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Horizon Technology Finance Provides Investment Portfolio Update for Third Quarter 2011

FARMINGTON, Conn., Oct. 4, 2011 (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 third quarter of 2011.

Gerald A. Michaud, President of Horizon, commented, "Our high-quality investment portfolio remains strong. While pipeline activity was lower in the seasonally slow third quarter, it improved late in the period with three new awards. Despite the recent turmoil in the global capital markets, we remain committed to taking advantage of select investment opportunities that meet our strict underwriting and return criteria. Our investment portfolio of high yielding assets and our new credit facility position Horizon well to support future performance and to continue providing attractive dividends to its shareholders."

New Loans Funded

Gross new loan investments during the third quarter of 2011 totaled \$7 million. There were no refinanced balances in the third quarter. During the third quarter of 2011, Horizon provided funding to the following new portfolio company and two existing portfolio companies:

- **Recondo Technology** received a \$2 million loan investment from Horizon. Recondo develops software that brings efficiencies and cost savings to healthcare payment processing by automating the revenue cycle and payment cycle, from pre-scheduling to adjudication, with virtually no manual intervention.
- **Tigo Energy, Inc.**, an existing portfolio company, received a \$2 million loan investment from Horizon. Tigo focuses on applying innovative technologies to the solar photovoltaic space, delivering more energy, active management and enhanced safety for utility, commercial and residential solar arrays.
- An existing portfolio company received a \$3 million loan investment from Horizon. This company provides solar energy management systems for residential and commercial markets.

Commitments

During the quarter ended September 30, 2011, Horizon closed loan commitments totaling \$4 million, plus warrants, to one new company. This compares to loan commitments totaling \$36 million for the quarter ended June 30, 2011.

Pipeline

As of September 30, 2011, Horizon's unfunded loan approvals and commitments ("Committed Backlog") totaled \$18.7 million to six companies. This compares to a Committed Backlog of \$22 million as of June 30, 2011. 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 (e.g. an additional capital issuance or the completion of a clinical trial).

In addition, as of September 30, 2011, Horizon had an awarded backlog of \$12.5 million in potential loan investments to three companies, which compares to an awarded backlog of \$6 million as of June 30, 2011. Awarded term sheets are subject to the completion of due diligence and definitive documentation and there is no guarantee the Company will close any of these transactions.

About Horizon Technology Finance Corporation

Horizon Technology Finance Corporation is a closed-end investment company that has elected to be treated as a business development company under the Investment Company Act of 1940. The Company 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, CT, with a regional office in Walnut Creek, CA, the Company is externally managed by its investment advisor, Horizon Technology Finance Management LLC. To learn more, please visit 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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