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Horizon Technology Finance Provides Investment Portfolio Update for Fourth Quarter 2012

New Loan Commitments and Fundings Increase to Record Levels

FARMINGTON, Conn., Jan. 3, 2013 (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 fourth quarter of 2012.

Gerald A. Michaud, President of Horizon, commented, "We are pleased to end 2012 on a strong note as Horizon achieved record loan volumes during the fourth quarter, our sixth consecutive quarter of increased investment activity. As we continue to execute our investment strategy by deploying capital in a disciplined manner and expanding our high-yielding assets, we remain cautious in our outlook due to an uncertain macro environment. We experienced a typical investment pattern during the quarter with funding occurring later in the quarter and prepayments occurring throughout the quarter. During the quarter, we added a diverse mix of seven new companies to our venture loan portfolio. With our high-quality loan portfolio, Horizon expects to continue to generate a stable stream of interest income while providing the potential to realize significant warrant gains. We remain focused on taking advantage of select investment opportunities that meet our underwriting and return criteria and strengthening Horizon's leading industry brand."

New Loans Funded

Gross new loan investments during the fourth quarter of 2012 totaled \$66.5 million. Net new loan investments totaled approximately \$52.0 million. During the fourth quarter of 2012, Horizon provided funding to the following new and existing portfolio companies:

- \$4.0 million to Accumetrics, Inc., a new portfolio company. Accumetrics is a developer of a platform to help physicians determine a patient's response to multiple antiplatelet agents.
- \$1.1 million to Mitralign, Inc., an existing portfolio company. Mitralign is a developer of an innovative catheter based technology for percutaneous treatment of mitral regurgitation.
- \$7.0 million to Newport Media, Inc., a new portfolio company. Newport Media is a supplier of RF system-on-a-chip solutions for wireless connectivity and broadcast communications markets.
- \$2.5 million to Recondo Technology, Inc., an existing portfolio company. Recondo is a software company that develops cloud computing solutions throughout the healthcare revenue cycle.
- \$7.5 million to Sys-tech Solutions, Inc., a new portfolio company. Sys-tech is a leader in pharmaceutical serialization solutions.
- \$3.0 million to VidSys, Inc., a new portfolio company. VidSys is a provider of a Physical Security Information Management (PSIM) software platform used to run operations centers for public sector agencies and leading enterprise organizations globally.
- \$8.4 million to an existing portfolio company which provides online management solutions to contractors and suppliers in the U.S.
- \$5.0 million to a new portfolio company that has developed a platform that analyzes and correlates online content and matches it to relevant advertisements, content and information.
- \$10.0 million to a new portfolio company which develops novel transcatheter heart valve technologies.
- \$8.0 million to a new portfolio company which develops cloud solutions for secure enterprise mobile device and application management.
- \$10.0 million to an existing portfolio company which develops and markets web-based insurance distribution solutions to the property and casualty insurance industry.

Commitments

During the quarter ended December 31, 2012, Horizon closed new loan commitments totaling \$77.4 million to 11 companies, compared to the quarter ended September 30, 2012, wherein Horizon closed new loan commitments totaling \$41.3 million to six companies.

Pipeline

As of December 31, 2012, Horizon's unfunded loan approvals and commitments ("Committed Backlog") was \$28.7 million to 10 companies, compared to a Committed Backlog of \$32.8 million to 10 companies as of September 30, 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 regional offices in Walnut Creek, California and Reston, Virginia, 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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