



Horizon  
Technology  
Finance

A LIFE SCIENCES & TECHNOLOGY  
VENTURE LENDING PARTNER

*An affiliate of Monroe Capital*



## Investor Presentation – Fourth Quarter 2024

NASDAQ: HRZN

[www.horizontechfinance.com](http://www.horizontechfinance.com)

March 2024

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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](http://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

**A 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 secured loans and additional capital appreciation through warrants
- Focus on technology, life science, healthcare technology, and sustainability

## SOLID FINANCIALS

- **16.6%** TTM average debt portfolio yield
- Strong and stable credit
- Expanding investment portfolio
- **\$1.37 per share** TTM distribution includes \$0.05 per share special distribution paid in December 2023
- **\$0.05 per share** special distribution payable in April 2024 – marking five consecutive years of a \$0.05 special distribution
- Leveraged at 1.20x net debt to equity

## AMPLE GROWTH OPPORTUNITIES

- Robust investment pipeline in dynamic markets
- \$222 million available investment capacity at HRZN
- Large addressable market



# 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



**GATX**



**Gerald A. Michaud**  
*President & Director*

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



**GATX**



Venture Leasing and Capital



**Daniel S. Devorsetz**  
*EVP, Chief Operating Officer, CIO, CFA*

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

**GATX**



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

- 25+ years of legal experience, including 20+ years in venture lending
- Founding member of Horizon

**GATX**



**Daniel R. Trolie**  
*EVP & Chief Financial Officer, CPA*

- 25+ years of finance and accounting experience, including 15+ years in venture lending
- With Horizon since 2006



ARTHUR  
ANDERSEN



**Diane C. Earle**  
*SVP, Chief Credit Officer*

- 35+ years of credit and portfolio management experience, including 20+ years in venture lending
- With Horizon since 2019

J.P.Morgan







## By The Numbers

Annualized  
Debt Portfolio  
Yield

**16.8%**

Portfolio  
Size

**\$709.1M**

Dividend  
Yield

**10.40%**

Net Asset  
Value

**\$9.71**

HRZN 5-Year  
Total Return

**93%**

ETRACS MVIS BDC Index  
5-Year Total Return: 70%

Cumulative  
Distributions  
per share since IPO

**\$18.15**





# Sound Investments With Strong Yields



## **Secured strategy**

Priority interest over equity and unsecured debt



## **Premium yield with capital appreciation opportunity**

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



## **Diversified Portfolio**

Diversification = lower concentration of risk



## **Advantageous 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 exit proceeds protect HRZN investment**

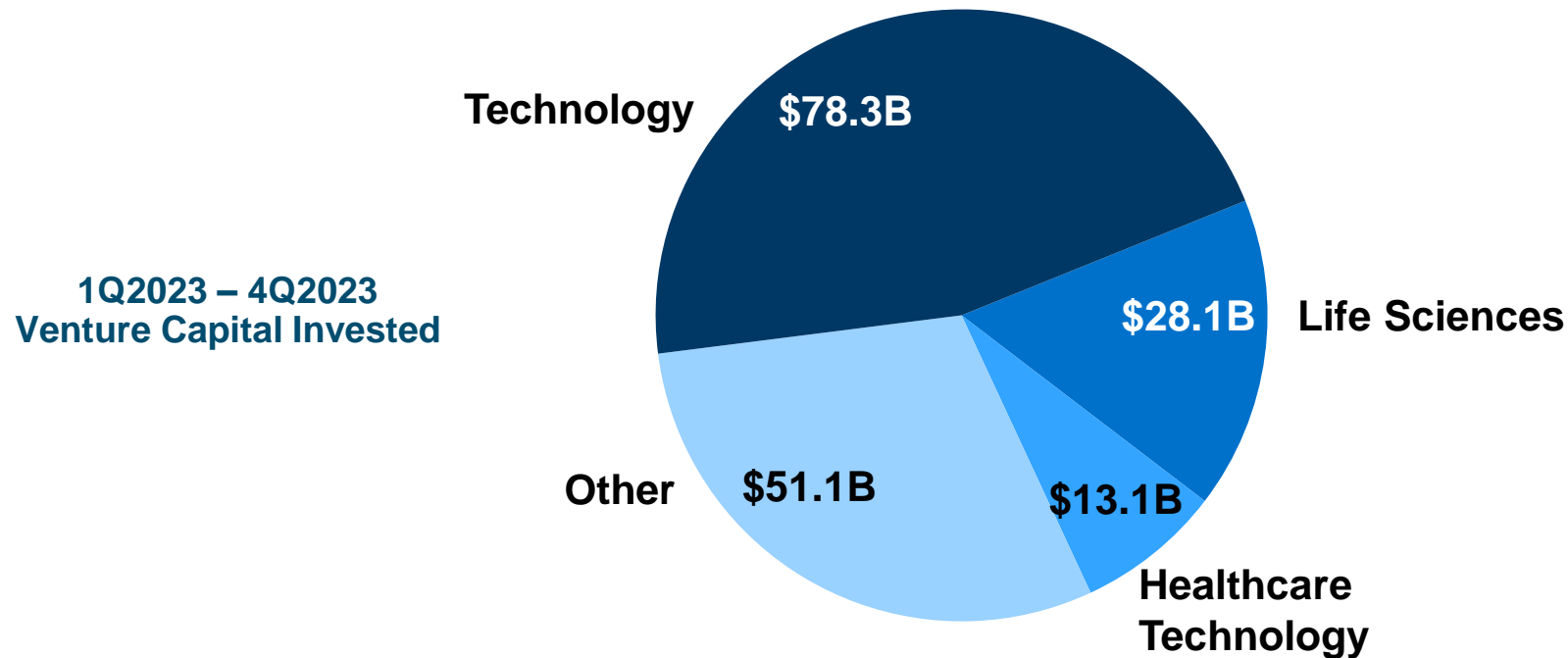
Have priority in terms of repayment





# Large Addressable Market for Growth Capital

Ample Opportunity to Invest in Development Stage Companies



Source: PitchBook Venture Monitor 4Q 2023

Addressable  
Market

**\$26 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 Credit Officer
- Warrants received

## Portfolio Management and Exit

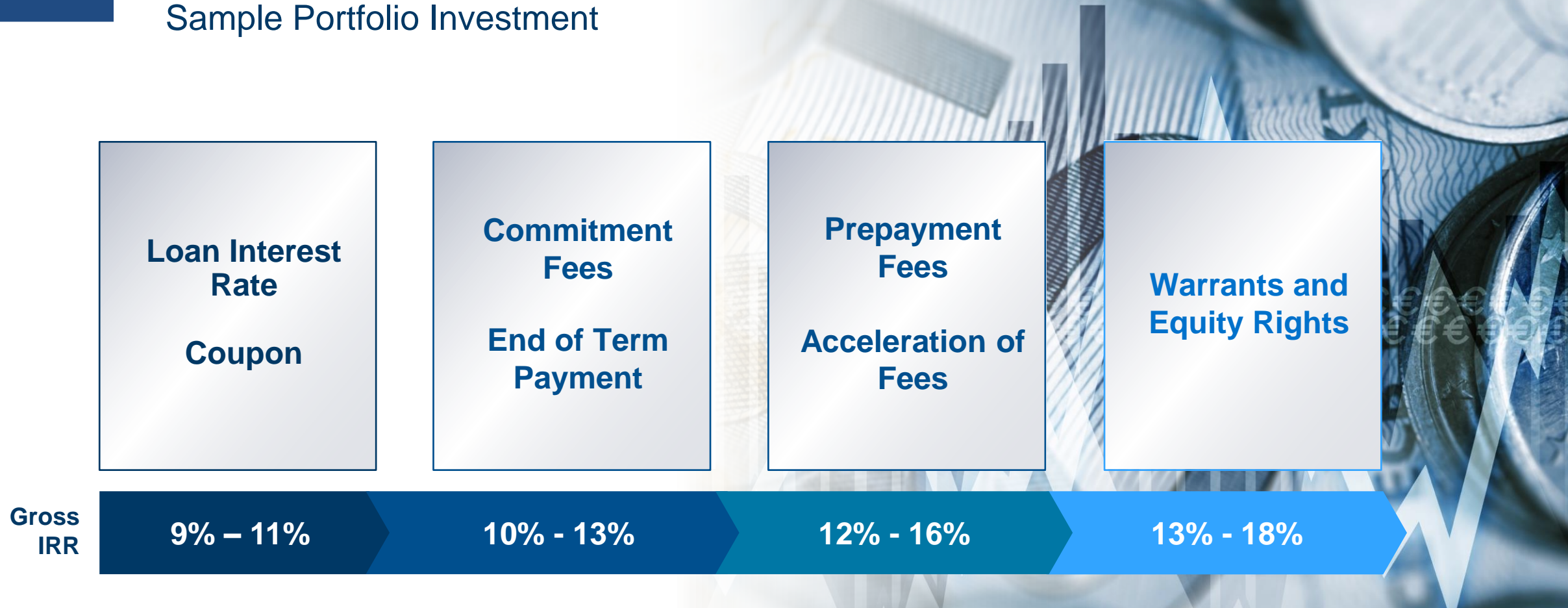
- Hands-on approach to portfolio management
- Monthly reporting by portfolio companies; quarterly reviews with management and investors
- Monthly credit ratings and weekly watch list monitoring
- Senior management involved in all accounts
- Realize gains upon exit through M&A or IPO

**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**

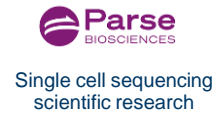
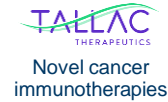
**Comprehensive work to maintain loans in good standing with a focus on recovery of principal**



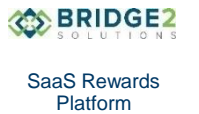
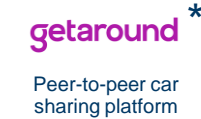


# Select Portfolio Companies

## CURRENT PORTFOLIO COMPANIES



## FORMER PORTFOLIO COMPANIES



\* Still hold warrants or equity



# Proactive Management Drives Stable Credit

As of December 31, 2023



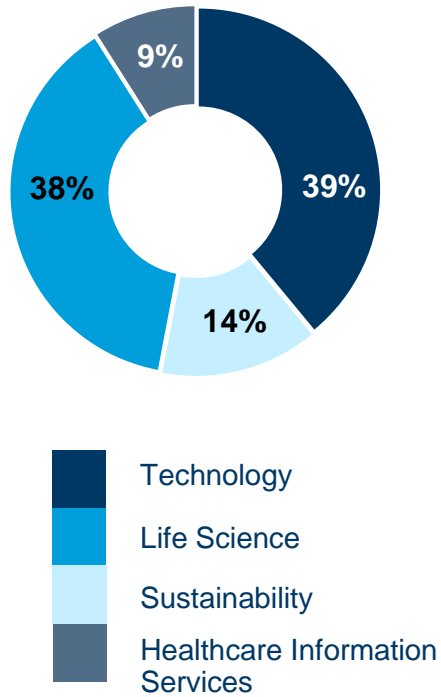
\* Represents the Advisor's results since 2004 (losses net of gains over originations)



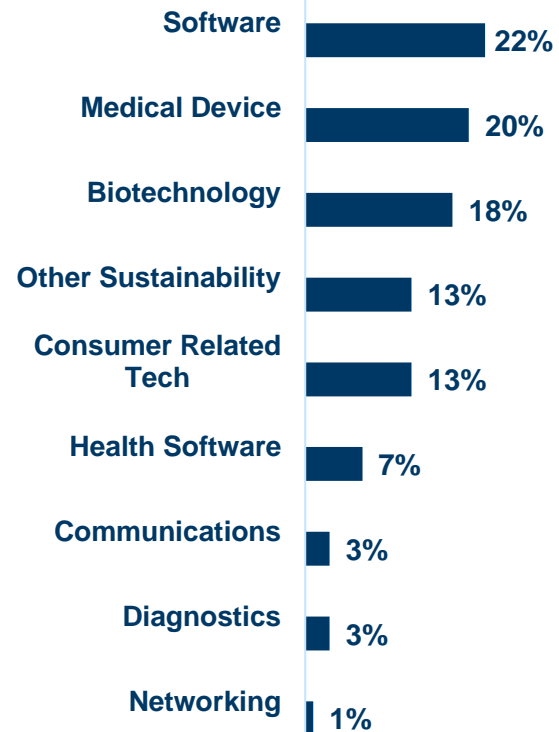


# Well-Diversified Portfolio

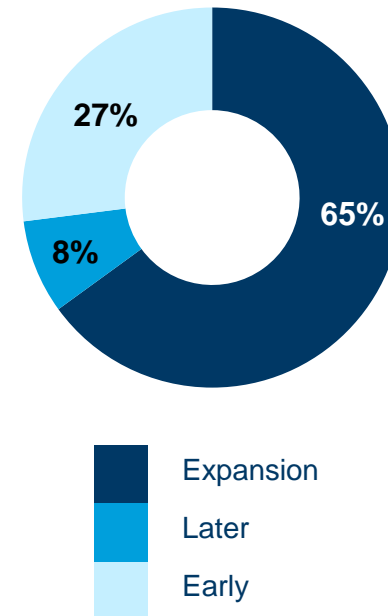
## By Industry



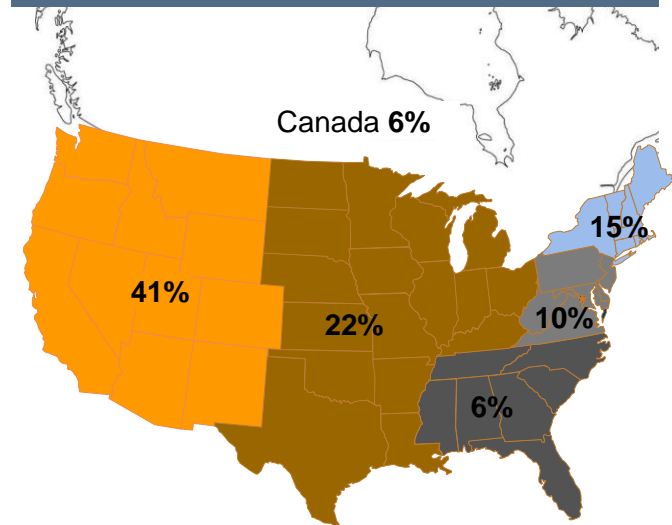
## By Sector



## By Stage



## By Geography



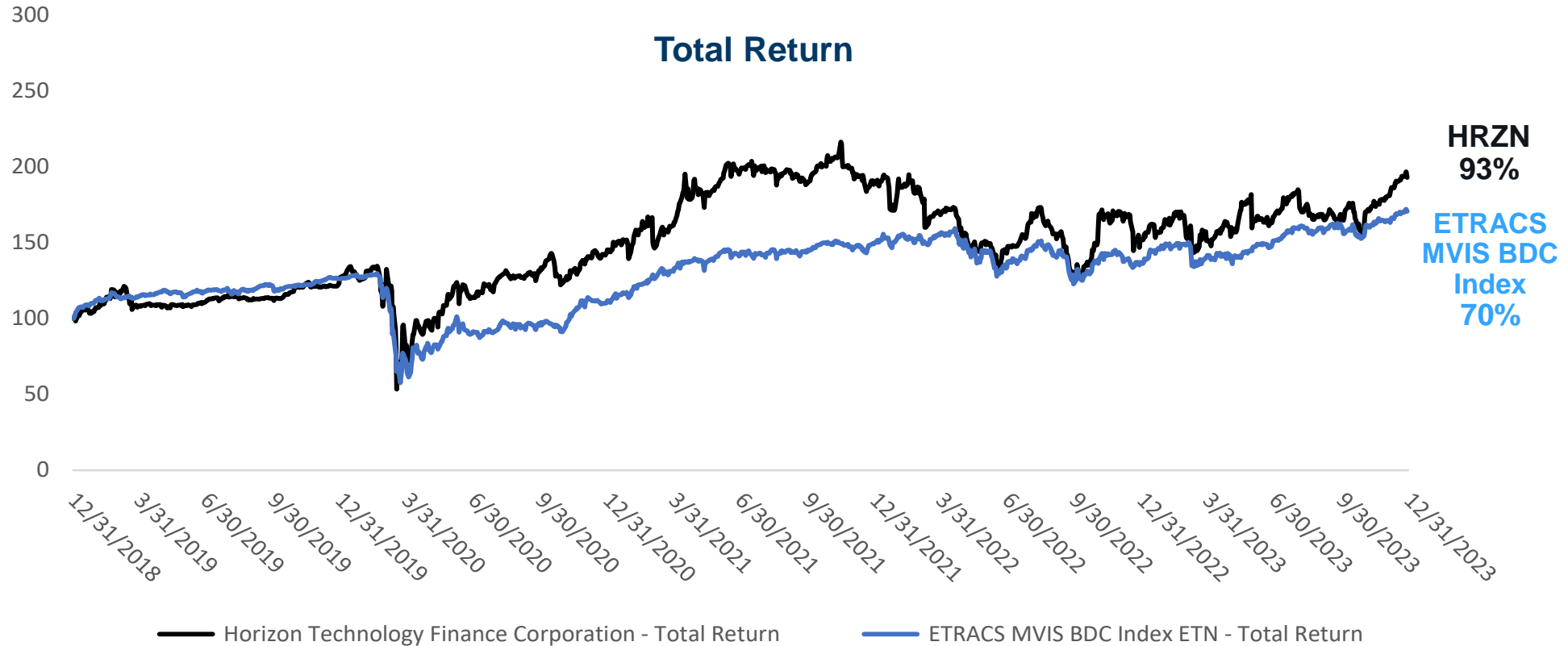
As of December 31, 2023





# Total Return Performance Above the Industry

Outperforming ETRACS MVIS BDC index over past 60 months\*



\* Period from 12/31/2018 to 12/31/2023



## Long-Term Growth - Significant Liquidity & Capacity

<i>(\$ in millions)</i>	Size of Commitment	Balance as of 12/31/2023	Available Capacity
Cash and Cash Equivalents	-	\$73.1	\$73.1
2026 4.875% Notes	\$57.5	\$57.5	-
2027 6.25% Notes	\$57.5	\$57.5	-
2022 Notes	\$100.0	\$100.0	-
New York Life Facility	\$250.0	\$181.0	\$69.0
KeyBank Facility	\$150.0	\$70.0	\$80.0
<hr style="border-top: 1px dashed black;"/> Available Capacity			<b>\$222.1</b>



# Long-Term Growth Catalysts

**Growing pipeline of investments / backlog**

**Increasing leverage**

**Substantial capacity**

**Future warrant upside**





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