



Horizon
Technology
Finance

*A LIFE SCIENCES & TECHNOLOGY
VENTURE LENDING PARTNER*



Investor Presentation – Fourth Quarter 2018

NASDAQ: HRZN

www.horizontechfinance.com

March 2019

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Cautionary Note Regarding Forward-Looking Statements

This presentation contains forward-looking statements which are based on current expectations and assumptions about future events. Forward-looking statements describe future financial or business performance, strategies, or expectations, and are generally identified by words or phrases such as “trend,” “opportunity,” “pipeline,” “believe,” “comfortable,” “expect,” “anticipate,” “current,” “intention,” “estimate,” “position,” “assume,” “plan,” “potential,” “project,” “outlook,” “continue,” “remain,” “maintain,” “sustain,” “seek,” “achieve,” and similar expressions, or future of conditional verbs such as “will,” “would,” “could,” “should,” “may,” or similar expressions. You are cautioned that such statements are subject to a multitude of risks and uncertainties. Actual results could differ materially from those expressed or implied in the forward-looking statements, and future results could differ materially from historical performance. These forward-looking statements are subject to risks that include, but are not limited to, the following:

- Future operating results, including the performance of our existing loans and warrants;
- Introduction, withdrawal, success and timing of business initiatives and strategies;
- Changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in the value of our assets;
- Relative and absolute investment performance and operations of our Advisor;
- Impact of increased competition;
- Impact of investments we intend to make and future acquisitions and divestitures;
- Unfavorable resolution of legal proceedings;
- Business prospects and the prospects of our portfolio companies;
- Projected performance of other funds managed by our Advisor;
- Impact, extent, and timing of technological changes and the adequacy of intellectual property protection;
- Regulatory structure and tax status;
- Adequacy of our cash resources and working capital;
- Timing of cash flows, if any, from the operations of our portfolio companies;
- Impact of interest rate volatility on our results, particularly if we use leverage as part of our investment strategy;
- Ability of our portfolio companies to achieve their objective;
- Impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to us or our Advisor;
- Contractual arrangements and relationships with third parties;
- Ability to access capital and any future financings by us;
- Ability of our Advisor to attract and retain highly trained professionals;
- Impact of changes to tax legislation and, generally, our tax position; and
- Other risks and uncertainties described in our SEC filings, available on the SEC’s website at www.sec.gov.

You should consider these factors in evaluating the forward-looking statements included herein, and not place undue reliance on such statements. The forward-looking statements speak only as of the date they are made, and we undertake no obligation to update such statements.



Horizon Technology Finance

A LIFE SCIENCES & TECHNOLOGY VENTURE LENDING PARTNER

Investment Highlights

**Top-Yielding
BDC Portfolio**

**Efficiently Provide
Growth Capital**

**Additional Upside
Potential from
Warrants**

**Strong Underwriting,
Deal Structuring and
Account Oversight**

**Deeply Experienced
Management Team**

**Significant Capacity
to Invest in
Robust Pipeline**



Company Overview

UNIQUE & DIFFERENTIATED STRATEGY

- Leading provider of secured loans to venture capital-backed and private equity-backed growth stage companies
- Generate attractive risk-adjusted returns through directly originated senior secured loans and additional capital appreciation through warrants
- Focus on technology, life science, and healthcare technology

SOLID FINANCIALS

- **15%** TTM average debt portfolio yield
- Strong and stable credit; no investments on non-accrual
- Expanding investment portfolio
- **\$1.20 per share** annual dividend
- Leveraged at 1x debt to equity

AMPLE GROWTH OPPORTUNITIES

- Robust investment pipeline in dynamic markets
- \$147M available investment capacity at HRZN and JV
- Large addressable market
- Proposed AFFE exemption would lay groundwork to allow BDCs to rejoin indexes



Deeply Experienced and Cycle-Tested Management



Robert D. Pomeroy, Jr.
CEO & Chairman

- 35+ years lending experience, including 20+ years in venture lending
- Co-founder of Horizon



Gerald A. Michaud
President & Director

- 35+ years lending experience including 20+ years in venture lending
- Co-founder of Horizon



Venture Leasing and Capital



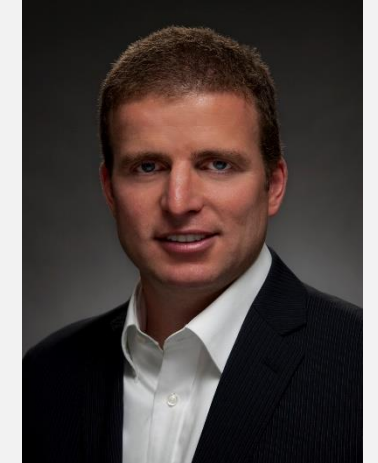
John C. Bombara
General Counsel,
Secretary & Chief
Compliance Officer

- 25+ years of legal experience, including 18 years in venture lending
- Founding member of Horizon



Daniel S. Devorsetz
SVP, Chief Investment
Officer, CFA

- 20+ years of credit and portfolio management experience, including 20 years in venture lending
- With Horizon since 2004



Daniel R. Trolie
SVP & Chief Financial
Officer, CPA

- 20+ years of finance and accounting experience, including 13 years in venture lending
- With Horizon since 2006





By The Numbers

**Annualized
Debt Portfolio
Yield**

as of Dec. 31, 2018

15.3%

**Portfolio
Size**

as of Dec. 31, 2018

\$248.4M

**Dividend
Yield**

as of Dec. 31, 2018

10.7%

**Net Asset
Value**

as of Dec. 31, 2018

\$11.64

**2-Year Total
Return**

as of Dec. 31, 2018

33.4%

**Cumulative
Distributions**

per share since IPO

\$11.72





Sound Investments With Strong Yields



Senior secured strategy

Secured by first lien or behind bank revolver



Premium yield with capital appreciation opportunity

Multiple ways to generate yield – interest, fee prepayments, warrants



Diversified Portfolio

Diversification = lower concentration of risk



Advantageous, rapid amortization schedule

Expect prepayment of debt; can quickly redeploy capital



Significantly lower LTV than typical mid-market loan

20% LTV for HRZN loan vs. 80% LTV for mid-market loan



Equity sponsors and IPO proceeds protect HRZN investment

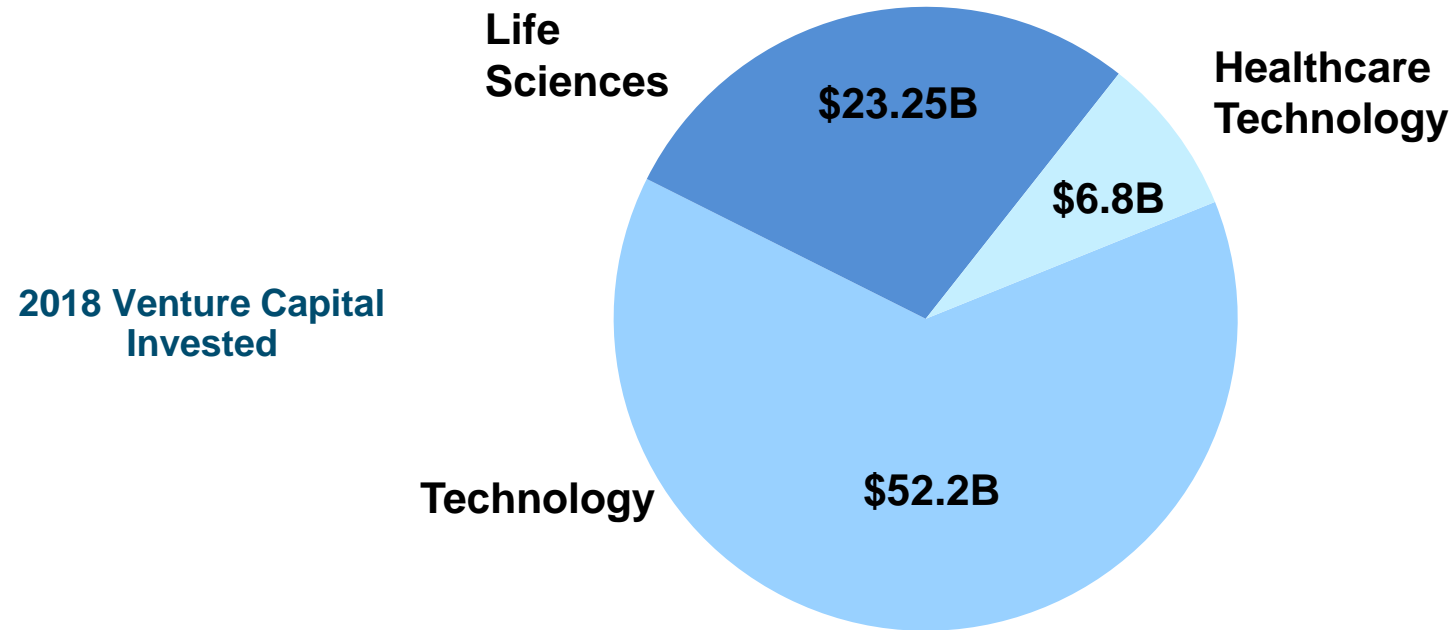
Have priority in terms of repayment





Large Addressable Market for Growth Capital

Ample Opportunity to Invest in Development Stage Companies



Source: PitchBook Venture Monitor 4Q 2018

Addressable
Market

\$12 Billion*

* Venture debt represents 10-20% of the total venture capital invested.

Significant opportunities to deploy capital across industries

Robust backlog/pipeline



Venture Loan Process – From Origination to Exit



Direct Origination

Detailed prescreen
Review business plan; model cash needs
Senior management review
Query investors
Create term sheet; negotiate
Receive award and good-faith deposit

Underwriting and Due Diligence

Comprehensive site visits, discussions/assessments with all parties and management
Independent verification
Prepare model, stress projections
Create investment memorandum and present to Investment Committee
Approval

Loan Closing and Funding

Document loan with experienced in-house counsel
Compliance with all terms of approval
Funding must be authorized by: CEO or President, CFO, Chief Compliance Officer and Chief Investment Officer
Warrants received

Portfolio Management and Exit

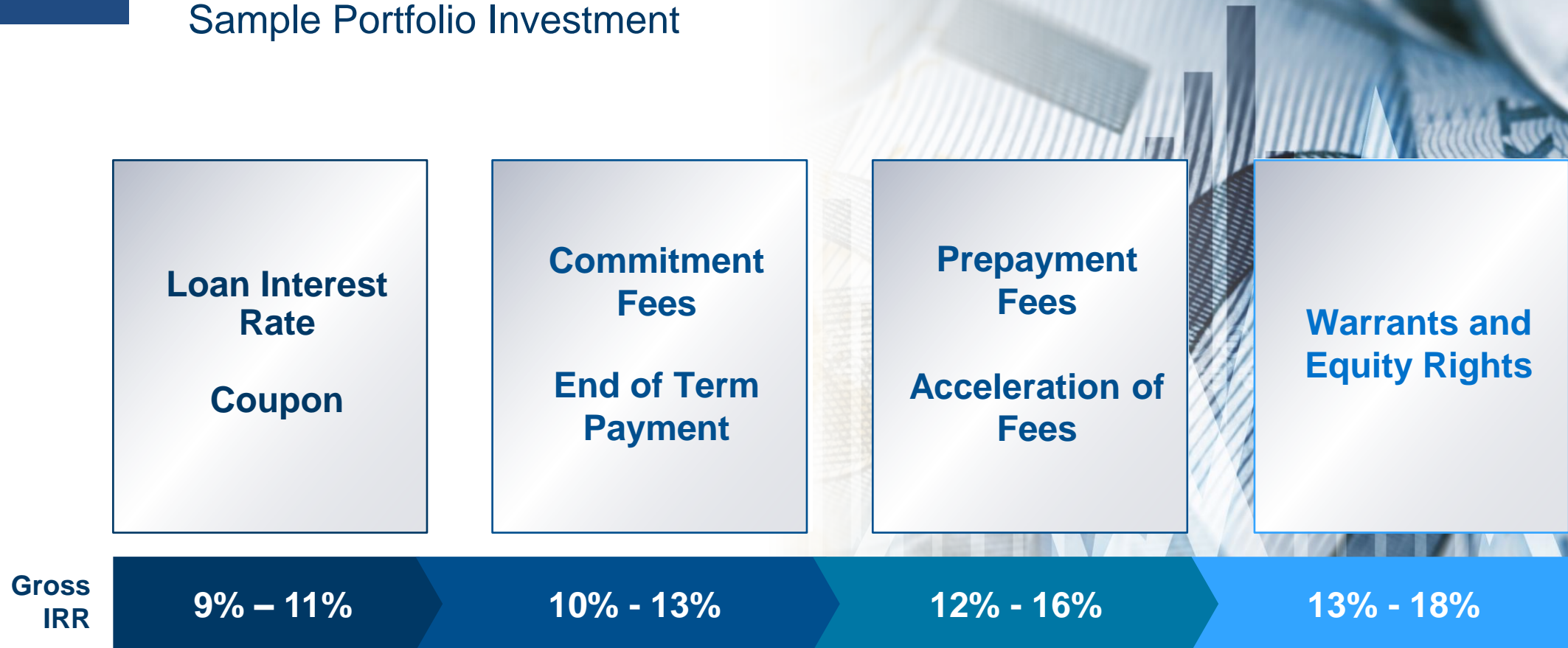
Hands-on approach to portfolio management
Monthly reporting by portfolio companies; quarterly reviews with management and investors
Monthly credit ratings and weekly watch list monitoring
Senior management involved in all accounts
Realize gains upon exit through M&A or IPO

Loan structuring expertise allows HRZN to obtain premium yield and collect enhanced return in event of prepayment



Predictive Pricing Strategy

Sample Portfolio Investment



Structure integral to all HRZN loans



Dedicated Portfolio Management



1

Proactively manage each portfolio investment

2

Diligent, hands-on management from funding to exit – regular reviews and reporting

3

Experienced senior management involved in every investment

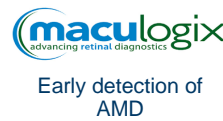
4

Comprehensive work to maintain loans in good standing with a focus on recovery of principal



Select Portfolio Companies

Current Portfolio Companies



Former Portfolio Companies

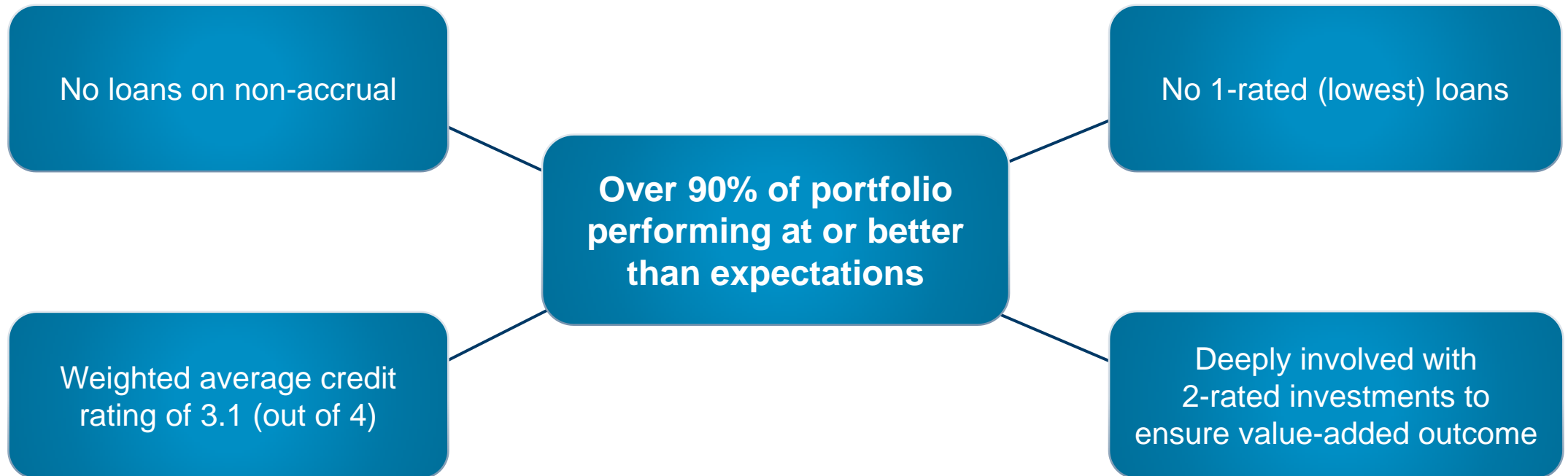


* Still hold warrants



Proactive Management Drives Stable Credit

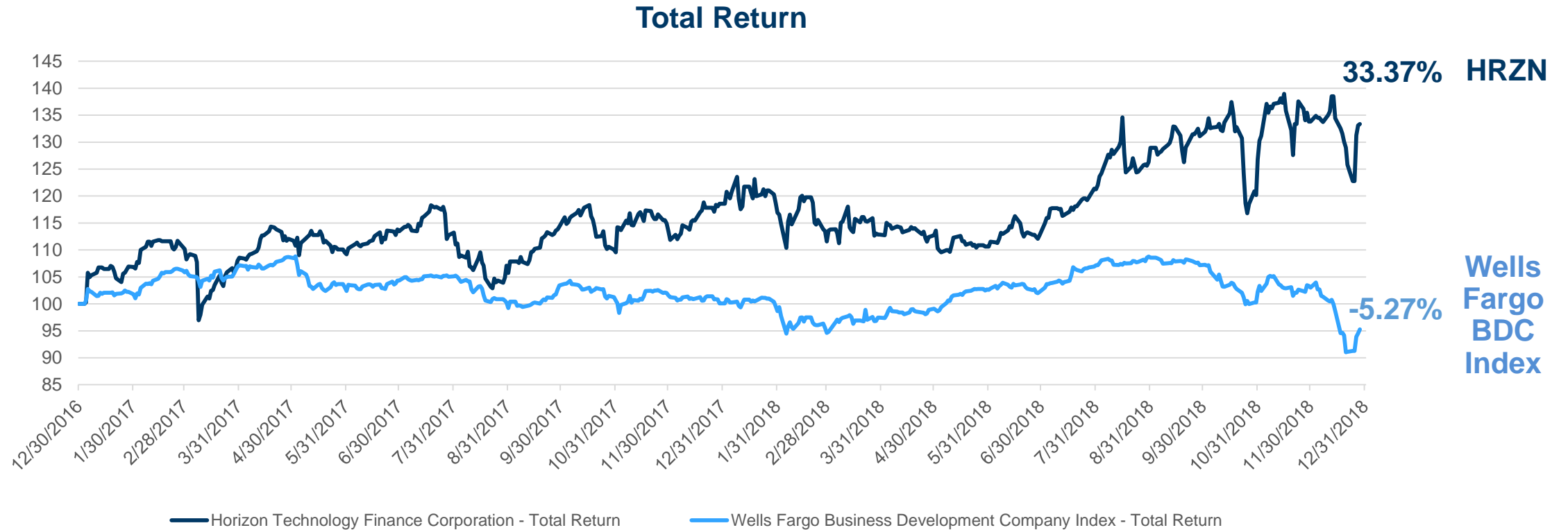
As of December 31, 2018





Producing Strong Total Return

Outperforming Wells Fargo BDC index over past 24 months*

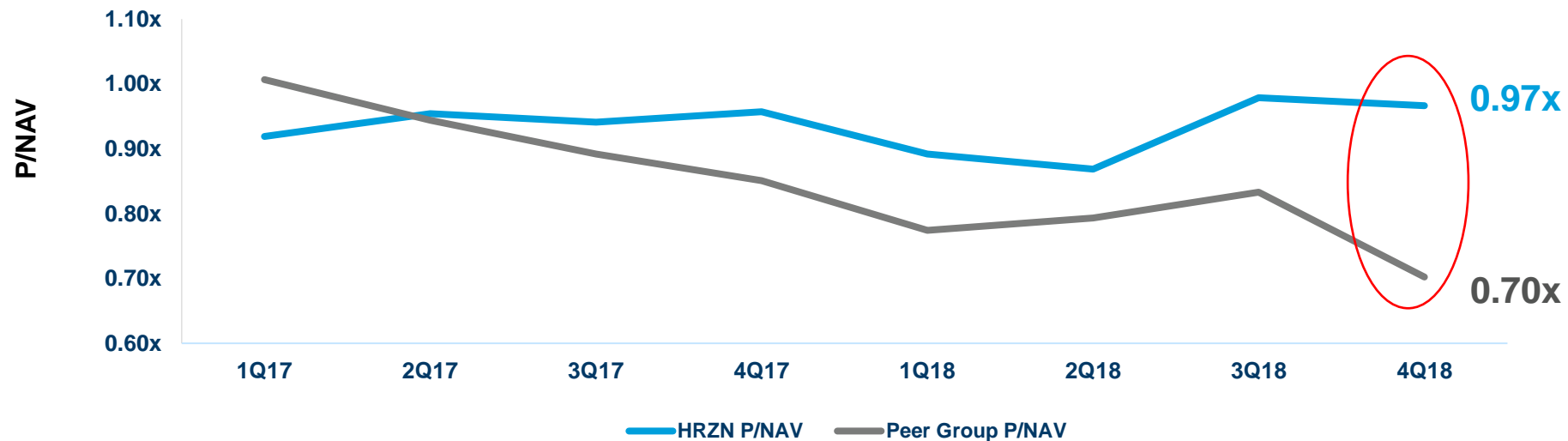


* Period from 12/31/2016 to 12/31/2018



Strong Account Management and Credit Performance Contributing to Valuation

0.97x P/NAV is Above Peer Group

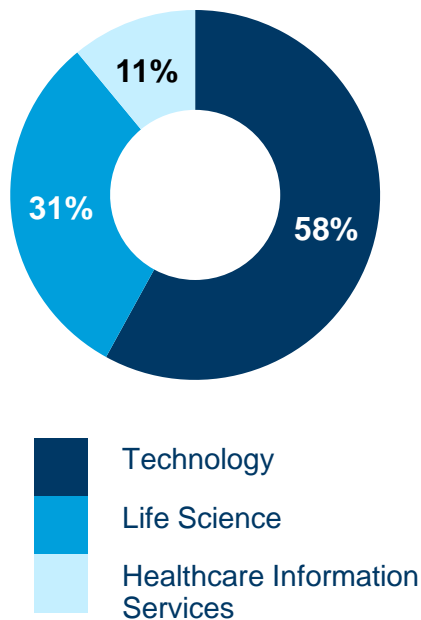


Note: Peer group consists of FDUS, TCRD, MCC, HTGC, TPVG, SCM, GARS, CPTA, CMFN, ABDC, GECC

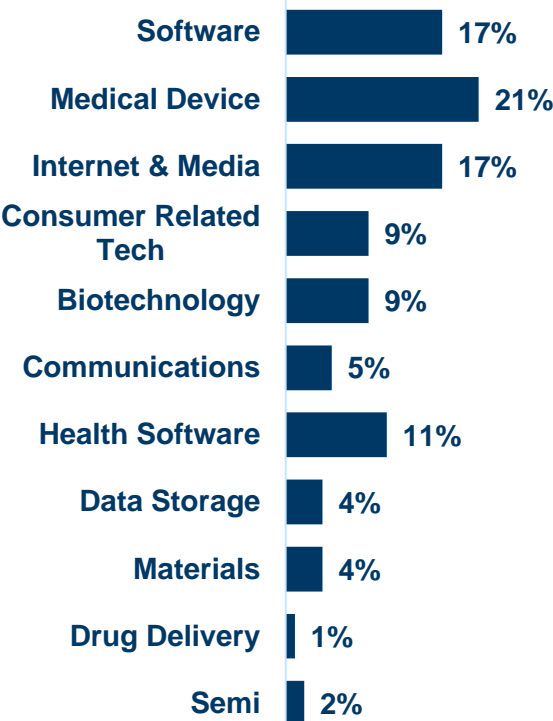


Well-Diversified Portfolio

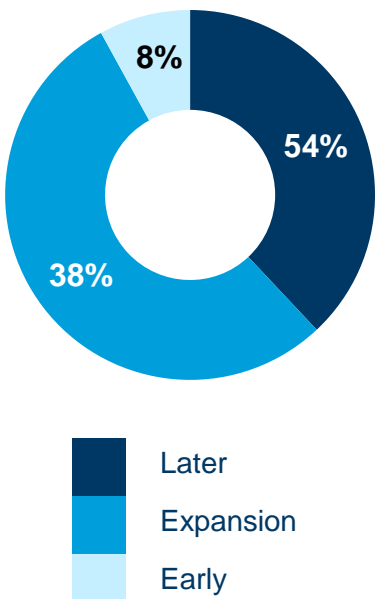
By Industry



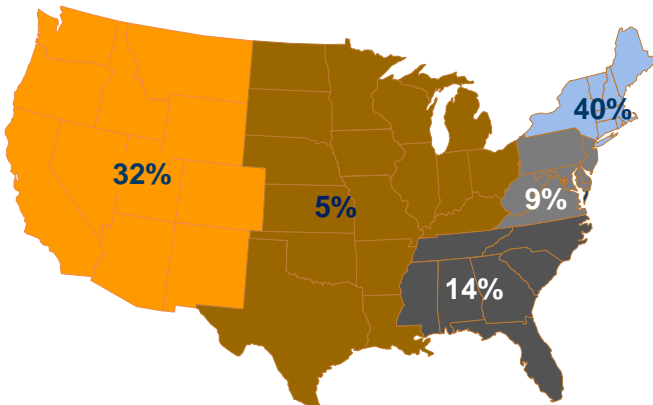
By Sector



By Stage



By Geography





Significant Liquidity Capacity

(\$ in millions)	Size of Commitment	Balance as of 12/31/2018	Available Capacity
Cash and Cash Equivalents	-	\$12.6	\$12.6
2022 6.25% Notes	\$37.4	\$37.4	-
KeyBank Facility (LIBOR + 3.25%)	\$125.0	\$90.5	\$34.5
Joint Venture	\$100.0	\$0.0	\$100.0

Available Capacity			\$147.1



Long-Term Growth Catalysts

Growing pipeline of investments / backlog

Increasing leverage

Strategic joint venture

Proposed AFFE exemption



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