# WhiteHorse Finance, Inc. Announces Second Quarter 2020 Earnings Results and Declares Quarterly Distribution of $0.355 Per Share

August 10, 2020

NEW YORK, Aug. 10, 2020 /PRNewswire/ -- **WhiteHorse Finance, Inc.** ("WhiteHorse Finance" or the "Company") (Nasdaq: WHF) today announced its financial results for the quarter ended June 30, 2020. Additionally, the Company announced that its board of directors has declared a distribution of $0.355 per share with respect to the quarter ending September 30, 2020. The distribution will be payable on October 2, 2020 to stockholders of record as of September 21, 2020.

**Second Quarter 2020 Summary Highlights**

- Net Asset Value of $300.2 million, or $14.61 per share
- Investment portfolio(1) totaling $547.4 million
- STRS JV investment portfolio totaling $160.8 million
- Gross investment additions(2) of $39.4 million, including new positions of $33.6 million and $5.8 million of fundings for add-ons to existing investments
- Net investment income of $5.2 million, or $0.255 per share
- Core net investment income of $5.2 million, or $0.255 per share(3)
- Second quarter distribution of $0.355 per share

(1)Includes investments in WHF STRS Ohio Senior Loan Fund LLC ("STRS JV"), an unconsolidated joint venture, totaling $48.9 million, at fair value.
(2)Excludes investments made in STRS JV.
(3)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 (i) the net impact of costs associated with the refinancing of the Company's indebtedness, (ii) the accrual of the capital gains incentive fee attributable to net realized and unrealized gains and losses, and (iii) excise and other income taxes related to such net realized gains and losses (net of incentive fees). 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. Additional information on core net investment income and a reconciliation of core net investment income to its most directly comparable GAAP financial measure, net investment income, are set forth in Schedule 1 hereto.

Stuart Aronson, WhiteHorse Finance's Chief Executive Officer commented, "Five months into the COVID-19 pandemic, we have seen the market slowly recover from the first shock with moderate pricing and slightly higher deal activity. While NII for the quarter was below our goal, NAV increased materially and liquidity dramatically improved. During the quarter, we continued to grow our portfolio with three new first lien positions and our portfolio is now comprised of 93.8% first lien loans. Recently, we also reduced outstanding borrowings on our credit facility to its minimum requirement and this influx of liquidity will allow us to rebuild our pipeline and take advantage of the better deals we are now seeing in the marketplace. We will continue leveraging our three-tiered sourcing approach and rigorous underwriting standards while continuing to build value for our shareholders."

**Portfolio and Investment Activity**

As of June 30, 2020, the fair value of WhiteHorse Finance's investment portfolio was $547.4 million, compared with $557.1 million as of March 31, 2020. The portfolio at June 30, 2020 consisted of 68 positions across 53 companies with a weighted average effective yield of 9.6% on income-producing debt investments. The average debt investment size (excluding investments in STRS JV) was $8.8 million with the overall portfolio comprised of approximately 83% first lien secured loans, 5% second lien secured loans, 3% equity and 9% in investments in STRS JV. Almost all loans were substantially variable-rate investments (primarily indexed to the London Interbank Offered Rate) with fixed rate securities representing only 0.4%of loans at fair value. Nearly all performing floating rate investments have interest rate floors.

During the three months ended June 30, 2020, WhiteHorse Finance made investments in three new portfolio companies totaling $33.6 million and added a total of $5.8 million to three existing portfolio companies. Proceeds from sales and repayments, including $0.3 million of net repayments on revolvers, totaled approximately $36.9 million for the quarter ended June 30, 2020, driven by a full paydown from Sigue Corporation of $24.8 million.

In addition to the transactions above, during the three months ended June 30, 2020, WhiteHorse Finance transferred an aggregate of $36.6 million in assets to STRS JV in exchange for a net investment in STRS JV of $5.7 million as well as cash proceeds of $30.9 million.

**WHF STRS Ohio Senior Loan Fund LLC**

As of June 30, 2020, STRS JV's portfolio totaled $160.8 million, consisted of 18 portfolio companies and had a weighted average effective yield of 7.9% on its portfolio.

**Results of Operations**

For the three months ended June 30, 2020, the Company's net investment income was approximately $5.2 million, compared with approximately $7.2 million for the same period in the prior year, representing a decrease of approximately 27.8%. The decrease in net investment income for the year-over-year period is primarily attributable to lower non-recurring fee income in the current quarter. The decrease in fee income during the quarter ended June 30, 2020 as compared to the same period in the prior year is a result of a lower volume in non-recurring, fee-generating events. The

decrease in fee income during the quarter ended June 30, 2020 was partially offset by a decrease in incentive fees as compared to the same period in the prior year. The incentive fees decrease was primarily due to lower net investment income in the current quarter.

For the three months ended June 30, 2020, core net investment income, a non-GAAP financial measure that excludes capital gains incentive fee accruals, the net effects of excise or other income taxes related to net realized gains and losses, and the associated costs of refinancing the Company's indebtedness, was $5.2 million, compared with $7.4 million for the same period in the prior year, representing a decrease of approximately 29.4%.

For the three months ended June 30, 2020, WhiteHorse Finance reported a net realized and unrealized gain on investments and foreign currency transactions of $17.6 million. This compares with a net realized and unrealized gain on investments and foreign currency transactions of $1.0 million for the three months ended June 30, 2019. The increase in the year-over-year period was primarily attributable to markups in the portfolio as a result of overall market stability and price recovery from the COVID-19 pandemic in the prior quarter.

WhiteHorse Finance reported a net increase in net assets resulting from operations of approximately $22.8 million for the three months ended June 30, 2020, which compares with a net increase of $8.2 million for the three months ended June 30, 2019.

WhiteHorse Finance's net asset value was $300.2 million, or $14.61 per share, as of June 30, 2020, as compared with $284.7 million, or $13.86 per share, as of March 31, 2020.

**Liquidity and Capital Resources**

As of June 30, 2020, WhiteHorse Finance had cash and cash equivalents of $20.9 million, as compared with $28.1 million as of March 31, 2020, inclusive of restricted cash. As of June 30, 2020, the Company also had $57.8 million of undrawn capacity under its revolving credit facility.

**Distributions**

On June 2, 2020, the Company declared a distribution of $0.355 per share for the quarter ended June 30, 2020. The distribution was paid on July 3, 2020 to stockholders of record as of June 19, 2020, and marks the thirty-first consecutive quarterly distribution paid since the Company's initial public offering with all distributions consistently paid at the quarterly rate of $0.355 per share.

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 second quarter results at 2:00 p.m. ET on Monday, August 10, 2020. 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 #3181299. Investors may also access the call on the investor relations portion of the Company's website at 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 August 17, 2020. The teleconference replay can be accessed by dialing 404-537-3406 (domestic and international) and entering ID #3181299. A webcast replay will also be available on the investor relations portion of the Company's website at www.whitehorsefinance.com.

**About WhiteHorse Finance, Inc.**

WhiteHorse Finance is a business development company that originates and invests in loans to privately held, lower middle market companies across a broad range of industries. The Company's investment activities are managed by H.I.G. WhiteHorse Advisers, LLC, an affiliate of H.I.G. Capital, LLC, ("H.I.G. Capital"). H.I.G. Capital is a leading global alternative asset manager with $39 billion of capital under management(4) 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.

**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.

(4) Based on total capital commitments managed by H.I.G. Capital and affiliates.

**SCHEDULE 1**

As a supplement to GAAP financial measures, the Company has provided information relating to core net investment income, which is a non-GAAP measure. This measure is provided in addition to, but not as a substitute for, net investment income determined in accordance with GAAP. The Company's non-GAAP measures may differ from similar measures by other companies, even if similar terms are used to identify such measures. Core net investment income represents net investment income adjusted to exclude the net impact of costs associated with the refinancing of the Company's indebtedness, the accrual of the capital gains incentive fee attributable to net realized and unrealized gains and losses, and excise or other income taxes related to such net realized gains and losses (net of incentive fees). There were no excise or other income taxes related to net realized gains and losses, nor did the Company refinance any of its indebtedness for the quarters ended June 30, 2020 and June 30, 2019. Additionally, there were no accruals for the capital gains incentive fee attributable to net realized and unrealized gains and losses for the three months ended June 30, 2020.

The following table provides a reconciliation of net investment income to core net investment income for the three months ended June 30, 2020 and June 30, 2019 (in thousands, except per share data):

| | June 30, 2020 | | June 30, 2019 | |
|---|---|---|---|---|
| | Amount | Per Share Amounts | Amount | Per Share Amounts |
| Net investment income | $ 5,240 | $ 0.255 | $ 7,226 | $ 0.352 |
| Net impact of costs associated with refinancing of indebtedness | - | - | - | - |
| Accrual for capital gains incentive fee | - | - | 198 | 0.010 |
| Net impact of excise tax expense related to net realized gains and losses | - | - | - | - |
| Core net investment income | $ 5,240 | $ 0.255 | $ 7,424 | $ 0.362 |

**WhiteHorse Finance, Inc.**
**Consolidated Statements of Assets and Liabilities**
***(in thousands, except share and per share data)***

| | June 30, 2020 (Unaudited) | December 31, 2019 |
|---|---|---|
| **Assets** | | |
| Investments, at fair value | | |
| Non-controlled/non-affiliate company investments | $ 490,013 | $ 546,744 |
| Non-controlled affiliate company investments | 8,521 | 9,651 |
| Controlled affiliate company investments | 48,863 | 33,293 |
| Total investments, at fair value (amortized cost $565,762 and $597,725, respectively) | 547,397 | 589,688 |
| Cash and cash equivalents | 2,263 | 4,294 |
| Restricted cash and cash equivalents | 18,487 | 23,252 |
| Restricted foreign currency (cost of $143) | 136 | — |
| Interest and dividend receivable | 5,900 | 6,010 |
| Amounts receivable on unsettled investment transactions | 297 | 360 |
| Prepaid expenses and other receivables | 464 | 7,620 |
| Total assets | $ 574,944 | $ 631,224 |
| **Liabilities** | | |
| Debt | $ 252,671 | $ 298,924 |
| Distributions payable | 7,294 | 7,294 |
| Management and incentive fees payable | 7,359 | 8,290 |
| Interest payable | 1,315 | 1,674 |
| Accounts payable and accrued expenses | 1,163 | 1,944 |
| Amounts payable on unsettled investment transactions | 4,900 | — |
| Unrealized depreciation on foreign currency forward contracts | 3 | — |
| Advances received from unfunded credit facilities | 17 | 143 |
| Total liabilities | 274,722 | 318,269 |
| **Commitments and contingencies** | | |
| **Net assets** | | |
| Common stock, 20,546,032 and 20,546,032 shares issued and outstanding, par value $0.001 per share, respectively, and 100,000,000 authorized | 21 | 21 |
| Paid-in capital in excess of par | 300,744 | 300,744 |
| Accumulated earnings (deficit) | (543) | 12,190 |
| Total net assets | 300,222 | 312,955 |
| **Total liabilities and total net assets** | $ 574,944 | $ 631,224 |
| Number of shares outstanding | 20,546,032 | 20,546,032 |
| Net asset value per share | $ 14.61 | $ 15.23 |

**WhiteHorse Finance, Inc.**
**Consolidated Statements of Operations (Unaudited)**
***(in thousands, except share and per share data)***

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| **Investment income** | | | | |
| From non-controlled/non-affiliate company investments | | | | |
| Interest income | $ 12,145 | $ 12,746 | $ 25,284 | $ 27,238 |
| Fee income | 539 | 2,926 | 830 | 4,083 |
| Dividend income | 30 | - | 79 | - |
| From non-controlled affiliate company investments | | | | |
| Dividend income | 263 | 312 | 538 | 587 |
| From controlled affiliate company investments | | | | |
| Interest income | 606 | - | 1,231 | - |
| Dividend income | 240 | - | 393 | - |
| Total investment income | 13,823 | 15,984 | 28,355 | 31,908 |
| **Expenses** | | | | |
| Interest expense | 3,223 | 3,176 | 6,891 | 6,249 |
| Base management fees | 2,950 | 2,818 | 6,042 | 5,407 |
| Performance-based incentive fees | 1,311 | 2,055 | 1,752 | 3,806 |
| Administrative service fees | 171 | 159 | 342 | 317 |
| General and administrative expenses | 730 | 532 | 1,610 | 1,214 |
| Total expenses, before fees waived | 8,385 | 8,740 | 16,637 | 16,993 |
| Base management fee waived | - | (220) | - | (397) |
| Total expenses, net of fees waived | 8,385 | 8,520 | 16,637 | 16,596 |
| **Net investment income before excise tax** | 5,438 | 7,464 | 11,718 | 15,312 |
| Excise tax | 198 | 238 | 376 | 475 |
| **Net investment income after excise tax** | 5,240 | 7,226 | 11,342 | 14,837 |
| **Realized and unrealized gains (losses) on investments and foreign currency transactions** | | | | |
| Net realized gains (losses) | | | | |
| Non-controlled/non-affiliate company investments | (77) | - | 433 | (2,018) |
| Non-controlled-affiliate company investments | - | - | - | - |
| Foreign currency transactions | 70 | - | 67 | - |
| Foreign currency forward contracts | (6) | - | - | - |
| Net realized gains (losses) | (13) | - | 500 | (2,018) |
| Net change in unrealized appreciation (depreciation) | | | | |
| Non-controlled/non-affiliate company investments | 15,841 | 937 | (6,355) | 2,925 |
| Non-controlled affiliate company investments | 871 | 56 | (1,130) | (520) |
| Controlled affiliate company investments | 1,111 | - | (2,842) | - |
| Translation of assets and liabilities in foreign currencies | (237) | - | 343 | - |
| Foreign currency forward contracts | (2) | - | (3) | - |
| Net change in unrealized appreciation (depreciation) | 17,584 | 993 | (9,987) | 2,405 |
| Net realized and unrealized gains (losses) on investments | 17,571 | 993 | (9,487) | 387 |
| **Net increase in net assets resulting from operations** | $ 22,811 | $ 8,219 | $ 1,855 | $ 15,224 |
| **Per Common Share Data** | | | | |
| Basic and diluted earnings per common share | $ 1.11 | $ 0.41 | $ 0.09 | $ 0.74 |
| Dividends and distributions declared per common share | $ 0.36 | $ 0.36 | $ 0.71 | $ 0.71 |
| Basic and diluted weighted average common shares outstanding | 20,546,032 | 20,546,032 | 20,546,032 | 20,546,032 |

**WhiteHorse Finance, Inc.**
**Consolidated Schedule of Investments (Unaudited)**
**June 30, 2020**
***(in thousands)***

| Investment Type[1] | Spread Above Index[2] | Interest Rate[3] | Acquisition Date[10] | Maturity Date | Principal/ Share Amount | Amortized Cost | Fair Value[11] | Fair Value As A Percentage of Net Assets |
|---|---|---|---|---|---|---|---|---|
| North America | | | | | | | | |
| Debt Investments | | | | | | | | |
| Advertising | | | | | | | | |
| Fluent, LLC | | | | | | | | |
| First Lien Secured | | | | | | | | |
| Term Loan | L+ 7.00% | 7.50% | 03/26/18 | 03/27/23 | 8,645 $ | 8,645 $ | 8,619 | 2.87% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | (0.50% Floor) | | | | | | |
| Connexity, Inc. | | | | | | | |
| First Lien Secured Term Loan | L+ 8.50% (1.50% Floor) | 10.00% | 05/21/20 | 05/21/25 | 11,000 | 10,678 | 10,675 | 3.56 |
| | | | | | 19,645 | 19,323 | 19,294 | 6.43 |
| Agricultural & Farm Machinery | | | | | | | | |
| Bad Boy Mowers Acquisition, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 5.75% (1.00% Floor) | 6.75% | 12/19/19 | 12/06/25 | 10,333 | 10,049 | 9,816 | 3.27 |
| Air Freight & Logistics | | | | | | | | |
| Access USA Shipping, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 8.00% (1.50% Floor) | 9.50% | 02/08/19 | 02/08/24 | 5,505 | 5,446 | 5,441 | 1.81 |
| Application Software | | | | | | | | |
| Newscycle Solutions, Inc. | | | | | | | | |
| First Lien Secured Term Loan | L+ 7.00% (1.00% Floor) | 8.00% | 06/14/19 | 12/29/22 | 5,195 | 5,122 | 4,832 | 1.61 |
| First Lien Secured Revolving Loan | L+ 7.00% (1.00% Floor) | 8.00% | 06/14/19 | 12/29/22 | 301 | 298 | 280 | 0.09 |
| | | | | | 5,496 | 5,420 | 5,112 | 1.70 |
| Automotive Retail | | | | | | | | |
| Team Car Care Holdings, LLC | | | | | | | | |
| First Lien Secured Term Loan[12] | base rate+ 7.99% (1.00% Floor) | 9.40% | 02/26/18 | 02/23/23 | 16,491 | 16,295 | 15,900 | 5.30 |
| BW Gas & Convenience Holdings, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 6.25% (0.00% Floor) | 6.43% | 11/15/19 | 11/18/24 | 8,288 | 7,993 | 8,039 | 2.68 |
| | | | | | 24,779 | 24,288 | 23,939 | 7.98 |
| Broadcasting | | | | | | | | |
| Alpha Media, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 6.00% (1.00% Floor) | 7.00% | 08/14/18 | 02/25/22 | 5,155 | 5,077 | 4,923 | 1.64 |
| Rural Media Group, Inc. | | | | | | | | |
| First Lien Secured Term Loan | L+ 8.75% (1.00% Floor) | 9.75% | 12/29/17 | 12/29/22 | 3,391 | 3,358 | 3,391 | 1.13 |
| | | | | | 8,546 | 8,435 | 8,314 | 2.77 |
| Cable & Satellite | | | | | | | | |
| Bulk Midco, LLC | | | | | | | | |
| First Lien Secured Term Loan[15] | P+ 6.23% (0.75% Floor) | 9.48% | 06/08/18 | 06/08/23 | 15,000 | 14,868 | 13,725 | 4.57 |
| Communications Equipment | | | | | | | | |
| Sorenson Communications, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 6.50% (0.00% Floor) | 6.81% | 03/15/19 | 04/29/24 | 4,319 | 4,220 | 4,153 | 1.38 |
| Construction & Engineering | | | | | | | | |
| Atlas Intermediate Holdings LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 6.25% (1.00% Floor) | 7.25% | 05/26/20 | 02/14/26 | 15,464 | 14,547 | 14,553 | 4.85 |
| Data Processing & Outsourced Services | | | | | | | | |
| FPT Operating Company, LLC/ TLabs Operating Company, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 8.25% (1.00% Floor) | 9.25% | 12/23/16 | 06/07/24 | 24,595 | 24,401 | 23,120 | 7.70 |
| Geo Logic Systems Ltd. [5] | | | | | | | | |
| First Lien Secured Term Loan [13] | C +6.25% (1.00% Floor) | 7.25% | 12/19/19 | 12/19/24 | 6,795 | 5,089 | 4,701 | 1.57 |
| First Lien Secured Revolving Loan [7][13] | C +6.25% (1.00% Floor) | 7.25% | 12/19/19 | 12/19/24 | - | - | (12) | - |
| | | | | | 31,390 | 29,490 | 27,809 | 9.27 |
| Department Stores | | | | | | | | |
| Mills Fleet Farm Group, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 7.00% (1.00% Floor) | 8.59% (0.75%PIK) | 10/24/18 | 10/24/24 | 13,964 | 13,690 | 12,567 | 4.19 |
| Distributors | | | | | | | | |
| Crown Brands, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 8.00% (1.50% Floor) | 9.50% | 01/28/19 | 01/25/24 | 5,727 | 5,625 | 5,164 | 1.72 |
| First Lien Secured Delayed Draw Loan | L+ 8.00% (1.50% Floor) | 9.50% | 06/10/20 | 01/25/24 | 850 | 850 | 766 | 0.26 |
| | | | | | 6,577 | 6,475 | 5,930 | 1.98 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Diversified Capital Markets | | | | | | | |
| TOUR Intermediate Holdings, LLC | | | | | | | |
| First Lien Secured Delayed Draw Loan | L+ 7.00% (1.00% Floor) | 8.00%06/30/20 | 05/15/25 | 1,360 | 1,334 | 1,335 | 0.44 |
| Diversified Chemicals | | | | | | | |
| Sklar Holdings, Inc. | | | | | | | |
| First Lien Secured Term Loan | L+ 7.00% (1.00% Floor) | 9.00%11/13/19 (1.00%PIK) | 05/13/23 | 8,903 | 8,713 | 8,643 | 2.88 |

**WhiteHorse Finance, Inc.**
**Consolidated Schedule of Investments (Unaudited) - (continued)**
**June 30, 2020**
***(in thousands)***

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Diversified Support Services | | | | | | | |
| ImageOne Industries, LLC | | | | | | | |
| First Lien Secured Term Loan | L+ 10.00% (1.00% Floor) | 11.00%01/11/18 (4.00%PIK) | 01/11/23 | 7,218$ | 7,058$ | 7,073 | 2.36% |
| First Lien Secured Revolving Loan[4][7] | L+ 10.00% (1.00% Floor) | 11.00%07/22/19 (4.00%PIK) | 12/12/22 | 5 | 5 | (11) | - |
| NNA Services, LLC | | | | | | | |
| First Lien Secured Term Loan | L+ 7.00% (1.50% Floor) | 8.50%10/16/18 | 10/16/23 | 9,757 | 9,629 | 9,635 | 3.21 |
| | | | | 16,980 | 16,692 | 16,697 | 5.57 |
| Education Services | | | | | | | |
| EducationDynamics, LLC | | | | | | | |
| First Lien Secured Term Loan | L+ 7.50% (1.00% Floor) | 8.50%11/26/19 | 11/26/24 | 11,406 | 11,205 | 11,349 | 3.78 |
| Food Retail | | | | | | | |
| AG Kings Holdings, Inc. | | | | | | | |
| First Lien Secured Term Loan[4][8] | P+ 11.00% (0.75% Floor) | 14.25%08/10/16 (2.00%PIK) | 08/10/21 | 35,693 | 17,737 | 21,280 | 7.09 |
| Health Care Facilities | | | | | | | |
| Grupo HIMA San Pablo, Inc. | | | | | | | |
| First Lien Secured Term Loan A | L+ 9.00% | 9.69%05/15/19 | 04/30/19 | 3,855 | 3,855 | 2,891 | 0.96 |
| First Lien Secured Term Loan B | L+ 9.00% (1.50% Floor) | 10.50%02/01/13 | 04/30/19 | 13,511 | 13,511 | 10,133 | 3.38 |
| Second Lien Secured Term Loan[8] | N/A | 15.75%02/01/13 (2.00%PIK) | 07/31/18 | 1,028 | 1,024 | - | - |
| | | | | 18,394 | 18,390 | 13,024 | 4.34 |
| Health Care Services | | | | | | | |
| CHS Therapy, LLC | | | | | | | |
| First Lien Secured Term Loan A | L+ 8.50% (1.50% Floor) | 10.00%06/14/19 | 06/14/24 | 7,518 | 7,406 | 7,302 | 2.43 |
| Lab Logistics, LLC | | | | | | | |
| First Lien Secured Term Loan | L+ 6.50% (1.00% Floor) | 7.56%10/16/19 | 09/25/23 | 106 | 105 | 104 | 0.03 |
| First Lien Secured Delayed Draw Loan | L+ 6.50% (1.00% Floor) | 7.73%10/16/19 | 09/25/23 | 5,262 | 5,230 | 5,157 | 1.72 |
| PMA Holdco, LLC | | | | | | | |
| First Lien Secured Term Loan | L+ 10.00% (1.00% Floor) | 11.00%06/28/18 | 06/28/23 | 12,841 | 12,616 | 12,713 | 4.23 |
| | | | | 25,727 | 25,357 | 25,276 | 8.41 |
| Home Furnishings | | | | | | | |
| Sure Fit Home Products, LLC | | | | | | | |
| First Lien Secured Term Loan[8] | L+ 9.75% (1.00% Floor) | 10.75%10/26/18 | 07/13/22 | 5,215 | 5,157 | 4,206 | 1.40 |
| Interactive Media & Services | | | | | | | |
| What If Media Group, LLC | | | | | | | |
| First Lien Secured Term Loan | L+ 6.50% (1.00% Floor) | 7.50%10/02/19 | 10/02/24 | 12,756 | 12,539 | 12,692 | 4.23 |
| Internet & Direct Marketing Retail | | | | | | | |
| Potpourri Group, Inc. | | | | | | | |
| First Lien Secured Term Loan | L+ 8.25% (1.50% Floor) | 9.75%07/03/19 | 07/03/24 | 18,525 | 18,194 | 17,784 | 5.92 |
| Investment Banking & Brokerage | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Arcole Acquisition Corp[5] | | | | | | | |
| First Lien Secured Term Loan A[4][8] | L+ 10.25% (1.00% Floor) | 11.25% | 11/29/18 | 11/30/23 | 5,231 | 5,159 | 4,1851.39 |
| First Lien Secured Term Loan B[4][8] | L+ 16.50% (1.00% Floor) | (1.50%PIK) | 11/29/18 | 11/30/23 | 1,819 | 1,785 | 1,4550.48 |
| JVMC Holdings Corp. (f/k/a RJO Holdings Corp) | | | | | | | |
| First Lien Secured Term Loan | L+ 6.50% (1.00% Floor) | 7.50% | 02/28/19 | 02/28/24 | 14,032 | 13,930 | 13,8924.63 |
| | | | | | 21,082 | 20,874 | 19,5326.50 |
| IT Consulting & Other Services | | | | | | | |
| AST-Applications Software Technology LLC | | | | | | | |
| First Lien Secured Term Loan | L+ 8.00% (1.00% Floor) | (1.00%PIK) | 01/10/17 | 01/10/23 | 4,049 | 4,010 | 4,0091.34 |
| Leisure Facilities | | | | | | | |
| Honors Holdings, LLC | | | | | | | |
| First Lien Secured Term Loan[16] | L+ 7.75% (1.00% Floor) | 8.75% | 09/06/19 | 09/06/24 | 9,405 | 9,279 | 8,4652.82 |
| First Lien Secured Delayed Draw Loan[7][16] | L+ 6.50% (1.00% Floor) | 8.11% | 09/06/19 | 09/06/24 | 4,633 | 4,592 | 4,1701.39 |
| Lift Brands, Inc. | | | | | | | |
| First Lien Secured Term Loan A[8] | L+ 3.75% (1.00% Floor) | 4.75% | 06/29/20 | 06/29/25 | 5,659 | 5,571 | 5,5711.86 |
| First Lien Secured Term Loan B[8] | N/A | 9.50% | 06/29/20 | 06/29/25 | 1,109 | 1,080 | 1,0800.36 |
| First Lien Secured Term Loan C[8][9] | N/A | 9.50% | 06/29/20 | N/A | 1,268 | 1,265 | 1,2650.42 |
| | | | | | 22,074 | 21,787 | 20,5516.85 |
| Office Services & Supplies | | | | | | | |
| Empire Office, Inc. | | | | | | | |
| First Lien Secured Term Loan | L+ 6.75% (1.50% Floor) | 8.25% | 04/12/19 | 04/12/24 | 11,054 | 10,887 | 10,7973.60 |
| Packaged Foods & Meats | | | | | | | |
| Lenny & Larry's, LLC | | | | | | | |
| First Lien Secured Term Loan [17] | L+ 7.95% (1.00% Floor) | 8.95% | (1.17%PIK) | 05/15/18 | 05/15/23 | 11,237 | 11,110 | 10,7473.58 |
| Property & Casualty Insurance | | | | | | | |
| Policy Services Company, LLC [5] | | | | | | | |
| First Lien Secured Term Loan | L+ 6.25% (1.00% Floor) | 7.32% | 03/06/20 | 05/31/24 | 6,459 | 6,158 | 6,1362.04 |

**WhiteHorse Finance, Inc.**
**Consolidated Schedule of Investments (Unaudited) - (continued)**
**June 30, 2020**
***(in thousands)***

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Research & Consulting Services | | | | | | | | |
| Nelson Worldwide, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 9.25% (1.00% Floor) | 10.56% | 01/09/18 | 01/09/23 | 13,041$ | 12,876$ | 12,780 | 4.26% |
| ALM Media, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 6.50% (1.00% Floor) | 7.50% | 11/25/19 | 11/25/24 | 15,356 | 15,086 | 14,482 | 4.82 |
| | | | | | 28,397 | 27,962 | 27,262 | 9.08 |
| Restaurants | | | | | | | | |
| LS GFG Holdings Inc. | | | | | | | | |
| First Lien Secured Term Loan | L+ 6.00% (0.00% Floor) | 6.18% | 11/30/18 | 11/19/25 | 10,177 | 9,940 | 8,548 | 2.85 |
| Specialized Consumer Services | | | | | | | | |
| True Blue Car Wash, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 8.12% (1.00% Floor) | 9.12% | 10/17/19 | 10/17/24 | 4,405 | 4,329 | 4,361 | 1.45 |
| First Lien Secured Delayed Draw Loan[7] | L+ 8.12% (1.00% Floor) | 9.12% | 10/17/19 | 10/17/24 | 667 | 661 | 659 | 0.22 |
| | | | | | 5,072 | 4,990 | 5,020 | 1.67 |
| Specialty Chemicals | | | | | | | | |
| Flexitallic Group SAS | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| First Lien Secured Term Loan | L+ 6.50% (1.00% Floor) | 7.57% | 10/28/19 | 10/29/26 | 11,691 | 11,425 | 10,756 | 3.58 |
| Specialized Finance | | | | | | | | |
| Golden Pear Funding Assetco, LLC[5] | | | | | | | | |
| Second Lien Secured Term Loan | L+ 10.50% (1.00% Floor) | 11.50% | 09/20/18 | 03/20/24 | 17,500 | 17,263 | 17,468 | 5.82 |
| Oasis Legal Finance, LLC[5] | | | | | | | | |
| Second Lien Secured Term Loan | L+ 10.75% (1.00% Floor) | 11.75% | 09/09/16 | 03/09/22 | 12,500 | 12,423 | 12,500 | 4.16 |
| WHF STRS Ohio Senior Loan Fund LLC | | | | | | | | |
| Subordinated Note[4][5][7][9][14] | L+ 6.50% | 6.68% | 07/19/19 | N/A | 41,073 | 41,073 | 41,073 | 13.68 |
| | | | | | 71,073 | 70,759 | 71,041 | 23.66 |
| Systems Software | | | | | | | | |
| Vero Parent, Inc. | | | | | | | | |
| First Lien Secured Term Loan | L+ 6.00% (1.00% Floor) | 7.00% | 11/06/19 | 08/16/24 | 16,469 | 15,010 | 15,971 | 5.32 |
| Technology Hardware, Storage & Peripherals | | | | | | | | |
| Source Code Midco, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 8.25% (1.00% Floor) | 9.25% | 05/04/18 | 05/04/23 | 22,944 | 22,568 | 22,675 | 7.55 |
| Trading Companies & Distributors | | | | | | | | |
| Vessco Holdings, LLC | | | | | | | | |
| First Lien Secured Term Loan | L+ 7.25% (1.50% Floor) | 8.75% | 08/22/19 | 08/22/24 | 8,891 | 8,744 | 8,778 | 2.92 |
| Total Debt Investments | | | | | 566,646 | 537,793 | 524,762 | 174.80 |
| Equity Investments | | | | | | | | |
| Diversified Support Services | | | | | | | | |
| Quest Events, LLC Preferred Units[4] | N/A | N/A | 12/28/18 | 12/08/25 | 317 | 317 | - | - |
| ImageOne Industries, LLC Common A Units[4] | N/A | N/A | 09/20/19 | N/A | 149 | - | 61 | 0.02 |
| Health Care Services | | | | | | | | |
| Lab Logistics Preferred Units [4] | N/A | N/A | 10/29/19 | N/A | 2 | 857 | 844 | 0.28 |
| PMA Holdco, LLC Warrants[4] | N/A | N/A | 06/28/18 | 06/28/28 | 8 | - | 503 | 0.17 |
| | | | | | 10 | 857 | 1,347 | 0.45 |
| Leisure Facilities | | | | | | | | |
| Lift Brands, Inc. Class A Common Stock [4] | N/A | N/A | 06/29/20 | N/A | 2 | 1,955 | 282 | 0.09 |
| Lift Brands, Inc. Warrants [4] | N/A | N/A | 06/29/20 | 06/28/28 | 1 | 793 | 114 | 0.04 |
| | | | | | 3 | 2,748 | 396 | 0.13 |
| Other Diversified Financial Services | | | | | | | | |
| RCS Creditor Trust Class B Units[4][6] | N/A | N/A | 10/01/17 | N/A | 143 | - | - | - |
| SFS Global Holding Company Warrants[4] | N/A | N/A | 06/28/18 | 12/28/25 | - | - | - | - |
| Sigue Corporation Warrants[4] | N/A | N/A | 06/28/18 | 12/28/25 | 22 | 2,890 | 3,499 | 1.17 |
| | | | | | 165 | 2,890 | 3,499 | 1.17 |
| Specialized Finance | | | | | | | | |
| NMFC Senior Loan Program I LLC Units [4][5][6] | N/A | N/A | 08/13/14 | 08/31/22 | 10,000 | 10,029 | 8,521 | 2.84 |
| WHF STRS Ohio Senior Loan Fund LLC Interests [4][5][7][14] | N/A | N/A | 07/19/19 | N/A | 10,268 | 10,268 | 7,789 | 2.59 |
| | | | | | 20,268 | 20,297 | 16,310 | 5.43 |
| Trading Companies & Distributors | | | | | | | | |
| Vessco Holdings, LLC Units[4] | N/A | N/A | 08/22/19 | N/A | 506 | 860 | 993 | 0.33 |
| Trucking | | | | | | | | |
| Europcar Mobility Group Earnout [4][5] | N/A | N/A | 10/31/19 | 12/31/22 | - | - | 29 | 0.01 |
| Total Equity Investments | | | | | 21,418 | 27,969 | 22,635 | 7.54 |
| **Total Investments** | | | | | 588,064 | $565,762 | $547,397 | 182.34% |

A summary of outstanding financial instruments at June 30, 2020 is as follows:

Forward Currency Contracts

| Counterparty | Currency to be sold | Currency to be purchased | Settlement date | Unrealized appreciation ($) | Unrealized depreciation ($) |
|---|---|---|---|---|---|
| Morgan Stanley | C$ 1,999 CAD | $ 1,468 USD | 09/30/2020 | $ - | $ (3) |
| | | | | $ - | $ (3) |

**WhiteHorse Finance, Inc.**
**Consolidated Schedule of Investments (Unaudited) - (continued)**
**June 30, 2020**
***(in thousands)***

(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"), which resets monthly, quarterly or semiannually, the Canadian Dollar Offered Rate ("CDOR" or "C") or the U.S. Prime Rate as published by the Wall Street Journal ("Prime" or "P"). The one, three and six-month LIBOR were 0.2%, 0.3% and 0.4%, respectively, as of June 30, 2020. The Prime was 3.3% as of June 30, 2020. The CDOR was 0.6% as of June 30, 2020.

(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)The investment or a portion of the investment does not provide collateral for the Company's credit facility.

(5)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 represented 82% of total assets as of the date of the consolidated schedule of investments.

(6)Investment is a non-controlled/affiliate investment as defined by the 1940 Act.

(7)The investment has an unfunded commitment in addition to any amounts presented in the consolidated schedule of investments as of June 30, 2020.

(8)The investment is on non-accrual status.

(9)Security is perpetual with no defined maturity date.

(10)Except as otherwise noted, all of the Company's portfolio company investments, which as of the date of the consolidated schedule of investments represented 182% of the Company's net assets or 95% of the Company's total assets, are subject to legal restrictions on sales.

(11)The fair value of each investment was determined using significant unobservable inputs.

(12)The investment was comprised of two contracts, which were indexed to different base rates, L and P, respectively. The Spread Above Index and Interest Rate presented represent the weighted average of both contracts.

(13)Principal amount is denominated in Canadian dollars.

(14)Investment is a controlled affiliate investment as defined by the 1940 Act. On January 14, 2019, the Company entered into an agreement (as

described in Note 4 hereto) with State Teachers Retirement System of Ohio, a public pension fund established under Ohio law ("STRS Ohio"), to create WHF STRS Ohio Senior Loan Fund, LLC ("STRS JV"), a joint venture, which invests primarily in senior secured first and second lien term loans.

(15) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.75% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(16) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.50% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(17) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.00% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

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View original content:http://www.prnewswire.com/news-releases/whitehorse-finance-inc-announces-second-quarter-2020-earnings-results-and-declares-quarterly-distribution-of-0-355-per-share-301109034.html

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