

April 14, 2014

Horizon Technology Finance Announces Successful Exit of Xtreme Power Investment

FARMINGTON, CT -- (Marketwired) -- 04/14/14 -- Horizon Technology Finance Corporation (NASDAQ: HRZN) ("Horizon"), a leading specialty finance company that provides secured loans to venture capital and private equity backed development-stage companies in the technology, life science, healthcare information and services, and cleantech industries, announced today that, in connection with the United States Bankruptcy Court-approved sale of substantially all of the assets of Xtreme Power, Inc. ("Xtreme"), Horizon has successfully exited its investment in Xtreme.

Robert D. Pomeroy, Jr., Chairman and Chief Executive Officer of Horizon, stated, "We are pleased to reach a successful exit of our investment in Xtreme, our second resolution of a non-accrual account over the past month. The sale of Xtreme's assets has provided a full recovery of Horizon's investment including all principal, interest and fees, resulting in a realized internal rate of return on the transaction of 17.7%. As we continue to aggressively manage our dynamic venture loan portfolio, we will maintain our focus on taking advantage of the underlying value of the assets securing our loans for the benefit of shareholders."

The United States Bankruptcy Court for the Western District of Texas approved the sale of substantially all of the assets of Xtreme. In connection with the sale, Horizon has received cash proceeds of \$9.9 million. Horizon applied \$2.8 million of the proceeds to fully reimburse the debtor-in-possession financing it provided to Xtreme in the first quarter of 2014 and applied the remaining \$7.1 million of proceeds to fully pay off Xtreme's venture loan balance, including fees and expenses.

For the quarter ended March 31, 2014, Horizon expects to reverse approximately \$1.3 million in previously recorded unrealized depreciation on its loan investment in Xtreme. As of December 31, 2013, the loan was on non-accrual with a cost of \$6.0 million and fair value of \$4.7 million.

About Horizon Technology Finance

Horizon Technology Finance Corporation is a business development company that provides secured loans to development-stage companies backed by established venture capital and private equity firms within the technology, life science, healthcare information and services, and cleantech industries. The investment objective of Horizon is to maximize total returns by generating current income from a portfolio of directly originated secured loans as well as capital appreciation from warrants that it receives when making such loans. Headquartered in Farmington, Connecticut, with regional offices in Walnut Creek, California and Reston, Virginia, Horizon is externally managed by its investment advisor, Horizon Technology Finance Management LLC. Horizon's common stock trades on the NASDAQ Global Select Market under the ticker symbol "HRZN". In addition, Horizon's 7.375% Senior Notes due 2019 trade on the New York Stock Exchange under the ticker symbol "HTF." To learn more, please visit www.horizontechnologyfinancecorp.com.

Forward-Looking Statements

Statements included herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance, condition or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in our filings with the Securities and Exchange Commission. Horizon undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this press release.

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