

## WhiteHorse Finance, Inc. Announces Fourth Quarter and Full Year 2015 Earnings Results

March 3, 2016 7:01 AM ET

NEW YORK, March 3, 2016 /PRNewswire/ -- **WhiteHorse Finance, Inc.** ("WhiteHorse Finance" or the "Company") (NASDAQ: WHF) today announced its financial results for the quarter and year ended December 31, 2015.



### Fourth Quarter 2015 Summary Highlights

- New investments of \$63.7 million and \$140.4 million for the fourth quarter and year, respectively
- Completed a public offering of subscription rights to purchase shares of common stock, which were fully exercised, resulting approximately \$44.0 million of net proceeds
- Refinanced the revolving credit facility, increasing the facility size from \$150 million to \$200 million and extending the reinvestment period by three years through 2018
- Net investment income of \$3.9 million, or \$0.24 per share, for the fourth quarter
- Net credit facility refinancing costs of \$1.8 million, or \$0.11 per share
- Core net investment income of \$5.7 million, or \$0.35 per share, for the fourth quarter<sup>(1)</sup>
- Annual core net investment income of \$1.48 per share<sup>(1)</sup>
- Annual distributions of \$1.42 per share

(1) Core net investment income is a non-GAAP financial measure. The Company believes that core net investment income provides useful information to investors and management because it reflects the Company's financial performance excluding the net impact of costs associated with the refinancing of the Company's revolving credit facility. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP.

Jay Carvell, WhiteHorse Finance's Chief Executive Officer commented, "We are pleased to report strong core earnings for the quarter. Our affiliation with H.I.G. Capital remains strong, and we are pleased with the forward pipeline. We continue to source attractive investments and believe opportunities in the credit markets will allow us to continue to execute on our origination strategy."

### Portfolio and Investment Activity

As of December 31, 2015, the fair value of WhiteHorse Finance's investment portfolio was \$415.3 million, compared with \$403.5 million as of December 31, 2014. The portfolio at December 31, 2015 consisted of 35 positions across 29 companies with an average investment size of \$11.5 million and a weighted average effective yield of 11.8 % on income producing investments. The majority of the portfolio was comprised of senior secured loans and more than 97.0% of these loans were variable-rate investments (primarily indexed to LIBOR), which should continue to position the portfolio well for a potential rising interest rate environment.

For the three months ended December 31, 2015, WhiteHorse Finance invested \$63.7 million across five portfolio companies. Gross proceeds from sales and repayments totaled \$6.4 million for the quarter.

For the year ended December 31, 2015, WhiteHorse Finance invested \$140.4 million across twelve portfolio companies. Gross proceeds from sales and repayments totaled \$107.7 million for the year.

### Results of Operations

For the three months and year ended December 31, 2015, net investment income was \$3.9 million and \$20.8 million, compared with \$5.0 million and \$17.0 million for the same periods in the prior year. For the three months and year ended December 31, 2015, core net investment income, a non-GAAP financial measure, was \$5.7 million and \$22.6 million, compared with \$5.0 million and \$17.0 million for the same periods in the prior year. The increase in core net investment income was primarily

attributable to increases in the average earning investment balance and the weighted average effective yield over the same periods in the prior year.

For the three months and year ended December 31, 2015, WhiteHorse Finance reported realized and unrealized losses on investments of \$18.7 and \$23.6 million, respectively. This compares with realized and unrealized losses on investments of \$1.3 million and realized and unrealized gains on investments of \$2.6 million for the three months and year ended December 31, 2014, respectively. The increase in realized and unrealized losses on investments related primarily to the recognition of unrealized depreciation of \$13.3 million on the Company's investment in RCS Capital Corporation during the fourth quarter of 2015.

For the three months and year ended December 31, 2015, WhiteHorse Finance reported a net decrease in net assets of \$14.8 million and \$2.8 million, respectively, which compares with a net increase in net assets of \$3.6 million and \$19.5 million for the three months and year ended December 31, 2014.

WhiteHorse Finance's NAV was \$244.1 million, or \$13.33 per share, as of December 31, 2015, as compared with \$227.0 million, or \$15.16 per share, reported as of December 31, 2014.

### **Liquidity and Capital Resources**

As of December 31, 2015, WhiteHorse Finance had cash and cash equivalents of \$22.8 million, as compared with \$25.9 million as of September 30, 2015, inclusive of restricted cash. As of December 31, 2015, the Company had \$98.0 million of undrawn capacity under its revolving credit facility.

### **Distributions**

On November 23, 2015, the Company declared a distribution of \$0.355 per share for the quarter ended December 31, 2015, consistent for the thirteenth consecutive quarter since the Company's IPO. The distribution was payable on January 4, 2016 to shareholders of record as of December 21, 2015.

Distributions are paid from taxable earnings and may include return of capital and/or capital gains. The specific tax characteristics of the distributions will be reported to stockholders on Form 1099-DIV after the end of the calendar year and in the Company's periodic reports filed with the Securities and Exchange Commission.

### **Conference Call**

WhiteHorse Finance will host a conference call to discuss its fourth quarter and fiscal year-end results at 10:00 am ET on Thursday, March 3, 2016. To access the teleconference, please dial 706-758-9224 (domestic and international) approximately 10 minutes before the teleconference's scheduled start time and reference ID#36543898. Investors may also access the call on the investor relations portion of the Company's website at [www.whitehorsefinance.com](http://www.whitehorsefinance.com).

If you are unable to access the live teleconference, a replay will be available beginning approximately two hours after the call's completion through March 10, 2016. The teleconference replay can be accessed by dialing 404-537-3406 (domestic and international) and entering ID#36543898. A webcast replay will also be available on the investor relations portion of the Company's website at [www.whitehorsefinance.com](http://www.whitehorsefinance.com).

### **About WhiteHorse Finance, Inc.**

WhiteHorse Finance is a business development company that originates and invests in loans to privately held small-cap companies across a broad range of industries. The Company's investment activities are managed by its investment adviser, H.I.G. WhiteHorse Advisers, LLC, an affiliate of H.I.G. Capital, L.L.C. ("H.I.G. Capital"). H.I.G. Capital is a leading global alternative asset manager with \$19 billion of capital under management<sup>(2)</sup> across a number of funds focused on the small and mid-cap markets. For more information about H.I.G. Capital, please visit <http://www.higcapital.com>. For more information about the Company, please visit <http://www.whitehorsefinance.com>.

(2) Based on total capital commitments to funds managed by H.I.G. Capital and its affiliates.

## Forward-Looking Statements

This press release may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance 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 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.

### WhiteHorse Finance, Inc.

#### Consolidated Statements of Assets and Liabilities (in thousands, except share and per share data)

	December 31, 2015	December 31, 2014
<b>Assets</b>		
Investments, at fair value		
Non-controlled/non-affiliate company investments	\$ 395,143	\$ 383,500
Non-controlled affiliate company investments	20,200	20,000
Total investments, at fair value (amortized cost \$436,109 and \$401,062, respectively)	415,343	403,500
Cash and cash equivalents	22,769	11,647
Restricted cash and cash equivalents	—	4,495
Interest receivable	3,407	2,702
Deferred financing costs	3,518	4,004
Prepaid expenses and other receivables	192	494
Total assets	<u>\$ 445,229</u>	<u>\$ 426,842</u>
<b>Liabilities</b>		
Debt	\$ 187,000	\$ 190,500
Distributions payable	6,498	5,319
Management fees payable	3,813	5,006
Payable for investments purchased	2,865	—
Accounts payable and accrued expenses	1,001	659
Total liabilities	<u>201,177</u>	<u>201,484</u>
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Common stock, 18,303,890 and 14,982,857 shares issued and outstanding, par value \$0.001 per share and 100,000,000 authorized	18	15
Paid-in capital in excess of par	272,705	228,731
Accumulated overdistributed net investment income	(7,618)	(5,918)
Net realized gains on investments	349	728
Net unrealized (depreciation) appreciation on investments	(21,402)	1,802
Total net assets	<u>244,052</u>	<u>225,358</u>
Total liabilities and total net assets	<u>\$ 445,229</u>	<u>\$ 426,842</u>
Number of shares outstanding	18,303,890	14,982,857
Net asset value per share	\$ 13.33	\$ 15.04

WhiteHorse Finance, Inc.

Consolidated Statements of Operations  
(in thousands, except share and per share data)

	Years ended December 31,		
	2015	2014	2013
<b>Investment income</b>			
Interest income	\$ 42,381	\$ 35,148	\$ 34,155
Fee income	1,894	1,604	3,462
Dividend income	2,800	794	—
Total investment income	47,075	37,546	37,617
<b>Expenses</b>			
Interest expense	9,970	5,818	5,341
Base management fees	8,560	7,557	5,059
Performance-based incentive fees	4,323	3,387	4,800
Administrative service fees	1,140	1,510	1,173
General and administrative expenses	2,326	2,720	2,182
Total expenses, before fees waived	26,319	20,992	18,555
Base management fees waived	—	(447)	(248)
Total expenses, net of fees waived	26,319	20,545	18,307
<b>Net investment income</b>	20,756	17,001	19,310
<b>Realized and unrealized (losses) gains on investments</b>			
Net realized losses on investments	(379)	(64)	—
Net change in unrealized (depreciation) appreciation on investments	(23,204)	2,607	(280)
<b>Net realized and unrealized (losses) gains on investments</b>	(23,583)	2,543	(280)
<b>Net (decrease) increase in net assets resulting from operations</b>	\$ (2,827)	\$ 19,544	\$ 19,030
<b>Per Common Share Data</b>			
Basic and diluted (loss) earnings per common share	\$ (0.18)	\$ 1.30	\$ 1.27
Dividends and distributions declared per common share	\$ 1.42	\$ 1.42	\$ 1.42
Basic and diluted weighted average common shares outstanding	15,319,510	14,982,825	14,971,324

WhiteHorse Finance, Inc.

Consolidated Schedule of Investments  
December 31, 2015  
(in thousands)

Investment Type <sup>(1)</sup>	Spread Above Index <sup>(2)</sup>	Interest Rate <sup>(3)</sup>	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
North America							
Debt Investments							
<u>Advertising</u>							
Fluent Acquisition II, LLC							
First Lien Secured Term Loan	L+11.50% (0.50% Floor)	12.00% (1.00% PIK)	12/8/20	\$ 28,017	\$ 27,462	\$ 27,765	11.38%
Intersection Acquisition, LLC							
First Lien Secured Term Loan	L+10.00% (1.00% Floor)	11.00%	9/15/20	16,462	16,302	16,429	6.73
				44,479	43,764	44,194	18.11

<u>Broadcasting</u>								
Multicultural Radio								
Broadcasting, Inc. <sup>(6)</sup>								
First Lien Secured Term Loan	L+10.50% (1.00% Floor)		11.50%	6/27/19	14,850	14,850	14,806	6.07
<u>Consumer Finance</u>								
Golden Pear Funding III, LLC <sup>(7)</sup>								
Second Lien Secured Term Loan	L+10.25% (1.00% Floor)		11.25%	6/25/20	25,000	24,731	24,650	10.10
Second Lien Secured Revolving Loan	L+10.25% (1.00% Floor)		11.25%	6/25/20	—	(52)	—	—
Oasis Legal Finance, LLC <sup>(7)</sup>								
Second Lien Secured Term Loan	N/A	(5)	10.50%	9/30/18	9,000	8,881	8,973	3.68
Sigie Corporation <sup>(6)</sup>								
Second Lien Secured Term Loan	L+10.50% (1.00% Floor)		11.50%	12/27/18	25,000	24,669	24,875	10.19
					<u>59,000</u>	<u>58,229</u>	<u>58,498</u>	<u>23.97</u>
<u>Data Processing &amp; Outsourced Services</u>								
Future Payment Technologies, L.P.								
Second Lien Secured Term Loan	L+12.00% (1.00% Floor)		13.00% (1.00% PIK)	12/31/18	36,447	35,510	36,447	14.93
<u>Distributors</u>								
360 Holdings III Corp. <sup>(6)</sup>								
First Lien Secured Term Loan	P+8.00% (3.50% Floor)		11.50%	10/1/21	9,975	9,575	9,775	4.01

WhiteHorse Finance, Inc.

Consolidated Schedule of Investments – (continued)  
December 31, 2015  
(in thousands)

Investment Type <sup>(1)</sup>	Spread Above Index <sup>(2)</sup>	Interest Rate <sup>(3)</sup>	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets	
<u>Diversified Support Services</u>								
Expert Global Solutions, Inc.								
Second Lien Secured Term Loan	L+11.00% (1.50% Floor)		12.50%	10/3/18	\$ 20,000	\$ 19,831	\$ 19,820	8.12%
Orion Healthcorp, Inc.								
First Lien Secured Term Loan	L+9.00% (2.00% Floor)		11.00%	9/30/17	6,991	6,830	6,998	2.87
Sitel Worldwide Corporation								
Second Lien Secured Term Loan	L+9.50% (1.00% Floor)		10.50%	9/18/22	8,670	8,501	8,540	3.50
Smile Brands Group Inc.								
First Lien Secured Term Loan	L+7.75% (1.25% Floor)		9.00% (1.50% PIK)	8/16/19	11,745	11,585	9,983	4.09
				<u>47,406</u>	<u>46,747</u>	<u>45,341</u>	<u>18.58</u>	

Electronic Equipment & Instruments  
AP Gaming I, LLC  
(6)

First Lien Secured Term Loan	L+8.25% (1.00% Floor)	9.25%	12/20/20	9,800	9,566	9,663	3.96
<u>Food Retail</u>							
Crews of California, Inc.							
First Lien Secured Term Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	15,170	14,889	14,639	6.00
First Lien Secured Revolving Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	5,019	4,931	4,843	1.98
First Lien Secured Delayed Draw Term Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	5,034	4,946	4,858	1.99
				<u>25,223</u>	<u>24,766</u>	<u>24,340</u>	<u>9.97</u>
<u>Health Care Distributors</u>							
P2 Newco Acquisition, Inc. <sup>(6)</sup>							
Second Lien Secured Term Loan	L+8.50% (1.00% Floor)	9.50%	10/22/21	6,000	5,952	5,982	2.45
<u>Health Care Facilities</u>							
Coastal Sober Living, LLC <sup>(6)</sup>							
First Lien Secured Term Loan	L+9.25% (1.00% Floor)	10.25%	6/30/19	41,030	40,436	40,251	16.49
Grupo HIMA San Pablo, Inc.							
First Lien Secured Term Loan	L+7.00% (1.50% Floor)	8.50%	1/31/18	14,588	14,441	14,588	5.98
Second Lien Secured Term Loan	N/A	(5) 13.75%	7/31/18	1,000	971	992	0.41
				<u>56,618</u>	<u>55,848</u>	<u>55,831</u>	<u>22.88</u>

WhiteHorse Finance, Inc.

Consolidated Schedule of Investments – (continued)  
December 31, 2015  
(in thousands)

Investment Type <sup>(1)</sup>	Spread Above Index <sup>(2)</sup>	Interest Rate <sup>(3)</sup>	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
<u>Health Care Technology</u>							
Client Network Services, Inc.							
First Lien Secured Term Loan	L+13.00% (0.50% Floor)	13.50%	4/24/19	\$ 9,185	\$ 8,954	\$ 9,350	3.83%
First Lien Secured Revolving Loan	P+12.00% (3.50% Floor)	15.50%	4/24/19	1,000	1,000	1,018	0.42
				<u>10,185</u>	<u>9,954</u>	<u>10,368</u>	<u>4.25</u>
<u>Integrated Telecommunication Services</u>							
Securus Technologies Holdings, Inc.							
Second Lien Secured Term Loan	L+7.75% (1.25% Floor)	9.00%	4/30/21	9,090	9,059	5,936	2.43
<u>Oil &amp; Gas Drilling</u>							

ProPetro Services, Inc. <sup>(6)</sup>							
First Lien Secured Term Loan	L+6.25% (1.00% Floor)	7.25%	9/30/19	8,875	8,809	6,417	2.63
<u>Oil &amp; Gas Exploration &amp; Production</u>							
Caelus Energy Alaska O3, LLC							
Second Lien Secured Term Loan	L+7.50% (1.25% Floor)	8.75%	4/15/20	13,000	12,856	9,269	3.80
Larchmont Resources, LLC							
First Lien Secured Term Loan	L+8.75% (1.00% Floor)	9.75%	8/7/19	1,745	1,777	1,238	0.51
				14,745	14,633	10,507	4.31
<u>Other Diversified Financial Services</u>							
RCS Capital Corporation <sup>(6)(7)(9)</sup>							
Second Lien Secured Term Loan	L+10.50% (1.00% Floor)	11.50%	4/29/21	20,750	20,687	7,262	2.98
The Pay-O-Matic Corp.							
First Lien Secured Term Loan	L+11.00% (1.00% Floor)	12.00%	3/31/18	9,750	9,594	9,740	3.99
				30,500	30,281	17,002	6.97
<u>Research &amp; Consulting Services</u>							
Project Time & Cost, LLC <sup>(6)</sup>							
First Lien Secured Term Loan	L+11.00% (0.50% Floor)	11.50%	10/9/20	11,700	11,468	11,571	4.74
<u>Specialized Consumer Services</u>							
Pre-Paid Legal Services, Inc. <sup>(6)</sup>							
Second Lien Secured Term Loan	L+9.00% (1.25% Floor)	10.25%	7/1/20	18,000	17,830	18,054	7.40

WhiteHorse Finance, Inc.

Consolidated Schedule of Investments – (continued)  
December 31, 2015  
(in thousands)

Investment Type <sup>(1)</sup>	Spread Above Index <sup>(2)</sup>	Interest Rate <sup>(3)</sup>	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
<u>Specialized Finance</u>							
GMT Holdings 1, Ltd. & GMT Holdings 12, Ltd. <sup>(4)(7)</sup>							
First Lien Secured Term Loan	N/A (5)	10.00%	6/30/17	\$ 1,710	\$ 1,710	\$ 1,710	0.70%
<u>Trucking</u>							
Fox Rent A Car, Inc.							
Second Lien Secured Term Loan	L+12.00%	12.43%	10/31/19	7,500	7,438	7,395	3.03
Total Debt Investments				422,103	415,989	393,837	161.37

Equity Investments

Advertising

IDI, Inc.

Warrants <sup>(6)</sup>	N/A	N/A	12/8/25	—	—	—	—
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Diversified Support

Services

Constellation

Health, LLC

Warrants <sup>(6)</sup>	N/A	N/A	9/30/18	—	—	989	0.40
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Food Retail

Crews of

California, Inc.

Warrants <sup>(6)</sup>	N/A	N/A	12/31/24	—	—	191	0.08
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Nicholas &

Associates, LLC

Warrants <sup>(6)</sup>	N/A	N/A	12/31/24	—	—	37	0.01
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Pinnacle

Management

Group, LLC

Warrants <sup>(6)</sup>	N/A	N/A	12/31/24	—	—	69	0.03
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RC3 Enterprises,

LLC Warrants <sup>(6)</sup>	N/A	N/A	12/31/24	—	—	20	0.01
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				—	—	317	0.13
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Specialized

Finance

NMFC Senior

Loan Program I

LLC

Units <sup>(6)(7)(8)</sup>	N/A	N/A	6/10/19	—	20,120	20,200	8.28
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Total Equity

Investments

				—	20,120	21,506	8.81
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<b>Total</b>				<b>\$ 422,103</b>	<b>\$ 436,109</b>	<b>\$ 415,343</b>	<b>170.19%</b>
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<b>Investments</b>				<b>\$ 422,103</b>	<b>\$ 436,109</b>	<b>\$ 415,343</b>	<b>170.19%</b>
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- (1) Except as otherwise noted, all investments are non-controlled/non-affiliate investments as defined by the Investment Company Act of 1940, as amended (the "1940 Act"), and provide collateral for the Company's credit facility.
- (2) The investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate ("LIBOR" or "L") or the Prime Rate ("P"), which resets monthly, quarterly or semiannually.
- (3) The interest rate is the "all-in-rate" including the current index and spread, the fixed rate, and the payment-in-kind ("PIK") interest rate, as the case may be.
- (4) WhiteHorse Finance, Inc.'s investments in GMT Holdings 1, Ltd. and GMT Holdings 12, Ltd. are held through its subsidiary Bayside Financing S.A.R.L.
- (5) Interest rate is fixed and accordingly the spread above the index is not applicable.
- (6) The investment or a portion of the investment does not provide collateral for the Company's credit facility.
- (7) Not a qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of total assets. Qualifying assets represent 86% of total assets.
- (8) Investment is a non-controlled/affiliate investment as defined by the 1940 Act.
- (9) The investment is on non-accrual status.

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To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/whitehorse-finance-inc-announces-fourth-quarter-and-full-year-2015-earnings-results-300230065.html>

SOURCE WhiteHorse Finance, Inc.

Jay Carvell, WhiteHorse Finance, Inc., 214-855-2999, jcarvell@higwhitehorse.com; Gerhard Lombard, WhiteHorse Finance,

Inc., 214-855-2999, [glombard@higwhitehorse.com](mailto:glombard@higwhitehorse.com); Brian Schaffer, Prosek Partners, 212-279-3115, [bschaffer@prosek.com](mailto:bschaffer@prosek.com)