. ~~We did not seek stockholder~~ **In connection with our 2023 Annual Meeting, we obtained** authorization **from** ~~to sell shares of~~ our **stockholders to issue** common stock below ~~the~~ **our** then **-** current NAV per share ~~of our common stock at our~~ **, subject to certain conditions including Board approval, for a twelve- month period expiring on July 20,** ~~2022~~ **2024** ~~Annual Meeting of Stockholders~~ . We may **also** ~~, however,~~ seek such authorization at future annual or special meetings of stockholders. Our stockholders have previously approved a proposal to authorize us to issue securities to subscribe to, convert to, or purchase shares of our common stock in one or more offerings. **Even though we have obtained authorization from our stockholders to issue common stock at a price below our then- current NAV, we cannot predict whether we will make any such sales.** Any decision to sell shares of our common stock below the then current NAV per share of our common stock or securities to subscribe to, convert to, or purchase shares of our common stock would be subject to the determination by our Board that such issuance is in our and our stockholders' best interests. If we were to sell shares of our common stock below NAV per share, such sales would result in an immediate dilution to the NAV per share. This dilution would occur as a result of the sale of shares at a price below the then current NAV per share of our common stock and a proportionately greater decrease in a stockholder' s interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. In addition, if we issue securities to subscribe to, convert to or purchase shares of common stock, the exercise or conversion of such securities would increase the number of outstanding shares of our common stock. Any such exercise would be dilutive on the voting power of existing stockholders and could be dilutive with regard to dividends and our NAV, and other economic aspects of the common stock. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted; however, the example below illustrates the effect of dilution to existing stockholders resulting from the sale of common stock at prices below the NAV of such shares. Illustration: Example of Dilutive Effect of the Issuance of Shares Below NAV. Assume that Company XYZ has 1, 000, 000 total shares outstanding, $ 15, 000, 000 in total assets and $ 5, 000, 000 in total liabilities. The NAV per share of the common stock of Company XYZ is $ 10. 00. The following table illustrates the reduction to NAV, or NAV, and the dilution experienced by Stockholder A following the sale of 40, 000 shares of the common stock of Company XYZ at $ 9. 50 per share, a price below its NAV per share. Prior to Sale **Below NAV** Following Sale ~~Percentage~~ Below NAV **Percentage** ~~Below NAV~~ Change Reduction to ~~NAV Total~~ **NAVTotal** Shares ~~Outstanding~~ **Outstanding1** ~~1~~ , 000, 000 1, 040, 000 4. 0 % NAV per share $ 10. 00 $ 9. 98 (0. 2) % Dilution to Existing ~~Stockholder~~ **StockholderShares** ~~Shares~~ Held by Stockholder ~~A 10~~ **A10** , 000 10, 000 (1) 0. 0 % Percentage Held by Stockholder **A1** ~~A 1~~ . 00 % 0. 96 % (4. 0) % Total Interest of Stockholder A in NAV $ 100, 000 $ 99, 808 (0. 2) % **(1)** Assumes that Stockholder A does not purchase additional shares in the sale of shares below NAV. In addition, all distributions in cash payable to stockholders who participate in our dividend reinvestment plan are automatically reinvested in shares of our common stock. As a result, stockholders who opt out of our dividend reinvestment plan will experience dilution of their ownership percentage of our common stock over time. Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock. The Maryland General Corporation Law and our charter and bylaws contain provisions that may have the effect of discouraging, delaying, or making difficult a change in control of our company or the removal of our incumbent directors. For example, our governing documents provide for a staggered board and authorize the issuance of " blank check " preferred stock. The existence of these provisions, among others, may have a negative impact on the price of our common stock and may discourage third party bids for ownership of our company. These provisions may prevent any premiums being offered to you for our common stock. We may in the future determine to issue preferred stock, which could adversely affect the market value of our common stock. The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the 1940 Act, preferred stock constitutes a " senior security " for purposes of the asset coverage test. The Notes are unsecured and therefore effectively subordinated to any current or future secured indebtedness. The Notes are not secured by any of our assets or any of the assets of our subsidiaries and rank equally in right of payment with all of our existing and future unsubordinated, unsecured indebtedness. As a result, the Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred and may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. The Notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries. The Notes are obligations exclusively of Hercules Capital, Inc. and not of any of our subsidiaries. None of our subsidiaries are or act as guarantors of the Notes. Furthermore, the Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. Our secured indebtedness with respect to the SBA debentures is held through our SBIC subsidiary. The assets of any such subsidiary are not directly available to satisfy the claims of our creditors, including holders of the Notes. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors (including holders of preferred stock, if any, of our subsidiaries) will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. As a result of not having a direct claim against any of our subsidiaries, the Notes are structurally subordinated to all indebtedness and other liabilities (including trade payables) of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise. In addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the Notes. The Notes may or may not have an established trading market. If a trading market in the Notes is developed, it may not be maintained. The Notes may or may not have an established trading market. If a trading market in the Notes is developed, it may not be maintained. If the Notes are traded, they may trade at a discount to their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, our financial condition or other relevant factors. Accordingly, ~~we cannot assure you that~~ a liquid trading market **may not** ~~has been or will~~ develop for **any or all of** the Notes, ~~that you will~~ **and noteholders may not** be able to sell ~~your~~ Notes at a particular time or ~~that the~~ **at a favorable** price ~~you receive when you sell will be favorable~~. To the extent an active trading market does not develop or is not maintained, the liquidity and trading price for the Notes may be harmed. Accordingly, ~~you~~ **noteholders** may be required to bear the financial risk of an investment in the Notes for an indefinite period of time. A downgrade, suspension, or withdrawal of the credit rating assigned by a rating agency to us or our debt securities, if any, or change in the debt markets could cause the liquidity or market value of our debt securities to decline significantly. Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our outstanding debt and equity securities and our ability to raise capital. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of such debt and equity securities. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to maintain our credit ratings or to advise holders of our debt and equity securities of any changes in our credit ratings. There can be no assurance that a credit rating will remain for any given period of time or that such credit ratings will not be lowered or withdrawn entirely if future circumstances relating to the basis of the credit rating, such as adverse changes in our company, so warrant. An increase in the competitive environment, inability to cover distributions, or increase in leverage could lead to a downgrade in our credit ratings and limit our access to the debt and equity markets capability impairing our ability to grow the business. The conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. The indentures under which the Notes were issued contain limited protections for the holders of the Notes. The indentures under which the Notes were issued offers limited protections to the holders of the Notes. The terms of the respective Notes indentures do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on an investment in the Notes. In particular, the terms of the respective Notes indentures do not place any restrictions on our or our subsidiaries' ability to: • issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore would rank structurally senior to the Notes and (4) securities, indebtedness or other obligations issued or incurred by our subsidiaries that would be senior in right of payment to our equity interests in our subsidiaries and therefore would rank structurally senior in right of payment to the Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18 (a) (1) (A) as modified by Section 61 (a) (1) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect to any exemptive relief granted to us by the SEC (currently, these provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 150 % thereafter after such borrowings); • pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes, including subordinated indebtedness; • sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets); • enter into transactions with affiliates; • create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions; • make investments; or • create restrictions on the payment of distributions or other amounts to us from our subsidiaries. Furthermore, the terms of the respective Notes indentures do not protect their respective holders in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow or liquidity. Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the Notes may have important consequences for their holders, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting their trading value. Certain of our debt instruments include more protections for their respective lenders than the Notes, and we may issue or incur additional debt in the future which could contain more protections for its holders, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the Notes. Terms relating to redemption may materially adversely affect ~~your~~ **the** return on any debt securities that we may issue. **With respect to** ~~If you are holding~~ debt securities issued by us **that** ~~and such securities~~ are redeemable at our option, we may choose to redeem ~~your~~ **such** debt securities at times when prevailing interest rates are lower than the interest rate paid on ~~your~~ **such** debt securities. In addition, **with respect to** ~~if you are holding~~ debt securities issued by us **that** ~~and such securities~~ are subject to mandatory redemption, we may be required to redeem ~~your~~ **such** debt securities at times when prevailing interest rates are lower than the interest rate paid on ~~your~~ **such** debt securities. In this circumstance, ~~you~~ **such noteholders** may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as ~~your~~ **those** debt securities being redeemed. We may redeem our Notes at a redemption price set forth under the terms of the individual indentures. See" Note 5 – Debt." If we choose to redeem our Notes when the fair market value is above par value, ~~you~~ **such noteholders** would experience a loss of any potential premium. If we default on our obligations imposed upon us by our indebtedness, we may not be able to make payments on our outstanding Notes and Credit Facilities. The agreements governing our indebtedness, including our Notes and Credit Facilities, require us to comply with certain financial, operational and payment covenants. These covenants require us to, among other things, maintain certain financial ratios, including asset coverage, debt to equity and interest coverage. Our ability to continue to comply with these covenants in the future depends on many factors, some of which are beyond our control. Any default under such agreements, or other indebtedness to which we may be a party, that is not waived by the required lenders or holders, and the remedies sought by the holders of such indebtedness, could make us unable to pay principal, premium, if any, and interest on any of our indebtedness, including our Notes and Credit Facilities, or other indebtedness and substantially decrease the market value of our outstanding Notes and Credit Facilities debt. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, (i) the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, (ii) the lenders under our Credit Facilities or other debt we may incur in the future could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and (iii) we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek to obtain waivers from the required lenders under our Credit Facilities or the required holders of our outstanding Notes or other debt that we may incur in the future to avoid being in default. If we breach our debt covenants and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default under the related Credit Facility or Notes and the lenders or holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations, including the lenders under our Credit Facilities, could proceed against the collateral securing the debt. Because our Credit Facilities have, and any future credit facilities will likely have, customary cross- default and cross- acceleration provisions, if our outstanding Notes are accelerated, we may be unable to repay or finance the amounts due. We may not be able to prepay the Notes ~~or Credit Facilities~~ upon a change in control. The indentures governing the July 2024 Notes, February 2025 Notes, June 2025 Notes, June 2025 3- Year Notes, March 2026 A Notes, March 2026 B Notes, September 2026 Notes and January 2027 Notes require us to offer to prepay all of the issued and outstanding notes upon a change in control and election by the holders, which could have a material adverse effect on our business, financial condition and results of operations. A change in control under the indentures occurs upon the consummation of a transaction which results in a " person " or " group " (as those terms are used in the Exchange Act and the rules promulgated thereunder) becoming the beneficial owner of more than 50 % of our outstanding voting stock. Upon a change in control event, holders of the notes may require us to prepay for cash some or all of the notes at a prepayment price equal to 100 % of the aggregate principal amount of the notes being prepaid, plus accrued and unpaid interest to, but not including, the date of prepayment. If a change in control were to occur, we may not have sufficient funds to prepay any such accelerated indebtedness. The 2033 Notes do not require us to purchase the 2033 Notes in connection with a change of control or any other event. **Our Credit Facilities do not require us to repay the Credit Facilities in connection with a change of control, however, certain merger or consolidation transactions may trigger an event of default under the Credit Facilities, which may result in amounts outstanding under the Credit Facilities to be accelerated.** Any inability to renew, extend or replace our Credit Facilities could adversely impact our liquidity and ability to find new investments or maintain distributions to our stockholders. ~~As of December 31, 2022, we had two available secured credit facilities, the MUFG Bank Facility and the SMBC Facility, which mature in February 2024 and November 2026, respectively.~~ The MUFG Bank Facility ~~was amended on January 13, 2023~~ and ~~extended its maturity to~~ **the SMBC Facility mature in** January 2027 **and November 2026, respectively** . ~~The~~ **In addition, the** SMBC LC Facility has a final maturity date ending January 2026. There can be no assurance that we will be able to renew, extend or replace our Credit Facilities upon maturity on terms that are favorable to us, if at all. Our ability to renew, extend or replace the Credit Facilities will be constrained by then- current economic conditions affecting the credit markets. In the event that we are not able to renew, extend or replace our Credit Facilities at the time of their respective maturities, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify as a RIC. Risks Related To Our SBIC Subsidiaries We, through our wholly owned subsidiary, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of our subsidiary that are superior to the claims of our securities holders. We, through our wholly owned subsidiary Hercules Capital IV, LP (" HC IV"), have outstanding SBIC debentures guaranteed by the SBA. The debentures guaranteed by the SBA have a maturity of ten years from the date of issuance **(maturing in 2031 and 2032)** and require semiannual payments of interest. We will need to generate sufficient cash flow to make required interest payments on the debentures. If we are unable to meet the financial obligations under the debentures, the SBA, as a creditor, will have a superior claim to the assets of HC IV over our securities holders in the event we liquidate or the SBA exercises its remedies under such debentures as the result of a default by us. See “ Item 1. Business — Regulation — Small Business Administration Regulations. ” Our wholly owned subsidiary is licensed by the SBA, and therefore subject to SBIC regulations. HC IV is licensed to act as SBICs and is regulated by the SBA. The SBA also places certain limitations on the financing terms of investments by SBICs in portfolio companies and prohibits SBICs from providing funds for certain purposes or to businesses in a few prohibited industries. Compliance with SBA requirements may cause us to forego attractive investment opportunities that are not permitted under SBIC regulations. Further, the SBIC regulations require, among other things, that a licensed SBIC be periodically examined by the SBA and audited by an independent auditor, in each case to determine the SBIC’ s compliance with the relevant SBIC regulations. The SBA prohibits, without prior SBA approval, a “ change of control ” of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10 % or more of a class of capital stock of a licensed SBIC. If HC IV fails to comply with applicable SBIC regulations, the SBA could, depending on the severity of the violation, limit or prohibit our use of SBIC debentures, declare outstanding SBIC debentures immediately due and payable, and / or limit HC IV from making new investments. In addition, the SBA can revoke or suspend a license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act of 1958 or any rule or regulation promulgated thereunder. Such actions by the SBA would, in turn, negatively affect us. Our SBIC subsidiary may be unable to make distributions to us that will enable us to meet or maintain RIC status, which could result in the imposition of an entity- level tax. In order for us to continue to qualify for RIC tax treatment and to minimize corporate- level U. S. federal taxes, we will be required to distribute substantially all of our net ordinary taxable income and net capital gain income, including taxable income from certain of our subsidiaries, which includes the income from HC IV. We will be partially dependent on HC IV for cash distributions to enable us to meet the RIC distribution requirements. HC IV may be limited by SBIC regulations from making certain distributions to us that may be necessary to enable us to maintain our status as a RIC. We may have to request a waiver of the SBA’ s restrictions for HC IV to make certain distributions to maintain our eligibility for RIC status. We cannot assure you that the SBA will grant such waiver and if HC IV is unable to obtain a waiver, compliance with the SBIC regulations may result in loss of RIC status and a consequent imposition of an entity- level tax on us. Risks Related To Operating As A RIC And U. S. Federal Income Taxes We will be subject to U. S. federal income tax if we are unable to qualify as a RIC under Subchapter M of the Code. To maintain RIC status under Subchapter M Part I of the Code, we must meet the following ~~annual~~ distribution, income ~~source~~ and asset ~~diversification~~ requirements: **•** The ~~Annual~~ Distribution ~~Requirement~~ **Requirements** for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90 % of our net ordinary taxable income and realized net short- term capital gains in excess of realized net long- term capital losses, if any. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4 % U. S. federal excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. For more information regarding tax treatment, see “ Item 1. Business — Certain United States Federal Income Tax Considerations — Taxation as a Regulated Investment Company. ” Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and are (and may in the future become) subject to certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. In addition, because we receive non- cash sources of income such as PIK interest which involves us recognizing taxable income without receiving the cash representing such income, we may have difficulty meeting the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify as a RIC and thus become subject to U. S. federal income tax. **•** The ~~source- of- income~~ **Income** ~~requirement~~ **Test** will be satisfied if we obtain at least 90 % of our gross income for each year from ~~distributions~~ **dividends** , interest, gains from the sale of stock or securities or similar sources. **•** The ~~asset~~ **Asset Test** ~~diversification requirement~~ will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50 % of the value of our assets must consist of cash, cash equivalents, U. S. government securities, securities of other RICs, and other acceptable securities; and no more than 25 % of the value of our assets can be invested in the securities, other than U. S. government securities or securities of other RICs, (i) of one issuer, (ii) of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) of certain “ qualified publicly traded partnerships. ” Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments are in privately held companies, and therefore illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses. Moreover, if we fail to maintain our RIC status for any reason and are subject to U. S. federal income taxes, the resulting taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. We may have difficulty paying the distributions required to maintain RIC status under the Code if we recognize income before or without receiving cash representing such income. We will include in income certain amounts that we have not yet received in cash. Among other circumstances, these amounts generally relate to: (i) amortization of OID, which may arise if (a) we receive equity, warrants, or another asset in connection with the origination of a loan; (b) we invest or acquire a debt investment at a discount to its par value; (ii) contractual payment- in- kind, or PIK, interest, which represents contractual interest added to the loan balance and due at the end of the loan term; (iii) contractual exit fees, which is a contractual fee accrued over the life of a loan and its typically due at loan payoff; or (iv) contractual preferred dividends, which represents contractual dividends added to the preferred stock and due at the end of the preferred stock term, subject to adequate profitability at the portfolio company. Such amortization of OID, accrual to par of any debt bought below par, accrual of PIK, exit fees, and cumulative preferred dividends will be included in income before we receive the corresponding cash payments. Since, in certain cases, we may recognize taxable income before or without receiving cash representing such income, we may have difficulty meeting the ~~Annual~~ Distribution ~~Requirement~~ **Requirements** necessary to maintain RIC status under the Code. Accordingly, we may have to sell some of our investments at times and / or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify as a RIC and thus become subject to U. S. federal income tax. For additional discussion regarding the tax implications of a RIC, please see " Item 1. Business — Certain United States Federal Income Tax Considerations – Taxation as a Regulated Investment Company. " We may in the future choose to pay distributions in our own stock, in which case you may be required to pay tax in excess of the cash you receive. We may distribute taxable dividends that are payable in part in our stock. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable by us in cash or in shares of stock (at the stockholders' election) would satisfy the ~~Annual~~ Distribution ~~Requirement~~ **Requirements** . The IRS has issued guidance providing that a dividend payable in stock or in cash at the election of the stockholders will be treated as a taxable dividend eligible for the dividends paid deduction provided that at least 20 % of the total dividend is payable in cash and certain other requirements are satisfied. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long- term capital gain to the extent such dividend is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U. S. federal income tax purposes. As a result, a U. S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U. S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non- U. S. stockholders, we may be required to withhold U. S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock. Stockholders may have current tax liability on dividends they elect to reinvest in our common stock but would not receive cash from such dividends to pay such tax liability. If stockholders participate in our dividend reinvestment plan, they will be deemed to have received, and for federal income tax purposes will be taxed on, the amount reinvested in our common stock to the extent the amount reinvested was not a tax- free return of capital. As a result, unless a stockholder is a tax- exempt entity, it may have to use funds from other sources to pay its tax liability on the value of the dividend that they have elected to have reinvested in our common stock. Legislative or regulatory tax changes could adversely affect our stockholders. At any time, the U. S. federal income tax laws governing RICs or the administrative interpretations of those laws or regulations may be amended. ~~Significant changes to the existing U. S. tax regulations have been enacted under the Biden Administration that include, among others, a minimum tax on book income and profits of certain multinational corporations, and there are a number of proposals in the U. S. Congress that would similarly modify the existing U. S. tax rules.~~ The likelihood of any new legislation being enacted is uncertain. Any of those new laws, regulations or interpretations may take effect retroactively and could adversely affect the taxation of us or our stockholders. Therefore, changes in tax laws, regulations or administrative interpretations or any amendments thereto could diminish the value of an investment in our shares or the value or the resale potential of our investments. If we do not comply with applicable laws and regulations, we could lose any licenses that we then hold for the conduct of our business and may be subject to civil fines and criminal penalties. FATCA withholding may apply to payments made to certain foreign entities. The Foreign Account Tax Compliance Act provisions of the Code and the related Treasury Regulations and other administrative guidance promulgated thereunder, or collectively, FATCA, generally requires us to withhold U. S. tax (at a 30 % rate) on payments of interest and taxable dividends made to a foreign financial institution or non- financial foreign entity (including such an institution or entity acting as an intermediary) unless the foreign financial institution or non- financial foreign entity complies with certain information reporting, withholding, identification, certification and related requirements imposed by FATCA. Persons located in jurisdictions that have entered into an intergovernmental agreement with the United States to implement FATCA may be subject to different rules. Stockholders may be requested to provide additional information to enable us to determine whether such withholding is required. General Risk Factors We are currently operating in a period of ~~capital markets disruption and~~ economic **and political** uncertainty, and capital markets may experience periods of disruption and instability in the future. These market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations. U. S. capital markets have experienced ~~extreme~~ volatility and disruption ~~following the global outbreak of COVID- 19 that began~~ in ~~December 2019~~ **recent years** , **including** as ~~evidenced by the volatility in global stock markets as~~ a result of ~~, among other things, uncertainty surrounding~~ the COVID- 19 pandemic **, certain regional bank failures, and** ~~and~~ - **an inflationary** ~~the impact of supply chain disruptions. Despite actions of the U. S. federal government and foreign governments, these events have contributed to unpredictable general~~ economic **environment** ~~conditions that are materially and adversely impacting the broader financial and credit markets~~ . These and future market disruptions and / or illiquidity would be expected to have an adverse effect on our business, financial condition, results of operations and cash flows, as well as the businesses of our portfolio companies, and the broader financial and credit markets. At various times, such disruptions have resulted in, and may in the future result in, a lack of liquidity in parts of the debt capital markets, significant write- offs in the financial services sector and the repricing of credit risk. Such conditions may occur for a prolonged period of time again, and may materially worsen in the future, including as a result of U. S. government shutdowns, or future downgrades to the U. S. government' s sovereign credit rating or the perceived credit worthiness of the U. S. or other large global economies. In addition, the current U. S. political environment and **presidential election and** the resulting uncertainties regarding actual and potential shifts in U. S. foreign investment, trade, taxation, economic, environmental and other policies ~~under the current Administration~~ , as well as the impact of geopolitical tension, such as a deterioration in the bilateral relationship between the U. S. and China or an escalation in conflict between Russia and Ukraine **or in the Middle East** , could lead to disruption, instability and volatility in the global markets. Unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events have limited and could continue to limit our investment originations, and limit our ability to grow and could have a material negative impact on our operating results, financial condition, results of operations and cash flows and the fair values of our debt and equity investments. In addition, the U. S. and global capital markets have in the past, and may in the future, experience periods of extreme volatility and disruption during economic downturns and recessions. Trade wars and volatility in the U. S. repo market, the U. S. high yield bond markets, the Chinese stock markets and global markets for commodities may affect other financial markets worldwide. ~~In addition, while recent government stimulus measures worldwide have reduced volatility in the financial markets, volatility may return as such measures are phased out, and the long- term impacts of such stimulus on fiscal policy and inflation remain unknown.~~ Increases to budget deficits ~~, which have been exacerbated by the COVID- 19 pandemic,~~ or direct and contingent sovereign debt may create concerns about the ability of certain nations to service their sovereign debt obligations and any risks resulting from any such debt crisis in Europe, the U. S. or elsewhere could have a detrimental impact on the global economy, sovereign and non- sovereign debt in certain countries and the financial condition of financial institutions generally. Government shutdowns or austerity measures that certain countries may agree to as part of any debt crisis or disruptions to major financial trading markets may adversely affect world economic conditions, our business and the businesses of our portfolio companies. Additionally, the Federal Reserve may **continue to** raise the Federal Funds Rate in ~~2023~~ **2024** . These developments, along with the United States government' s debt ceiling, budget, credit, and deficit concerns, **presidential election, and** global economic uncertainties and market volatility ~~and the impacts of COVID- 19~~ , could cause interest rates to be volatile, which may negatively impact our ability to access the capital markets on favorable terms. Deterioration in the economy and financial markets could impair our portfolio companies' financial positions and operating results and affect the industries in which we invest, which could, in turn, harm our operating results. The broader fundamentals of the United States economy remain mixed. In the event that the United States economy contracts, it is likely that the financial results of small to mid- sized companies, like those in which we invest, could experience deterioration or limited growth from current levels, which could ultimately lead to difficulty in meeting their debt service requirements and an increase in defaults. In addition, a decline in oil and natural gas prices would adversely affect the credit quality of our debt investments and the underlying operating performance of our equity investments in energy- related businesses. Consequently, we can provide no assurance that the performance of certain portfolio companies will not be negatively impacted by economic cycles, industry cycles or other conditions, which could also have a negative impact on our future results. Although we have been able to secure access to additional liquidity, the potential for volatility in the debt and equity capital markets provides no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all. We may experience fluctuations in our operating results. We could experience fluctuations in our operating results due to a number of factors, including our ability or inability to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities we acquire, the level of portfolio dividend and fee income, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, operating results for any period should not be relied upon as being indicative of performance in future periods. Terrorist attacks, acts of war, public health crises **, climate change,** or natural disasters may affect any market for our securities, impact the businesses in which we invest and harm our business, operating results and financial condition. Terrorist acts, acts of war, public health crises (including the COVID- 19 outbreak) or natural disasters may disrupt our operations, as well as the operations of the businesses in which we invest. Such acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Future terrorist activities, military or security operations, public health crises, **climate change,** or natural disasters could further weaken the domestic / global economies and create additional uncertainties, which may negatively impact the businesses in which we invest directly or indirectly and, in turn, could have a material adverse impact on our business, operating results and financial condition. Losses from terrorist attacks, public health crises **, climate change,** and natural disasters are generally uninsurable. Technological innovations and industry disruptions **, including those related to artificial intelligence and machine learning,** may negatively impact us. Technological innovations **, including artificial intelligence and machine learning,** have disrupted traditional approaches in multiple industries and can permit younger companies to achieve success and in the process disrupt markets and market practices. We can provide no assurance that new businesses and approaches will not be created that would compete with us and / or our portfolio companies or alter the market practices in which we have been designed to function within and on which we depend on for our investment return. New approaches could damage our investments, disrupt the market in which we operate and subject us to increased competition, which could materially and adversely affect our business, financial condition and results of investments **. We may, subject to internal policies, use artificial intelligence or machine learning in connection with our business activities, including investment activities. The use of artificial intelligence and machine learning carries with it certain risks, including the risks that inputs include confidential or personally identifiable information and that outputs contain inaccuracies and errors. The applications of artificial intelligence and machine learning, including those in the investment and financial sectors, continue to develop rapidly, and it is impossible to predict all of the future risks that may arise from such developments. We cannot control the use of artificial intelligence or machine learning in our**

portfolio companies or third- party products or services and therefore could be exposed to associated risks if our portfolio companies, third- party service providers or any counterparties use artificial intelligence or machine learning in their business activities . We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends. Our business is highly dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third- party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be: • sudden electrical or telecommunications outages; • natural disasters such as earthquakes, tornadoes and hurricanes; • disease pandemics; • events arising from local or larger scale political or social matters, including terrorist acts and social unrest; and • cyber- attacks, including software viruses, ransomware, malware and phishing and vishing schemes. The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and ~~management~~ **business** continuity planning could impair our ability to conduct business effectively. Our business operations rely upon secure information technology systems for data processing, storage and reporting. Despite careful security and controls design, implementation and updating, our information technology systems could become subject to cyber- attacks **, which have been occurring globally at a more frequent and severe level and are expected to continue to increase in frequency and severity in the future** . Network, system, application and data breaches could result in operational disruptions or information misappropriation, which could have a material adverse effect on our business, results of operations and financial condition. The occurrence of a disaster such as a cyber- attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in our disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer- based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of our managers were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised. We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems could be subject to cyber- attacks and unauthorized access, such as physical and electronic break- ins or unauthorized tampering. Like other companies, we may experience threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and / or customer dissatisfaction or loss. Third parties with which we do business (including, but not limited to, service providers, such as accountants, custodians, transfer agents and administrators, and the issuers of securities in which we invest) may also be sources or targets of cyber security or other technological risks. While we engage in actions to reduce our exposure to third- party risks, we cannot control the cyber security plans and systems put in place by these third parties and ongoing threats may result in unauthorized access, loss, exposure or destruction of data, or other cybersecurity incidents, with increased costs and other consequences, including those described above. Privacy and information security laws and regulation changes, and compliance with those changes, may also result in cost increases due to system changes and the development of new administrative processes and may divert management' s attention. **Any failure to comply with such laws and regulations by us, our service providers, through the use of artificial intelligence or machine learning or otherwise could result in fines, sanctions or other penalties, which could materially and adversely affect our operating results, as well as have a negative impact on our reputation and performance.** We may experience fluctuations in our quarterly operating results. We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate payable on the loans and debt securities we acquire, the default rate on such loans and securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. In light of these factors, results for any period should not be relied upon as being indicative of performance in future periods. We may be the target of litigation. We may be the target of securities litigation in the future, particularly if the value of shares of our common stock fluctuates significantly. We could also generally be subject to litigation, including derivative actions by our stockholders or in connection with shareholder activism. In addition, our investment activities subject us to litigation relating to the bankruptcy process and the normal risks of becoming involved in litigation by third parties. This risk is somewhat greater where we exercise control or significant influence over a portfolio company' s direction. Any litigation could result in substantial costs and divert management' s attention and resources from our business and cause a material adverse effect on our business, financial condition and results of operations.