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Horizon Technology Finance Provides Investment Portfolio Update for Second Quarter 2012

Investment Activity Increases for Fourth Consecutive Quarter; New Loan Commitments Increase to a Record \$60 Million

FARMINGTON, Conn., July 10, 2012 (GLOBE NEWSWIRE) -- Horizon Technology Finance Corporation (Nasdaq:HRZN) (the "Company" or "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 clean-tech industries, today provided a portfolio update for the second quarter of 2012.

Gerald A. Michaud, President of Horizon, commented, "With our enhanced liquidity from our senior notes offering, we increased investment activity for the fourth consecutive quarter. We were pleased to fund seven new companies and expand several existing relationships during the second quarter. Our record \$60 million in new loan commitments during the second quarter reflected the strong demand for Horizon's debt products and strengthened our leading industry brand." Michaud continued, "We began the quarter with a loan portfolio of \$168 million and, with our new loans funded and no prepayments in the second quarter, we ended the quarter with a larger than expected portfolio balance of \$197 million. While the growth we achieved may not be fully reflected in our second quarter results due to new loans funding late in the quarter combined with a lower beginning portfolio balance and no prepayment fees, we believe our significant market momentum, increased portfolio and high-quality backlog position Horizon well for strong future results."

New Loans Funded

Gross and net new loan investments during the second quarter of 2012 totaled \$37.3 million. There were no refinanced balances in the second quarter. During the second quarter of 2012, Horizon funded the following loans:

- \$6.7 million to Aquion Energy, Inc., a new portfolio company. Aquion is a developer and manufacturer of Aqueous Hybrid Ion batteries and energy storage systems.
- \$4 million to Avalanche Technology, Inc., a new portfolio company. Avalanche is a developer of next-generation storage products utilizing its proprietary Spin Programmable Memory technology.
- \$2.5 million to Celsion Corporation (Nasdaq:CLSN), a new portfolio company. Celsion is an oncology drug development company.
- \$2.5 million to Grab Networks Holdings, Inc., an existing portfolio company. Grab is a premium video distribution company.
- \$3.3 million to Luxtera, Inc., a new portfolio company. Luxtera is a developer of integrated silicon CMOS photonics.
- \$2 million to OraMetrix, Inc., an existing portfolio company. OraMetrix is a provider of 3-D technology solutions for orthodontic care.
- \$2.5 million to Sample6 Technologies, Inc., a new portfolio company. Sample6 is a developer of microbial monitoring technology for global food, healthcare and other industries.
- \$3.75 million to Semprius, Inc., a new portfolio company. Semprius is a developer of high concentration photovoltaic solar modules.
- \$0.5 million to Tigo Energy, Inc., an existing portfolio company. Tigo is a provider of solar optimization technology for photovoltaic solar installations.
- \$5 million to a new portfolio company which has developed a technology to process biomass into fuel for clean technology applications.
- \$3 million to an existing portfolio company which develops IT performance management software.
- \$1.5 million to an existing portfolio company which develops complex event processing software.

Commitments

During the quarter ended June 30, 2012, Horizon closed new loan commitments totaling \$60.0 million to 11 companies, compared to the quarter ended March 31, 2012, new loan commitments totaled \$24.5 million to three companies.

Pipeline

As of June 30, 2012, Horizon's unfunded loan approvals and commitments ("Committed Backlog") increased to \$39.3 million to 13 companies, compared to a Committed Backlog of \$16.0 million to six companies as of March 31, 2012. While Horizon's portfolio companies have discretion whether to draw down such commitments, in some cases, the right of a company to draw

down its commitment is subject to the portfolio company achieving specific milestones.

About Horizon Technology Finance Corporation

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 clean-tech industries. The investment objective of Horizon Technology Finance is to maximize total risk-adjusted returns by generating current income from a portfolio of directly originated secured loans as well as capital appreciation from warrants to purchase the equity of portfolio companies. Headquartered in Farmington, Connecticut, with a regional office in Walnut Creek, California, the Company 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, the Company'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," which relate to future events or our future performance or financial condition. These statements 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. The Company 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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