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Horizon Technology Finance Provides Investment Portfolio Update for Third Quarter 2012

Company Maintains Strong Market Momentum as Investment Activity Increases for Fifth Consecutive Quarter

FARMINGTON, Conn., Oct. 1, 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 third quarter of 2012.

Gerald A. Michaud, President of Horizon, commented, "During the third quarter, we took advantage of the enhanced liquidity provided by our \$30 million equity offering in July to increase investment activity for our fifth consecutive quarter. By funding a total of \$48.5 million in new loans to eight existing portfolio companies and to four new companies, we have maintained our positive momentum in the marketplace and expanded our earning assets. The ongoing success we have achieved in sourcing attractive investment opportunities that meet our investment criteria has enabled Horizon to end the third quarter with a strong backlog of \$32.8 million in unfunded commitments, which puts Horizon in a position for growth going forward. We expect our new equity, combined with our increased leverage from our new \$75 million term loan facility, will allow us to maintain our focus on deploying capital in a disciplined manner and further expand our diverse high-quality portfolio."

New Loans Funded

Gross new loan investments during the third quarter of 2012 totaled \$48.5 million. Less refinanced balances, net new loan investments totaled approximately \$36.5 million. During the third quarter of 2012, Horizon provided funding to the following new and existing portfolio companies:

- \$4.0 million to Anacor Pharmaceuticals, Inc., an existing portfolio company. Anacor is a biopharmaceutical company focused on discovering, developing and commercializing novel small-molecule therapeutics derived from its boron chemistry platform.
- \$3.3 million to Aquion Energy, Inc., an existing portfolio company. Aquion is a developer and manufacturer of Aqueous Hybrid Ion batteries and energy storage systems.
- \$1.7 million to Luxtera, Inc., an existing portfolio company. Luxtera is a developer of integrated silicon CMOS photonics.
- \$1.7 million to Mitralign, Inc., a new portfolio company. Mitralign is a developer of an innovative catheter based technology for percutaneous treatment of functional mitral regurgitation.
- \$15.0 million to Radisphere National Radiology Group, Inc., an existing portfolio company. Radisphere combines local radiologists who provide hands-on patient care and a large network of subspecialists to deliver faster, more accurate diagnoses, appropriate utilization, and a high quality of patient care for community hospitals, systems and ACOs.
- \$1.0 million to Recondo Technology, Inc., an existing portfolio company. Recondo is a software company 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.
- \$5.0 million to SimpleTuition, Inc., a new portfolio company. SimpleTuition is an internet company offering tips, advice, interactive tools, and deals to ensure students plan better for the cost of college and pay less for college-related expenses.
- \$7.0 million to SolarBridge Technologies, Inc., a new portfolio company. SolarBridge is a leader in integrated microinverter technologies for the solar industry, accelerating the adoption of solar energy for residential and commercial use.
- \$3.0 million to Sunesis Pharmaceuticals, Inc. (Nasdaq:SNSS), an existing portfolio company. Sunesis is a biopharmaceutical company focused on the development and commercialization of new oncology therapeutics.
- \$0.3 million to Xcovery Holding Company LLC, an existing portfolio company. Xcovery is dedicated to advancing next generation targeted therapeutics as promising new treatments to improve the lives of cancer patients.
- \$6.0 million to Xtreme Power, Inc., a new portfolio company. Xtreme Power provides scalable, real-time power management and energy storage solutions that enable a more sustainable, reliable and cost-effective electric grid.
- \$0.5 million to an existing portfolio company which delivers digital commerce services that embrace emerging technologies to create exceptional branded experiences.

Commitments

During the quarter ended September 30, 2012, Horizon closed new loan commitments totaling \$41.3 million to six companies, compared to the quarter ended June 30, 2012, wherein Horizon closed new loan commitments totaling \$60.0 million to 11

companies.

Pipeline

As of September 30, 2012, Horizon's unfunded loan approvals and commitments ("Committed Backlog") was \$32.8 million to 10 companies, compared to a Committed Backlog of \$39.3 million to 13 companies as of June 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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