

Horizon Technology Finance Corp
Form 10-Q
May 01, 2018

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2018

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _____ TO

COMMISSION FILE NUMBER: 814-00802

HORIZON TECHNOLOGY FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

27-2114934

(I.R.S. Employer Identification No.)

312 Farmington Avenue

Farmington, CT

(Address of principal executive offices)

06032

(Zip Code)

(860) 676-8654

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The number of shares of the registrant's common stock, \$0.001 par value per share, outstanding as of May 1, 2018 was 11,525,206.

HORIZON TECHNOLOGY FINANCE CORPORATION

FORM 10-Q

TABLE OF CONTENTS

	Page
<u>PART I</u>	
<u>Item 1. Consolidated Financial Statements</u>	<u>3</u>
<u>Consolidated Statements of Assets and Liabilities as of March 31, 2018 and December 31, 2017 (unaudited)</u>	<u>3</u>
<u>Consolidated Statements of Operations for the three months ended March 31, 2018 and 2017 (unaudited)</u>	<u>4</u>
<u>Consolidated Statements of Changes in Net Assets for the three months ended March 31, 2018 and 2017 (unaudited)</u>	<u>5</u>
<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017 (unaudited)</u>	<u>6</u>
<u>Consolidated Schedules of Investments as of March 31, 2018 and December 31, 2017 (unaudited)</u>	<u>7</u>
<u>Notes to the Consolidated Financial Statements (unaudited)</u>	<u>17</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>35</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>46</u>
<u>Item 4. Controls and Procedures</u>	<u>47</u>
<u>PART II</u>	
<u>Item 1. Legal Proceedings</u>	<u>48</u>
<u>Item 1A. Risk Factors</u>	<u>48</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>48</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>48</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>48</u>
<u>Item 5. Other Information</u>	<u>48</u>
<u>Item 6. Exhibits</u>	<u>48</u>
<u>Signatures</u>	<u>49</u>
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	

PART I: FINANCIAL INFORMATION**Item 1. Consolidated Financial Statements****Horizon Technology Finance Corporation and Subsidiaries****Consolidated Statements of Assets and Liabilities (Unaudited)****(Dollars in thousands, except share and per share data)**

	March 31, 2018	December 31, 2017
Assets		
Non-affiliate investments at fair value (cost of \$205,970 and \$219,303, respectively)	\$ 204,936	\$ 218,600
Affiliate investments at fair value (cost of \$7,371 and \$3,774, respectively) (Note 5)	6,969	3,499
Total investments at fair value (cost of \$213,341 and \$223,077, respectively) (Note 4)	211,905	222,099
Cash	16,127	6,594
Interest receivable	4,224	3,986
Other assets	1,510	1,467
Total assets	\$ 233,766	\$ 234,146
Liabilities		
Borrowings (Note 7)	\$ 94,144	\$ 94,075
Distributions payable	3,457	3,456
Base management fee payable (Note 3)	384	379
Incentive fee payable (Note 3)	545	541
Other accrued expenses	975	620
Total liabilities	99,505	99,071
Commitments and Contingencies (Note 8)		
Net assets		
Preferred stock, par value \$0.001 per share, 1,000,000 shares authorized, zero shares issued and outstanding as of March 31, 2018 and December 31, 2017	—	—
Common stock, par value \$0.001 per share, 100,000,000 shares authorized, 11,691,416 and 11,687,871 shares issued and 11,523,951 and 11,520,406 shares outstanding as of March 31, 2018 and December 31, 2017, respectively	12	12
Paid-in capital in excess of par	179,681	179,641

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Distributions in excess of net investment income	(2,145)	(1,898)
Net unrealized depreciation on investments	(1,436)	(978)
Net realized loss on investments	(41,851)	(41,702)
Total net assets	134,261	135,075
Total liabilities and net assets	\$ 233,766	\$ 234,146
Net asset value per common share	\$ 11.65	\$ 11.72

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries**Consolidated Statements of Operations (Unaudited)****(Dollars in thousands, except share and per share data)**

	For the Three Months Ended March 31,	
	2018	2017
Investment income		
Interest income on investments		
Interest income on non-affiliate investments	\$ 6,622	\$ 6,279
Interest income on affiliate investments	131	—
Total interest income on investments	6,753	6,279
Fee income		
Prepayment fee income on non-affiliate investments	285	460
Fee income on non-affiliate investments	137	223
Total investment income	7,175	6,962
Expenses		
Interest expense	1,484	1,316
Base management fee (Note 3)	1,114	974
Performance based incentive fee (Note 3)	545	430
Administrative fee (Note 3)	184	194
Professional fees	445	506
General and administrative	193	175
Total expenses	3,965	3,595
Net investment income	3,210	3,367
Net realized and unrealized (loss) gain on investments		
Net realized loss on non-affiliate investments	(149)	(10,845)
Net realized loss on investments	(149)	(10,845)
Net unrealized (depreciation) appreciation on non-affiliate investments	(332)	11,131
Net unrealized depreciation on affiliate investments	(126)	—
Net unrealized (depreciation) appreciation on investments	(458)	11,131
Net realized and unrealized (loss) gain on investments	(607)	286
Net increase in net assets resulting from operations	\$ 2,603	\$ 3,653
Net investment income per common share	\$ 0.28	\$ 0.29
Net increase in net assets per common share	\$ 0.23	\$ 0.32
Distributions declared per share	\$ 0.30	\$ 0.30
Weighted average shares outstanding	11,522,153	11,512,853

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries**Consolidated Statements of Changes in Net Assets (Unaudited)****(Dollars in thousands, except share data)**

	Common Stock		Paid-In Capital in Excess of Par	Distributions in Excess of Net Investment Income	Net Unrealized Depreciation on Investments	Net Realized Loss on Investments	Total Net Assets
	Shares	Amount					
Balance at December 31, 2016	11,510,424	\$ 12	\$ 179,551	\$ (397)	\$ (19,463)	\$ (20,511)	\$ 139,192
Net increase in net assets resulting from operations	—	—	—	3,367	11,131	(10,845)	3,653
Issuance of common stock under dividend reinvestment plan	4,757	—	49	—	—	—	49
Distributions declared	—	—	—	(3,455)	—	—	(3,455)
Balance at March 31, 2017	11,515,181	\$ 12	\$ 179,600	\$ (485)	\$ (8,332)	\$ (31,356)	\$ 139,439
Balance at December 31, 2017	11,520,406	\$ 12	\$ 179,641	\$ (1,898)	\$ (978)	\$ (41,702)	\$ 135,075
Net increase in net assets resulting from operations	—	—	—	3,210	(458)	(149)	2,603
Issuance of common stock under dividend reinvestment plan	3,545	—	40	—	—	—	40
Distributions declared	—	—	—	(3,457)	—	—	(3,457)
Balance at March 31, 2018	11,523,951	\$ 12	\$ 179,681	\$ (2,145)	\$ (1,436)	\$ (41,851)	\$ 134,261

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries**Consolidated Statements of Cash Flows (Unaudited)****(Dollars in thousands)**

	For the Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net increase in net assets resulting from operations	\$ 2,603	\$ 3,653
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Amortization of debt issuance costs	150	127
Net realized loss on investments	149	10,845
Net unrealized depreciation (appreciation) on investments	458	(11,131)
Purchase of investments	(8,562)	(25,916)
Principal payments received on investments	15,540	39,511
Proceeds from sale of investments	2,715	1,226
Changes in assets and liabilities:		
Decrease in interest receivable	4	112
(Increase) decrease in end-of-term payments	(242)	927
Decrease in unearned income	(106)	(235)
(Increase) decrease in other assets	(124)	385
Increase in other accrued expenses	355	4
Increase (decrease) in base management fee payable	5	(25)
Increase in incentive fee payable	4	430
Net cash provided by operating activities	12,949	19,913
Cash flows from financing activities:		
Advances on credit facility	—	15,000
Repayment of credit facility	—	(25,000)
Distributions paid	(3,416)	(3,404)
Net cash used in financing activities	(3,416)	(13,404)
Net increase in cash	9,533	6,509
Cash:		
Beginning of period	6,594	37,135
End of period	\$ 16,127	\$ 43,644
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,278	\$ 1,257
Supplemental non-cash investing and financing activities:		
Warrant investments received and recorded as unearned income	\$ 248	\$ 877

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Distributions payable	\$ 3,457	\$ 3,455
End-of-term payments receivable	\$ 3,178	\$ 3,736

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries**Consolidated Schedule of Investments (Unaudited)****March 31, 2018****(Dollars in thousands)**

Portfolio Company (1)(3)	Sector	Type of Investment (4)(7)(9)(10)	Principal Amount	Cost of Investment (6)	Fair Value (13)
Non-Affiliate Investments — 152.5% (8)					
Non-Affiliate Debt Investments — 139.1% (8)					
Non-Affiliate Debt Investments — Life Science — 39.2% (8)					
Palatin Technologies, Inc. (2)(5)	Biotechnology	Term Loan (10.17% cash (Libor + 8.50%; Floor 9.00%), 5.00% ETP, Due 1/1/19)	\$ 1,500	\$ 1,485	\$ 1,485
		Term Loan (10.17% cash (Libor + 8.50%; Floor 9.00%), 5.00% ETP, Due 8/1/19)	2,667	2,643	2,643
vTv Therapeutics Inc. (2)(5)	Biotechnology	Term Loan (11.67% cash (Libor + 10.00%; Floor 10.50%), 6.00% ETP, Due 5/1/20)	6,250	6,202	6,170
		Term Loan (11.67% cash (Libor + 10.00%; Floor 10.50%), 6.00% ETP, Due 10/1/20)	3,750	3,705	3,686
Titan Pharmaceuticals, Inc. (2)(5)	Drug Delivery	Term Loan (10.18% cash (Libor + 8.40%; Floor 9.50%), 5.00% ETP, Due 6/1/21)	1,600	1,462	1,462
Aerin Medical, Inc. (2)	Medical Device	Term Loan (9.12% cash (Libor + 7.45%; Floor 8.75%), 4.00% ETP, Due 1/1/22)	4,000	3,880	3,880
		Term Loan (9.12% cash (Libor + 7.45%; Floor 8.75%), 4.00% ETP, Due 1/1/22)	3,000	2,957	2,957
		Term Loan (9.12% cash (Libor + 7.45%; Floor 8.75%), 4.00% ETP, Due 1/1/22)	3,000	2,957	2,957
Conventus Orthopaedics, Inc. (2)	Medical Device	Term Loan (9.67% cash (Libor + 8.00%; Floor 9.25%), 6.00% ETP, Due 6/1/21)	4,000	3,934	3,934
		Term Loan (9.67% cash (Libor + 8.00%; Floor 9.25%), 6.00% ETP, Due 6/1/21)	4,000	3,934	3,934
		Term Loan (9.67% cash (Libor + 8.00%; Floor 9.25%), 6.00% ETP, Due 6/1/21)	4,000	3,934	3,934
Lantos Technologies, Inc. (2)	Medical Device	Term Loan (10.21% cash (Libor + 8.43%; Floor 10.00%), 6.00% ETP, Due 9/1/21)	4,000	3,439	3,439

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Mederi Therapeutics, Inc. (2)(11)	Medical Device	Term Loan (13.31% cash (Libor + 11.82%; Floor 12.00%), 6.00% ETP, Due 12/1/17)	173	173	173
		Term Loan (13.31% cash (Libor + 11.82%; Floor 12.00%), 6.00% ETP, Due 12/1/17)	173	173	173
NinePoint Medical, Inc. (2)	Medical Device	Term Loan (10.42% cash (Libor + 8.75%; Floor 9.25%), 4.50% ETP, Due 3/1/19)	2,667	2,650	2,650
		Term Loan (10.42% cash (Libor + 8.75%; Floor 9.25%), 4.50% ETP, Due 3/1/19)	1,333	1,322	1,322
VERO Biotech LLC (2)	Medical Device	Term Loan (9.67% cash (Libor + 8.00%; Floor 9.25%), 5.00% ETP, Due 1/1/22)	4,000	3,918	3,918
		Term Loan (9.67% cash (Libor + 8.00%; Floor 9.25%), 5.00% ETP, Due 1/1/22)	4,000	3,938	3,938
Total Non-Affiliate Debt Investments — Life Science				52,706	52,655
Non-Affiliate Debt Investments — Technology — 90.8% (8)					
Intelepeer Holdings, Inc.	Communications	Term Loan (11.62% cash (Libor + 9.95%; Floor 11.25%), 2.50% ETP, Due 7/1/21)	4,000	3,892	3,892
		Term Loan (11.62% cash (Libor + 9.95%; Floor 11.25%), 2.50% ETP, Due 7/1/21)	4,000	3,932	3,932
		Term Loan (11.62% cash (Libor + 9.95%; Floor 11.25%), 2.50% ETP, Due 7/1/21)	4,000	3,932	3,932
PebblePost, Inc. (2)	Communications	Term Loan (10.93% cash (Libor + 9.26%; Floor 10.25%), 4.00% ETP, Due 7/1/21)	4,000	3,879	3,879
		Term Loan (10.93% cash (Libor + 9.26%; Floor 10.25%), 4.00% ETP, Due 7/1/21)	4,000	3,937	3,937
SavingStar, Inc. (2)	Consumer-related Technologies	Term Loan (12.07% cash (Libor + 10.40%; Floor 10.90%), 4.25% ETP, Due 6/1/20)	2,067	2,042	2,026
		Term Loan (12.07% cash (Libor + 10.40%; Floor 10.90%), 3.80% ETP, Due 11/1/20)	1,844	1,788	1,774
IgnitionOne, Inc. (2)	Internet and Media	Term Loan (11.90% cash (Libor + 10.23%; Floor 10.23%), 2.00% ETP, Due 4/1/22)	3,000	2,842	2,842
		Term Loan (11.90% cash (Libor + 10.23%; Floor 10.23%), 2.00% ETP, Due 4/1/22)	3,000	2,842	2,842
		Term Loan (11.90% cash (Libor + 10.23%; Floor 10.23%), 2.00% ETP, Due 4/1/22)	3,000	2,842	2,842
		Term Loan (11.90% cash (Libor + 10.23%; Floor 10.23%), 2.00% ETP, Due 4/1/22)	3,000	2,842	2,842

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries

Consolidated Schedule of Investments (Unaudited)

March 31, 2018

(Dollars in thousands)

Portfolio Company (1)(3)	Sector	Type of Investment (4)(7)(9)(10)	Principal Amount (6)	Cost of Investment (6)	Fair Value (13)
Jump Ramp Games, Inc. (2)	Internet and Media	Term Loan (11.40% cash (Libor + 9.73%), 3.00% ETP, Due 4/1/21)	4,000	3,946	3,946
Kixeye, Inc. (2)	Internet and Media	Term Loan (11.27% cash (Libor + 9.60%; Floor 10.75%), 2.00% ETP, Due 5/1/21)	3,000	2,891	2,891
		Term Loan (11.27% cash (Libor + 9.60%; Floor 10.75%), 2.00% ETP, Due 5/1/21)	3,000	2,949	2,949
MediaBrix, Inc. (2)	Internet and Media	Term Loan (12.67% cash (Libor + 11.00%; Floor 11.50%), 3.00% ETP, Due 1/1/20)	3,667	3,647	3,647
Rocket Lawyer Incorporated (2)	Internet and Media	Term Loan (11.07% cash (Libor + 9.40%; Floor 10.50%), 3.00% ETP, Due 7/1/21)	4,000	3,937	3,937
		Term Loan (11.07% cash (Libor + 9.40%; Floor 10.50%), 3.00% ETP, Due 7/1/21)	4,000	3,937	3,937
		Term Loan (11.07% cash (Libor + 9.40%; Floor 10.50%), 3.00% ETP, Due 11/1/21)	2,000	1,966	1,966
Zinio Holdings, LLC (2)	Internet and Media	Term Loan (12.92% cash (Libor + 11.25%; Floor 11.75%), 6.00% ETP, Due 2/1/20)	4,000	3,980	3,980
The NanoSteel Company, Inc. (2)	Materials	Term Loan (11.17% cash (Libor + 9.50%; Floor 10.00%), 7.20% ETP, Due 1/1/20)	4,445	4,379	4,379
		Term Loan (11.17% cash (Libor + 9.50%; Floor 10.00%), 6.45% ETP, Due 1/1/20)	2,223	2,190	2,190
		Term Loan (11.17% cash (Libor + 9.50%; Floor 10.00%), 5.85% ETP, Due 3/1/20)	2,431	2,393	2,393
Powerhouse Dynamics, Inc. (2)	Power Management	Term Loan (12.37% cash (Libor + 10.70%; Floor 11.20%), 3.32% ETP, Due 9/1/19)	1,050	1,023	1,023
Luxtera, Inc.	Semiconductors	Term Loan (11.25% cash (Prime + 6.75%),	2,000	1,913	1,913

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		Due 3/28/20)			
		Term Loan (11.25% cash (Prime + 6.75%), Due 3/28/20)	1,500	1,449	1,449
Bridge2 Solutions, LLC. (2)	Software	Term Loan (10.92% cash (Libor + 9.25%; Floor 10.50%), 2.00% ETP, Due 11/1/21)	5,000	4,792	4,792
		Term Loan (10.92% cash (Libor + 9.25%; Floor 10.50%), 2.00% ETP, Due 11/1/21)	5,000	4,792	4,792
Education Elements, Inc. (2)	Software	Term Loan (11.67% cash (Libor + 10.00%; Floor 10.50%), 4.00% ETP, Due 1/1/19)	600	592	592
		Term Loan (11.67% cash (Libor + 10.00%; Floor 10.50%), 4.00% ETP, Due 8/1/19)	800	789	789
Metricly, Inc.	Software	Term Loan (13.92% cash (Libor + 12.25%; Floor 12.50%), 3.33% ETP, Due 9/1/18)	158	158	158
ShopKeep.com, Inc. (2)	Software	Term Loan (11.62% cash (Libor + 9.95%; Floor 10.45%), 4.08% ETP, Due 10/1/20)	5,700	5,607	5,607
		Term Loan (11.62% cash (Libor + 9.95%; Floor 10.45%), 3.55% ETP, Due 2/1/21)	4,000	3,930	3,930
SIGNiX, Inc.	Software	Term Loan (12.67% cash (Libor + 11.00%; Floor 11.50%), 5.33% ETP, Due 2/1/20)	2,120	2,025	1,640
SilkRoad Technology, Inc. (2)	Software	Term Loan (12.02% cash (Libor + 10.35%; Floor 10.85%; Ceiling 12.85%), 5.00% ETP, Due 6/1/20)	6,750	6,664	6,664
Weblinc Corporation (2)	Software	Term Loan (11.92% cash (Libor + 10.25%; Floor 11.25%), 3.00% ETP, Due 3/1/21)	3,000	2,954	2,954
xAd, Inc. (2)	Software	Term Loan (10.37% cash (Libor + 8.70%; Floor 10.00%), 4.75% ETP, Due 11/1/21)	5,000	4,902	4,902
		Term Loan (10.37% cash (Libor + 8.70%; Floor 10.00%), 4.75% ETP, Due 11/1/21)	5,000	4,902	4,902
		Term Loan (10.37% cash (Libor + 8.70%; Floor 10.00%), 4.75% ETP, Due 11/1/21)	3,000	2,941	2,941
		Term Loan (10.37% cash (Libor + 8.70%; Floor 10.00%), 4.75% ETP, Due 11/1/21)	2,000	1,961	1,961
Total Non-Affiliate Debt Investments — Technology				122,379	121,964
Non-Affiliate Debt Investments — Healthcare information and services — 9.1% (8)					
HealthEdge Software, Inc. (2)	Software	Term Loan (9.92% cash (Libor + 8.25%; Floor 9.25%), 3.00% ETP, Due 7/1/22)	5,000	4,860	4,860
		Term Loan (9.92% cash (Libor + 8.25%; Floor 9.25%), 3.00% ETP, Due 1/1/23)	3,750	3,696	3,696
		Term Loan (9.99% cash (Libor + 8.25%; Floor 9.25%), 3.00% ETP, Due 4/1/23)	3,750	3,692	3,692
Total Non-Affiliate Debt Investments — Healthcare information and services				12,248	12,248
Total Non- Affiliate Debt Investments				187,333	186,867

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries**Consolidated Schedule of Investments (Unaudited)****March 31, 2018****(Dollars in thousands)**

Portfolio Company (1)(3)	Sector	Type of Investment (4)(7)(9)(10)	Cost of Investments (6)	Fair Value (13)
Non-Affiliate Warrant Investments — 6.9% (8)				
Non-Affiliate Warrants — Life Science — 1.8% (8)				
ACT Biotech Corporation	Biotechnology	604,038 Preferred Stock Warrants	60	—
Alpine Immune Sciences, Inc. (5)	Biotechnology	4,634 Common Stock Warrants	122	—
Argos Therapeutics, Inc. (2)(5)	Biotechnology	3,656 Common Stock Warrants	33	—
Celsion Corporation (5)	Biotechnology	408 Common Stock Warrants	15	—
Rocket Pharmaceuticals Corporation (5)	Biotechnology	1,763 Common Stock Warrants	17	—
Palatin Technologies, Inc. (2)(5)	Biotechnology	608,058 Common Stock Warrants	51	197
Revance Therapeutics, Inc. (5)	Biotechnology	34,113 Common Stock Warrants	68	564
Sample6, Inc. (2)	Biotechnology	661,956 Preferred Stock Warrants	53	25
Strongbridge U.S. Inc. (5)	Biotechnology	160,714 Common Stock Warrants	72	1,056
Sunesis Pharmaceuticals, Inc. (5)	Biotechnology	2,050 Common Stock Warrants	5	—
vTv Therapeutics Inc. (2)(5)	Biotechnology	95,293 Common Stock Warrants	44	12
Titan Pharmaceuticals, Inc. (2)(5)	Drug Delivery	320,612 Common Stock Warrants	95	19
AccuVein Inc. (2)	Medical Device	1,174,881 Preferred Stock Warrants	24	28
Aerin Medical, Inc. (2)	Medical Device	1,818,182 Preferred Stock Warrants	66	68
Conventus Orthopaedics, Inc. (2)	Medical Device	720,000 Preferred Stock Warrants	95	98

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Lantos Technologies, Inc. (2)	Medical Device	1,715,926 Common Stock Warrants	253	285
Mederi Therapeutics, Inc. (2)	Medical Device	248,736 Preferred Stock Warrants	26	—
Mitralign, Inc. (2)	Medical Device	64,190 Common Stock Warrants	52	1
NinePoint Medical, Inc. (2)	Medical Device	29,102 Preferred Stock Warrants	33	2
OraMetrix, Inc. (2)	Medical Device	812,348 Preferred Stock Warrants	78	—
ReShape Lifesciences Inc. (5)	Medical Device	134 Common Stock Warrants	347	—
Tryton Medical, Inc. (2)	Medical Device	122,362 Preferred Stock Warrants	15	13
VERO Biotech LLC (2)	Medical Device	800,000 Common Stock Warrants	53	54
ViOptix, Inc.	Medical Device	375,763 Preferred Stock Warrants	13	—
Total Non-Affiliate Warrants — Life Science Non-Affiliate Warrants — Technology — 4.5% (8)			1,690	2,422
Ekahau, Inc. (2)	Communications	978,261 Preferred Stock Warrants	33	24
Intelepeer Holdings, Inc.	Communications	2,256,549 Preferred Stock Warrants	149	113
PebblePost, Inc. (2)	Communications	598,850 Preferred Stock Warrants	92	95
Additech, Inc. (2)	Consumer-related Technologies	150,000 Preferred Stock Warrants	33	32
Gwynnie Bee, Inc. (2)	Consumer-related Technologies	268,591 Preferred Stock Warrants	68	819
Le Tote, Inc. (2)	Consumer-related Technologies	202,974 Preferred Stock Warrants	63	368
Rhapsody International Inc. (2)	Consumer-related Technologies	852,273 Common Stock Warrants	164	—
SavingStar, Inc. (2)	Consumer-related Technologies	850,439 Preferred Stock Warrants	104	3
IgnitionOne, Inc. (2)	Internet and Media	262,910 Preferred Stock Warrants	671	664
Jump Ramp Games, Inc. (2)	Internet and Media	159,766 Preferred Stock Warrants	32	33
Kixeye, Inc. (2)	Internet and Media	791,251 Preferred Stock Warrants	75	77
Rocket Lawyer Incorporated (2)	Internet and Media	261,721 Preferred Stock Warrants	92	95
The NanoSteel Company, Inc. (2)	Materials	379,360 Preferred Stock Warrants	187	456
Powerhouse Dynamics, Inc. (2)	Power Management	348,838 Preferred Stock Warrants	33	32
Avalanche Technology, Inc. (2)	Semiconductors	202,602 Preferred Stock Warrants	101	37
eASIC Corporation (2)	Semiconductors		25	29

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		40,445 Preferred Stock Warrants		
Kaminario, Inc.	Semiconductors	1,087,203 Preferred Stock Warrants	59	46
Luxtera, Inc.(2)	Semiconductors	3,546,553 Preferred Stock Warrants	213	363
Soraa, Inc. (2)	Semiconductors	203,616 Preferred Stock Warrants	80	446
Bolt Solutions Inc. (2)	Software	202,892 Preferred Stock Warrants	113	102
Bridge2 Solutions, Inc. (2)	Software	125,458 Common Stock Warrants	432	763
Clarabridge, Inc.	Software	53,486 Preferred Stock Warrants	14	105
Education Elements, Inc. (2)	Software	238,121 Preferred Stock Warrants	28	29
Lotame Solutions, Inc. (2)	Software	288,115 Preferred Stock Warrants	22	284
Metricly, Inc.	Software	41,569 Common Stock Warrants	48	—
Riv Data Corp. (2)	Software	321,428 Preferred Stock Warrants	12	38
ShopKeep.com, Inc. (2)	Software	193,962 Preferred Stock Warrants	118	113
SIGNiX, Inc.	Software	133,560 Preferred Stock Warrants	225	35
Skyword, Inc.	Software	301,056 Preferred Stock Warrants	48	3

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries**Consolidated Schedule of Investments (Unaudited)****March 31, 2018****(Dollars in thousands)**

Portfolio Company (1)(3)	Sector	Type of Investment (4)(7)(9)(10)	Principal Amount (6)	Cost of Investments (6)	Fair Value (13)
SpringCM, Inc. (2)	Software	2,385,686 Preferred Stock Warrants	55	136	
Sys-Tech Solutions, Inc.	Software	375,000 Preferred Stock Warrants	242	428	
Visage Mobile, Inc.	Software	1,692,047 Preferred Stock Warrants	19	2	
Weblinc Corporation (2)	Software	195,122 Preferred Stock Warrants	42	43	
xAd, Inc. (2)	Software	4,343,350 Preferred Stock Warrants	177	289	
Total Non-Affiliate Warrants — Technology			3,869	6,10	
Non-Affiliate Warrants — Cleantech — 0.1% (8)					
Renmatix, Inc.	Alternative Energy	53,022 Preferred Stock Warrants	68	—	
Tigo Energy, Inc. (2)	Energy Efficiency	804,604 Preferred Stock Warrants	100	119	
Total Non-Affiliate Warrants — Cleantech			168	119	
Non-Affiliate Warrants — Healthcare information and services — 0.5% (8)					
LifePrint Group, Inc. (2)	Diagnostics	49,000 Preferred Stock Warrants	29	2	
ProterixBio, Inc. (2)	Diagnostics	3,156 Common Stock Warrants	54	—	
Singulex, Inc.	Other Healthcare	294,231 Preferred Stock Warrants	44	45	
Verity Solutions Group, Inc.	Other Healthcare	300,360 Preferred Stock Warrants	100	63	
Watermark Medical, Inc. (2)	Other Healthcare	27,373 Preferred Stock Warrants	74	61	
HealthEdge Software, Inc. (2)	Software	158,063 Preferred Stock Warrants	67	67	
Medsphere Systems Corporation (2)	Software	7,097,792 Preferred Stock Warrants	60	212	
Recondo Technology, Inc. (2)	Software	556,796 Preferred Stock Warrants	95	211	
Total Non-Affiliate Warrants — Healthcare information and services			523	661	
Total Non-Affiliate Warrants			6,250	9,30	
Non-Affiliate Other Investments — 5.7% (8)					
Espero Pharmaceuticals, Inc.	Biotechnology	Royalty Agreement	5,300	4,70	

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ZetrOZ, Inc.	Medical Device	Royalty Agreement		243	700
Vette Technology, LLC	Data Storage	Royalty Agreement Due 4/18/2019		4,200	100
Triple Double Holdings, LLC	Software	License Agreement		2,200	2,200
Total Non-Affiliate Other Investments				11,943	7,700
Non-Affiliate Equity — 0.8% (8)					
Insmed Incorporated (5)	Biotechnology	33,208 Common Stock		238	748
Revance Therapeutics, Inc.(5)	Biotechnology	5,125 Common Stock		73	158
Sunesis Pharmaceuticals, Inc. (5)	Biotechnology	13,082 Common Stock		83	35
SnagAJob.com, Inc.	Consumer-related Technologies	82,974 Common Stock		9	83
TruSignal, Inc.	Software	32,637 Common Stock		41	41
Total Non-Affiliate Equity				444	1,060
Total Non-Affiliate Portfolio Investment Assets				\$205,970	\$204,000
Affiliate Investments — 5.3% (8)					
Affiliate Debt Investments — Technology — 4.6% (8)					
Decisyon, Inc.	Software	Term Loan (13.978% cash (Libor + 12.308%; Floor 12.50%), 8.00% ETP, Due 4/1/20)	\$1,523	\$1,522	\$1,460
		Term Loan (13.978% cash (Libor + 12.308%; Floor 12.50%), 8.00% ETP, Due 4/1/20)	833	779	748
		Term Loan (12.02% cash , Due 4/15/19)	250	250	240
		Term Loan (12.03% cash , Due 4/15/19)	250	250	240
		Term Loan (12.24% cash , Due 4/15/19)	750	750	721
StereoVision Imaging, Inc.	Software	Term Loan (8.61% PIK (Libor + 7.03%; Floor 8.50%), 8.50% ETP, Due 9/1/21) (12)	3,200	2,798	2,690
Total Affiliate Debt Investments — Technology				6,349	6,100
Affiliate Warrants — Technology — 0.0% (8)					
Decisyon, Inc.	Software	82,967 Common Stock Warrants		46	—
Total Affiliate Warrants — Technology				46	—
Affiliate Equity — Technology — 0.7% (8)					
Decisyon, Inc.	Software	45,365,936 Common Stock		185	75
StereoVision Imaging, Inc.	Software	1,943,572 Common Stock		791	791
Total Affiliate Equity				976	866
Total Affiliate Portfolio Investment Assets				\$7,371	\$6,960
Total Portfolio Investment Assets — 157.8%(8)				\$213,341	\$211,000

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries

Consolidated Schedule of Investments (Unaudited)

March 31, 2018

(Dollars in thousands)

(1) All investments of the Company are in entities which are organized under the laws of the United States and have a principal place of business in the United States.

(2) Has been pledged as collateral under the Key Facility.

(3) All non-affiliate investments are investments in which the Company owns less than 5% ownership of the voting securities of the portfolio company. All affiliate investments are investments in which the Company owns 5% or more of the voting securities of the portfolio company.

(4) All interest is payable in cash due monthly in arrears, unless otherwise indicated, and applies only to the Company's debt investments. Interest rate is the annual interest rate on the debt investment and does not include end-of-term payments ("ETPs") and any additional fees related to the investments, such as deferred interest, commitment fees or prepayment fees. Debt investments are at fixed rates for the term of the debt investment, unless otherwise indicated. All debt investments based on LIBOR are based on one-month LIBOR. For each debt investment, the current interest rate in effect as of March 31, 2018 is provided.

(5) Portfolio company is a public company.

(6) For debt investments, represents principal balance less unearned income.

(7) Warrants, Equity and Other Investments are non-income producing.

(8) Value as a percent of net assets.

(9) The Company did not have any non-qualifying assets under Section 55(a) of the Investment Company Act of 1940, as amended (the "1940 Act"), as of March 31, 2018. Under the 1940 Act, the Company may not acquire any non-qualifying assets unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(10) ETPs are contractual fixed-interest payments due in cash at the maturity date of the applicable debt investment, including upon any prepayment, and are a fixed percentage of the original principal balance of the debt investments unless otherwise noted. Interest will accrue during the life of the debt investment on each ETP and will be recognized as non-cash income until it is actually paid. Therefore, a portion of the incentive fee the Company may pay its Advisor will be based on income that the Company has not yet received in cash.

(11) Debt investment is on non-accrual status as of March 31, 2018.

(12) Debt investment has a payment-in-kind ("PIK") feature.

(13) Except for common stock in publicly traded companies, the fair value of the investment was valued using significant unobservable inputs.

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries**Consolidated Schedule of Investments (Unaudited)****December 31, 2017****(Dollars in thousands)**

Portfolio Company (1)(3)	Sector	Type of Investment (4)(7)(9)(10)	Principal Amount	Cost of Investment (6)	Fair Value (14)
Non-Affiliate Investments — 161.8% (8)					
Non-Affiliate Debt Investments — 148.4% (8)					
Non-Affiliate Debt Investments — Life Science — 43.0% (8)					
Palatin Technologies, Inc. (2)(5)	Biotechnology	Term Loan (9.87% cash (Libor + 8.50%; Floor 9.00%), 5.00% ETP, Due 1/1/19)	\$2,000	\$1,980	\$1,980
		Term Loan (9.87% cash (Libor + 8.50%; Floor 9.00%), 5.00% ETP, Due 8/1/19)	3,167	3,139	3,139
vTv Therapeutics Inc. (2)(5)	Biotechnology	Term Loan (11.37% cash (Libor + 10.00%; Floor 10.50%), 6.00% ETP, Due 5/1/20)	6,250	6,196	6,196
		Term Loan (11.37% cash (Libor + 10.00%; Floor 10.50%), 6.00% ETP, Due 10/1/20)	3,750	3,700	3,700
Titan Pharmaceuticals, Inc. (2)(5)	Drug Delivery	Term Loan (9.77% cash (Libor + 8.40%; Floor 9.50%), 5.00% ETP, Due 6/1/21)	3,500	3,400	3,400
		Term Loan (9.77% cash (Libor + 8.40%; Floor 9.50%), 5.00% ETP, Due 6/1/21)	3,500	3,430	3,430
Aerin Medical, Inc. (2)	Medical Device	Term Loan (8.85% cash (Libor + 7.45%; Floor 8.75%), 4.00% ETP, Due 1/1/22)	4,000	3,876	3,876
		Term Loan (8.85% cash (Libor + 7.45%; Floor 8.75%), 4.00% ETP, Due 1/1/22)	3,000	2,954	2,954
		Term Loan (8.85% cash (Libor + 7.45%; Floor 8.75%), 4.00% ETP, Due 1/1/22)	3,000	2,954	2,954
Conventus Orthopaedics, Inc. (2)	Medical Device	Term Loan (9.49% cash (Libor + 8.00%; Floor 9.25%), 6.00% ETP, Due 6/1/21)	4,000	3,928	3,928
		Term Loan (9.49% cash (Libor + 8.00%; Floor 9.25%), 6.00% ETP, Due 6/1/21)	4,000	3,928	3,928
		Term Loan (9.49% cash (Libor + 8.00%; Floor 9.25%), 6.00% ETP, Due 6/1/21)	4,000	3,928	3,928
	Medical Device	Term Loan (11.87% PIK (Libor + 10.50%; Floor	2,479	2,466	2,466

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Lantos Technologies, Inc. (2)		11.50%), 8.91% ETP, Due 5/1/19) (13)			
Mederi Therapeutics, Inc. (2)	Medical Device	Term Loan (13.01% cash (Libor + 11.82%; Floor 12.00%), 6.00% ETP, Due 12/1/17)	173	173	163
		Term Loan (13.01% cash (Libor + 11.82%; Floor 12.00%), 6.00% ETP, Due 12/1/17)	173	173	163
NinePoint Medical, Inc. (2)	Medical Device	Term Loan (10.12% cash (Libor + 8.75%; Floor 9.25%), 4.50% ETP, Due 3/1/19)	2,667	2,645	2,645
		Term Loan (10.12% cash (Libor + 8.75%; Floor 9.25%), 4.50% ETP, Due 3/1/19)	1,333	1,320	1,320
VERO Biotech LLC (2)	Medical Device	Term Loan (9.33% cash (Libor + 8.00%; Floor 9.25%), 5.00% ETP, Due 1/1/22)	4,000	3,914	3,914
		Term Loan (9.33% cash (Libor + 8.00%; Floor 9.25%), 5.00% ETP, Due 1/1/22)	4,000	3,934	3,934
Total Non-Affiliate Debt Investments — Life Science				58,038	58,018
Non-Affiliate Debt Investments — Technology — 99.1% (8)					
Intelepeer Holdings, Inc.	Communications	Term Loan (11.39% cash (Libor + 9.95%; Floor 11.25%), 2.50% ETP, Due 7/1/21)	4,000	3,888	3,888
		Term Loan (11.39% cash (Libor + 9.95%; Floor 11.25%), 2.50% ETP, Due 7/1/21)	4,000	3,927	3,927
		Term Loan (11.39% cash (Libor + 9.95%; Floor 11.25%), 2.50% ETP, Due 7/1/21)	4,000	3,927	3,927
PebblePost, Inc. (2)	Communications	Term Loan (10.63% cash (Libor + 9.26%; Floor 10.25%), 4.00% ETP, Due 7/1/21)	4,000	3,874	3,874
		Term Loan (10.63% cash (Libor + 9.26%; Floor 10.25%), 4.00% ETP, Due 7/1/21)	4,000	3,933	3,933
Le Tote, Inc. (2)	Consumer-related Technologies	Term Loan (11.02% cash (Libor + 9.65%; Floor 10.15%), 5.00% ETP, Due 3/1/20)	4,000	3,960	3,960
		Term Loan (11.02% cash (Libor + 9.65%; Floor 10.15%), 5.00% ETP, Due 3/1/20)	3,000	2,969	2,969
SavingStar, Inc. (2)	Consumer-related Technologies	Term Loan (11.77% cash (Libor + 10.40%; Floor 10.90%), 4.25% ETP, Due 6/1/20)	2,167	2,140	2,140
		Term Loan (11.77% cash (Libor + 10.40%; Floor 10.90%), 3.80% ETP, Due 11/1/20)	1,911	1,849	1,849
IgnitionOne, Inc. (2)	Internet and Media	Term Loan (11.60% cash (Libor + 10.23%; Floor 10.23%), 2.00% ETP, Due 4/1/22)	3,000	2,832	2,832

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries

Consolidated Schedule of Investments (Unaudited)

December 31, 2017

(Dollars in thousands)

Portfolio Company (1)(3)	Sector	Type of Investment (4)(7)(9)(10)	Principal Amount	Cost of Investment (6)	Fair Value (14)
		Term Loan (11.60% cash (Libor + 10.23%; Floor 10.23%), 2.00% ETP, Due 4/1/22)	3,000	2,832	2,832
		Term Loan (11.60% cash (Libor + 10.23%; Floor 10.23%), 2.00% ETP, Due 4/1/22)	3,000	2,832	2,832
		Term Loan (11.60% cash (Libor + 10.23%; Floor 10.23%), 2.00% ETP, Due 4/1/22)	3,000	2,832	2,832
Jump Ramp Games, Inc. (2)	Internet and Media	Term Loan (11.10% cash (Libor + 9.73%), 3.00% ETP, Due 4/1/21)	4,000	3,942	3,942
Kixeye, Inc. (2)	Internet and Media	Term Loan (10.97% cash (Libor + 9.60%; Floor 10.75%), 2.00% ETP, Due 9/1/21)	3,000	2,900	2,900
		Term Loan (10.97% cash (Libor + 9.60%; Floor 10.75%), 2.00% ETP, Due 9/1/21)	3,000	2,945	2,945
MediaBrix, Inc. (2)	Internet and Media	Term Loan (12.37% cash (Libor + 11.00%; Floor 11.50%), 3.00% ETP, Due 1/1/20)	4,000	3,977	3,977
Rocket Lawyer Incorporated (2)	Internet and Media	Term Loan (10.77% cash (Libor + 9.40%; Floor 10.50%), 3.00% ETP, Due 7/1/21)	4,000	3,933	3,933
		Term Loan (10.77% cash (Libor + 9.40%; Floor 10.50%), 3.00% ETP, Due 7/1/21)	4,000	3,933	3,933
		Term Loan (10.77% cash (Libor + 9.40%; Floor 10.50%), 3.00% ETP, Due 11/1/21)	2,000	1,963	1,963
Zinio Holdings, LLC (2)	Internet and Media	Term Loan (12.62% cash (Libor + 11.25%; Floor 11.75%), 6.00% ETP, Due 2/1/20)	4,000	3,978	3,978
The NanoSteel Company, Inc. (2)	Materials	Term Loan (10.87% cash (Libor + 9.50%; Floor 10.00%), 7.20% ETP, Due 1/1/20)	4,653	4,578	4,578
		Term Loan (10.87% cash (Libor + 9.50%; Floor 10.00%), 7.20% ETP, Due 1/1/20)	2,327	2,289	2,289

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		10.00%), 6.45% ETP, Due 1/1/20)			
		Term Loan (10.87% cash (Libor + 9.50%; Floor 10.00%), 5.85% ETP, Due 3/1/20)	2,500	2,457	2,457
Powerhouse Dynamics, Inc. (2)	Power Management	Term Loan (12.07% cash (Libor + 10.70%; Floor 11.20%), 3.00% ETP, Due 3/1/19)	1,250	1,234	1,234
Luxtera, Inc.	Semiconductors	Term Loan (11.25% cash (Prime + 6.75%), Due 3/28/20)	2,000	1,902	1,902
		Term Loan (11.25% cash (Prime + 6.75%), Due 3/28/20)	1,500	1,443	1,443
Bridge2 Solutions, LLC. (2)	Software	Term Loan (10.62% cash (Libor + 9.25%; Floor 10.50%), 2.00% ETP, Due 11/1/21)	5,000	4,777	4,777
		Term Loan (10.62% cash (Libor + 9.25%; Floor 10.50%), 2.00% ETP, Due 11/1/21)	5,000	4,777	4,777
Digital Signal Corporation (11)(12)	Software	Term Loan (11.62% cash (Libor + 10.25%; Floor 10.43%), 5.00% ETP, Due 7/1/19)	1,290	1,256	1,210
		Term Loan (11.62% cash (Libor + 10.25%; Floor 10.43%), 5.00% ETP, Due 7/1/19)	1,290	1,256	1,210
		Term Loan (10.00% cash, Due 12/31/17)	501	501	483
Education Elements, Inc. (2)	Software	Term Loan (11.37% cash (Libor + 10.00%; Floor 10.50%), 4.00% ETP, Due 1/1/19)	800	789	789
		Term Loan (11.37% cash (Libor + 10.00%; Floor 10.50%), 4.00% ETP, Due 8/1/19)	950	937	937
Metricly, Inc.	Software	Term Loan (13.62% cash (Libor + 12.25%; Floor 12.50%), 3.33% ETP, Due 9/1/18)	184	184	184
ShopKeep.com, Inc. (2)	Software	Term Loan (11.32% cash (Libor + 9.95%; Floor 10.45%), 4.08% ETP, Due 10/1/20)	6,000	5,897	5,897
		Term Loan (11.32% cash (Libor + 9.95%; Floor 10.45%), 3.55% ETP, Due 2/1/21)	4,000	3,924	3,924
SIGNiX, Inc.	Software	Term Loan (12.37% cash (Libor + 11.00%; Floor 11.50%), 5.33% ETP, Due 2/1/20)	2,180	2,073	1,930
SilkRoad Technology, Inc. (2)	Software	Term Loan (11.72% cash (Libor + 10.35%; Floor 10.85%; Ceiling 12.85%), 5.00% ETP, Due 6/1/20)	7,000	6,904	6,904
Weblinc Corporation (2)	Software	Term Loan (11.62% cash (Libor + 10.25%; Floor 11.25%), 3.00% ETP, Due 3/1/21)	3,000	2,913	2,913
xAd, Inc. (2)	Software	Term Loan (10.07% cash (Libor + 8.70%; Floor 10.00%), 4.75% ETP, Due 11/1/21)	5,000	4,895	4,895
		Term Loan (10.07% cash (Libor + 8.70%; Floor	5,000	4,895	4,895

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries

Consolidated Schedule of Investments (Unaudited)

December 31, 2017

(Dollars in thousands)

Portfolio Company (1)(3)	Sector	Type of Investment (4)(7)(9)(10)	Principal Amount (6)	Cost of Investment (6)	Fair Value (14)
		10.00%), 4.75% ETP, Due 11/1/21)			
		Term Loan (10.07% cash (Libor + 8.70%; Floor 10.00%), 4.75% ETP, Due 11/1/21)	3,000	2,937	2,937
		Term Loan (10.07% cash (Libor + 8.70%; Floor 10.00%), 4.75% ETP, Due 11/1/21)	2,000	1,958	1,958
Total Non-Affiliate Debt Investments — Technology				134,142	133,889
Non-Affiliate Debt Investments — Healthcare information and services — 6.3% (8)					
HealthEdge Software, Inc. (2)	Software	Term Loan (9.62% cash (Libor + 8.25%; Floor 9.25%), 3.00% ETP, Due 7/1/22)	5,000	4,819	4,819
		Term Loan (9.68% cash (Libor + 8.25%; Floor 9.25%), 3.00% ETP, Due 1/1/23)	3,750	3,693	3,693
Total Non-Affiliate Debt Investments — Healthcare information and services				8,512	8,512
Total Non-Affiliate Debt Investments				200,692	200,419
Non-Affiliate Warrant Investments — 6.7% (8)					
Non-Affiliate Warrants — Life Science — 1.6% (8)					
ACT Biotech Corporation	Biotechnology	604,038 Preferred Stock Warrants	60	—	—
Alpine Immune Sciences, Inc. (5)	Biotechnology	4,634 Common Stock Warrants	122	—	—
Argos Therapeutics, Inc. (2)(5)	Biotechnology	73,112 Common Stock Warrants	33	—	—
Celsion Corporation (5)	Biotechnology	408 Common Stock Warrants	15	—	—
Rocket Pharmaceuticals Corporation (5)	Biotechnology	7,051 Common Stock Warrants	17	—	—
Palatin Technologies, Inc. (2)(5)	Biotechnology	608,058 Common Stock Warrants	51	82	82
Revanche Therapeutics, Inc. (5)	Biotechnology	34,113 Common Stock Warrants	68	729	729
Sample6, Inc. (2)	Biotechnology	661,956 Preferred Stock Warrants	53	25	25
Strongbridge U.S. Inc. (5)	Biotechnology	160,714 Common Stock Warrants	72	794	794

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Sunesis Pharmaceuticals, Inc. (5)	Biotechnology	2,050 Common Stock Warrants	5	—
vTv Therapeutics Inc. (2)(5)	Biotechnology	95,293 Common Stock Warrants	44	82
Titan Pharmaceuticals, Inc. (2)(5)	Drug Delivery	280,612 Common Stock Warrants	88	30
AccuVein Inc. (2)	Medical Device	75,769 Preferred Stock Warrants	24	27
Aerin Medical, Inc. (2)	Medical Device	1,818,182 Preferred Stock Warrants	66	66
Conventus Orthopaedics, Inc. (2)	Medical Device	720,000 Preferred Stock Warrants	95	95
IntegenX, Inc. (2)	Medical Device	170,646 Preferred Stock Warrants	35	32
Lantos Technologies, Inc. (2)	Medical Device	471,979 Common Stock Warrants	39	145
Mederi Therapeutics, Inc. (2)	Medical Device	248,736 Preferred Stock Warrants	26	—
Mitralign, Inc. (2)	Medical Device	64,190 Common Stock Warrants	52	1
NinePoint Medical, Inc. (2)	Medical Device	29,102 Preferred Stock Warrants	33	2
OraMetrix, Inc. (2)	Medical Device	812,348 Preferred Stock Warrants	78	—
ReShape Lifesciences Inc. (5)	Medical Device	134 Common Stock Warrants	347	—
Tryton Medical, Inc. (2)	Medical Device	122,362 Preferred Stock Warrants	15	12
VERO Biotech LLC (2)	Medical Device	800,000 Common Stock Warrants	53	53
ViOptix, Inc.	Medical Device	375,763 Preferred Stock Warrants	13	—
Total Non-Affiliate Warrants — Life Science			1,504	2,175
Non-Affiliate Warrants — Technology — 4.6% (8)				
Ekahau, Inc. (2)	Communications	978,261 Preferred Stock Warrants	32	22
Intelepeer Holdings, Inc.	Communications	2,256,549 Preferred Stock Warrants	149	110
PebblePost, Inc. (2)	Communications	598,850 Preferred Stock Warrants	92	92
Additech, Inc. (2)	Consumer-related Technologies	150,000 Preferred Stock Warrants	33	31
Gwynnie Bee, Inc. (2)	Consumer-related Technologies	268,591 Preferred Stock Warrants	68	816
Le Tote, Inc. (2)	Consumer-related Technologies	202,974 Preferred Stock Warrants	63	363
Rhapsody International Inc. (2)	Consumer-related Technologies	852,273 Common Stock Warrants	164	—
SavingStar, Inc. (2)	Consumer-related Technologies	850,439 Preferred Stock Warrants	104	103
IgnitionOne, Inc. (2)	Internet and Media	262,910 Preferred Stock Warrants	672	668
Jump Ramp Games, Inc. (2)	Internet and Media	159,766 Preferred Stock Warrants	31	31
Kixeye, Inc. (2)	Internet and Media	791,251 Preferred Stock Warrants	75	74
Rocket Lawyer Incorporated (2)	Internet and Media	261,721 Preferred Stock Warrants	91	91
The NanoSteel Company, Inc. (2)	Materials	379,360 Preferred Stock Warrants	187	448
Nanocomp Technologies, Inc. (2)	Networking	1,440,489 Preferred Stock Warrants	67	—

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Powerhouse Dynamics, Inc. (2)	Power Management	290,698 Preferred Stock Warrants	28	26
Avalanche Technology, Inc. (2)	Semiconductors	202,602 Preferred Stock Warrants	101	40
eASIC Corporation (2)	Semiconductors	40,445 Preferred Stock Warrants	25	28
Kaminario, Inc.	Semiconductors	1,087,203 Preferred Stock Warrants	59	44
Luxtera, Inc.(2)	Semiconductors	3,546,553 Preferred Stock Warrants	213	361

See Notes to Consolidated Financial Statements

Horizon Technology Finance Corporation and Subsidiaries**Consolidated Schedule of Investments (Unaudited)****December 31, 2017****(Dollars in thousands)**

Portfolio Company (1)(3)	Sector	Type of Investment (4)(7)(9)(10)	Principal Amount (6)	Cost of Investments (6)	Fair Value (14)
Soraa, Inc. (2)	Semiconductors	203,616 Preferred Stock Warrants	80	80	438
Bolt Solutions Inc. (2)	Software	202,892 Preferred Stock Warrants	113	113	99
Bridge2 Solutions, Inc. (2)	Software	125,458 Common Stock Warrants	433	433	760
Clarabridge, Inc.	Software	53,486 Preferred Stock Warrants	14	14	82
Digital Signal Corporation	Software	125,116 Common Stock Warrants	32	32	—
Education Elements, Inc. (2)	Software	238,121 Preferred Stock Warrants	28	28	28
Lotame Solutions, Inc. (2)	Software	288,115 Preferred Stock Warrants	22	22	281
Metricly, Inc.	Software	41,569 Common Stock Warrants	48	48	—
Riv Data Corp. (2)	Software	321,428 Preferred Stock Warrants	12	12	38
ShopKeep.com, Inc. (2)	Software	193,962 Preferred Stock Warrants	118	118	138
SIGNiX, Inc.	Software	133,560 Preferred Stock Warrants	225	225	109
Skyword, Inc.	Software	301,056 Preferred Stock Warrants	48	48	32
SpringCM, Inc. (2)	Software	2,385,686 Preferred Stock Warrants	55	55	132
Sys-Tech Solutions, Inc.	Software	375,000 Preferred Stock Warrants	242	242	464
Visage Mobile, Inc.	Software	1,692,047 Preferred Stock Warrants	19	19	2
Weblinc Corporation (2)	Software	195,122 Preferred Stock Warrants	42	42	42
xAd, Inc. (2)	Software	4,343,350 Preferred Stock Warrants	177	177	177
Total Non-Affiliate Warrants — Technology			3,962	3,962	6,170
Non-Affiliate Warrants — Cleantech — 0.1% (8)					
Renmatix, Inc.	Alternative Energy	53,022 Preferred Stock Warrants	68	68	—
Tigo Energy, Inc. (2)	Energy Efficiency	804,604 Preferred Stock Warrants	100	100	117
Total Non-Affiliate Warrants — Cleantech			168	168	117
Non-Affiliate Warrants — Healthcare information and services — 0.4% (8)					
LifePrint Group, Inc. (2)	Diagnostics	49,000 Preferred Stock Warrants	29	29	2
ProterixBio, Inc. (2)	Diagnostics	3,156 Common Stock Warrants	54	54	—
Singulex, Inc.	Other Healthcare	294,231 Preferred Stock Warrants	44	44	44
Verity Solutions Group, Inc.	Other Healthcare	300,360 Preferred Stock Warrants	100	100	62
Watermark Medical, Inc. (2)	Other Healthcare	27,373 Preferred Stock Warrants	74	74	59
	Software	110,644 Preferred Stock Warrants	46	46	46

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HealthEdge Software, Inc. (2)				
Medsphere Systems Corporation (2)	Software	7,097,792 Preferred Stock Warrants	60	208
Recondo Technology, Inc. (2)	Software	556,796 Preferred Stock Warrants	95	207
Total Non-Affiliate Warrants — Healthcare information and services			502	628
Total Non-Affiliate Warrants			6,136	9,090
Non-Affiliate Other Investments — 5.7% (8)				
Espero Pharmaceuticals, Inc.	Biotechnology	Royalty Agreement	5,300	4,700
ZetrOZ, Inc.	Medical Device	Royalty Agreement	305	700
Vette Technology, LLC	Data Storage	Royalty Agreement Due 4/18/2019	4,226	100
Triple Double Holdings, LLC	Software	License Agreement	2,200	2,200
Total Non-Affiliate Other Investments			12,031	7,700
Non-Affiliate Equity — 1.0% (8)				
Insmmed Incorporated (5)	Biotechnology	33,208 Common Stock	238	1,035
Revance Therapeutics, Inc.(5)	Biotechnology	5,125 Common Stock	73	183
Sunesis Pharmaceuticals, Inc. (5)	Biotechnology	13,082 Common Stock	83	49
SnagAJob.com, Inc.	Consumer-related Technologies	82,974 Common Stock	9	83
TruSignal, Inc.	Software	32,637 Common Stock	41	41
Total Non-Affiliate Equity			444	1,391
Total Non-Affiliate Portfolio Investment Assets			\$ 219,303	\$ 218,600
Affiliate Investments — 2.6% (8)				
Affiliate Debt Investments — Technology — 2.5% (8)				