WhiteHorse Finance, Inc.

Investor Presentation

October 2014

NASDAQ: WHF

Forward Looking Statements

References in this presentation to "WHF", "we", "us", "our" and "the Company" refer to WhiteHorse Finance, Inc.

Some of the statements in this presentation constitute forward-looking statements, which relate to future events or the Company's future performance or financial condition. The forward-looking statements contained in this presentation involve risks and uncertainties, including statements as to: the Company's future operating results; changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, which could result in changes to the value of the Company's assets; the Company's business prospects and the prospects of its prospective portfolio companies; the impact of investments that the Company expects to make; the impact of increased competition; the Company's contractual arrangements and relationships with third parties; the dependence of the Company's future success on the general economy and its impact on the industries in which the Company invests; the ability of the Company's prospective portfolio companies to achieve their objectives; the relative and absolute performance of the Company's investment adviser; the Company's expected financings and investments; the adequacy of the Company's cash resources and working capital; the timing of cash flows, if any, from the operations of the Company's prospective portfolio companies; and the impact of future acquisitions and divestitures.

Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words "may," "might," "will," "intend," "should," "could," "can," "would," "expect," "believe," "estimate," "anticipate," "predict," "potential," "plan" or similar words.

The Company has based the forward-looking statements included in this presentation on information available to us on the date of this presentation, and the Company assumes no obligation to update any such forward-looking statements. Actual results could differ materially from those implied or expressed in the Company's forward-looking statements for any reason, and future results could differ materially from historical performance. Although the Company undertakes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that are made directly to you or through reports that the Company in the future may file with the Securities and Exchange Commission, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. For a further discussion of factors that could cause the Company's future results to differ materially from any forward-looking statements, see the section entitled "Risk Factors" in the annual report on Form 10-K.

WhiteHorse Finance Snapshot

Company / Ticker:	WhiteHorse Finance, Inc. / NASDAQ: WHF ("WhiteHorse Finance" or the "Company")
Current Share Price:	$14.27[(1)]
Market Cap:	$214MM[(1)]
Price / Book:	0.94x[(1)(2)]
Portfolio Fair Value:	$347MM[(2)]
Current Dividend Yield:	10.0%[(1)]; consistent quarterly dividends of $0.355 per share since IPO
External Manager:	Affiliate of H.I.G. Capital, LLC ("H.I.G. Capital" or "H.I.G.")

(1) As of September 16, 2014
(2) As of June 30, 2014

WhiteHorse Finance Overview

Investment Strategy	▪ Generate attractive risk-adjusted returns through debt investments in performing small-cap companies ▪ Primarily target directly originated senior secured loans sourced through H.I.G.'s deal flow network ▪ Opportunistically invest in credits where the Company possesses an advantage through H.I.G. Capital
Externally Managed by H.I.G. Capital	▪ Leading global alternative asset manager focused on the small-cap market with over $15Bn under management ▪ Substantial scale and resources to support the Company's activities - ~260 investment professionals (80 dedicated to debt investing) ▪ Extensive investing experience built over the past 20 years across multiple market cycles
Unique Deal Sourcing Network	▪ Consistent, "off market" deal flow generated through H.I.G.'s proprietary sourcing network ▪ Over 600 opportunities reviewed and more than $360MM invested since December 2012 IPO ▪ All ~260 H.I.G. investment professionals active in sourcing opportunities
Secure Investment Portfolio	▪ Over 97% of the portfolio is comprised of senior secured loans ▪ Portfolio has significant downside protection with meaningful value coverage ▪ Diligently structured with tight covenants and broad lender rights

Note: As of June 30, 2014 unless otherwise noted

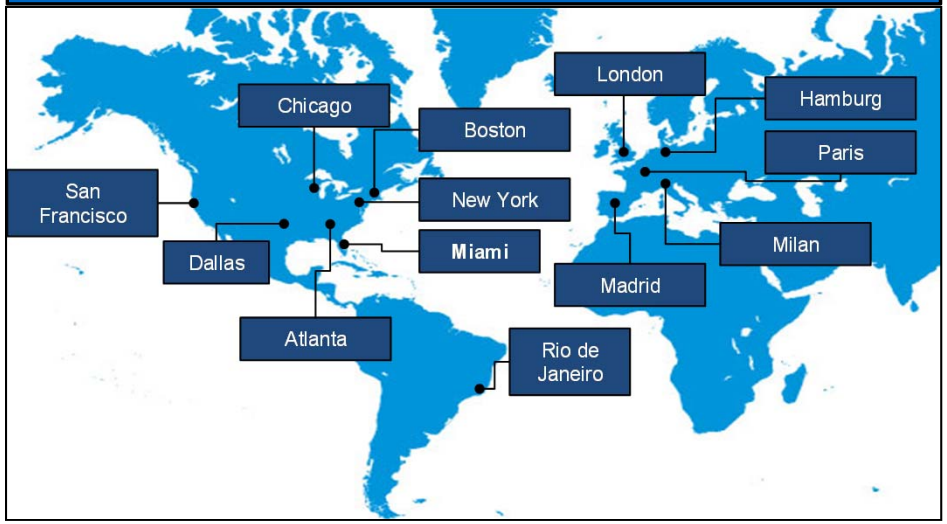
H.I.G. Capital Overview

- Leading global alternative asset manager focused on the small-cap market, defined as companies with $50MM to $350MM of enterprise value
  - Founded in 1993; over $15Bn under management

Investment Approach

- Differentiated, value-added strategy and deep experience in the small-cap segment of the market have resulted in what we believe is a superior track record
- Broad investment capabilities across sectors, capital structures, and investment styles, with a focus on smaller, complex situations
- Investment activities include:
  - Leveraged Buyouts
  - Credit
  - Growth Capital
  - Real Estate

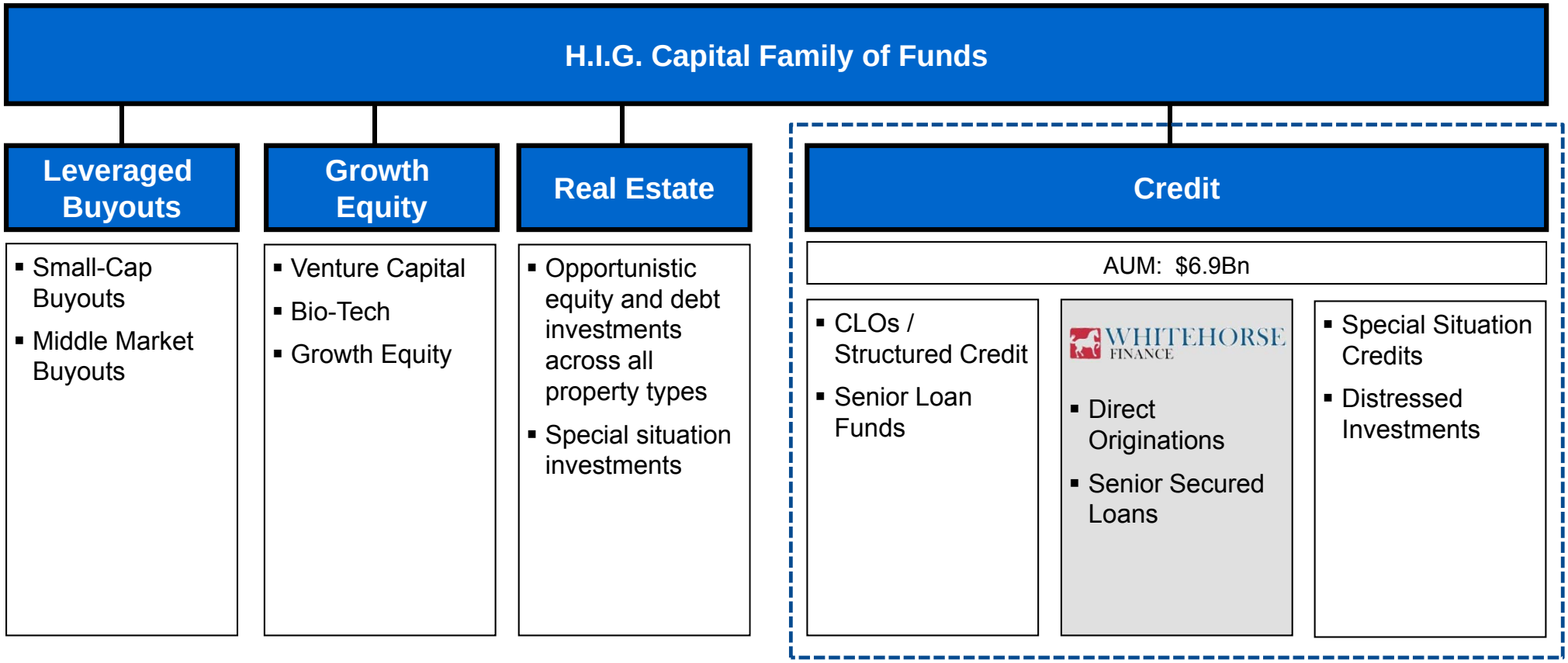
Global Footprint



- ~260 investment professionals located in thirteen offices across North America, South America and Europe
- "Institutionalized" management structure and processes with strong financial staff, controls, legal, compliance, IT support, and risk management procedures in place

Note: As of June 30, 2014

H.I.G. Capital Platform Overview



- H.I.G. manages over $15Bn of capital through a number of highly interconnected and synergistic strategies primarily focused on the small-cap market
- WhiteHorse Finance sits within H.I.G's credit platform, with ~$7Bn of capital under management and 80 dedicated credit investment professionals

Small-Cap Market Overview

Unstructured and Inefficient Market	▪ Sourcing small-cap lending opportunities requires access to an extensive network of relationships in the small-business community (as opposed to the established investment banking sources for larger companies)
Specialized Lending Requirements	▪ As a result of small-cap companies having limited resources to facilitate a financing process, there is an opportunity to create an informational advantage through a more rigorous due diligence and underwriting process
Credit Supply / Demand Imbalance	▪ We believe commercial banks, investment banks, CLOs and hedge funds have reduced small-cap lending efforts to focus on larger, more liquid asset classes ▪ Demand for debt financing from small-cap companies remains strong as these companies continue to require credit to refinance existing debt, to support growth initiatives and to finance acquisitions

Compelling Small-Cap Lending Opportunities

- With access to H.I.G. Capital's sourcing network, the Company is able to capitalize on more attractive self-originated small-cap transactions

	Self-Originated Small-Cap	Broadly Syndicated and Secondary Market
Value Add for Investors	▪ Proprietary deals with limited competition, resulting in above market risk-return dynamics	▪ Larger, more liquid investments; competition among a large number of participants often drives down yields
Number of Lenders	▪ Sole lender in most transactions	▪ Large number of lenders in syndicated transactions; less influence over process
Due Diligence	▪ Direct access to management allows for more thorough diligence process to create potential informational advantages	▪ Limited access to management and owners/ sponsors at underwriting stage
Terms/ Credit Metrics	▪ Moderate leverage levels, favorable lender terms	▪ Market process and equity sponsor influence often lead to more borrower-friendly terms
Financial Covenants	▪ Control over documentation, resulting in tight operational and financial covenants	▪ Documentation controlled by agent; competitive market dynamics can result in less stringent covenant packages
Monitoring	▪ Lead monitoring process, able to take quick action if any issues arise	▪ Often limited to predetermined compliance package; access to company controlled by the agent

Directly originated loans to small-cap companies typically generate more attractive risk-adjusted returns relative to larger, broadly syndicated credits

WhiteHorse Finance Portfolio Composition

As of June 30, 2014

Fair Value:	$347.1MM
Number of Companies:	27
Avg. Investment Size:	$12.9MM

Direct Originations

- Self-originated, proprietary transactions sourced through H.I.G.'s deal flow network
  - "Off market" opportunities primarily to non-sponsored, small-cap companies
  - Compelling risk-adjusted returns resulting from limited competition

Club Deals / Syndications

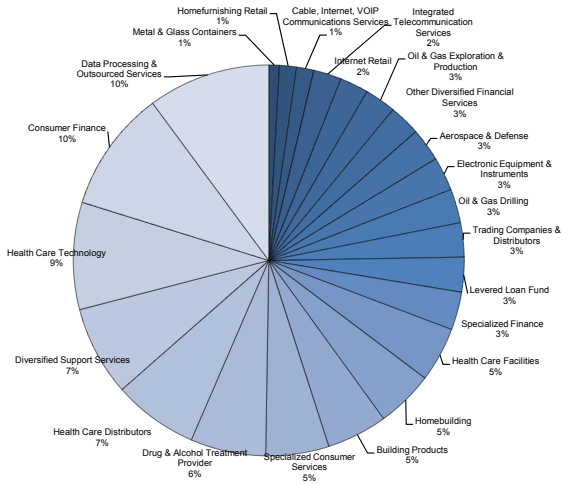
- Includes credits in which the Company derives an advantage from H.I.G. other than sourcing, including:
  - Former H.I.G. portfolio companies
  - Credits previously owned by affiliated H.I.G. funds
- Generally larger, more liquid investments

Transitory

- Short-term investments to be optimized as the Company's capital base is closer to fully deployed

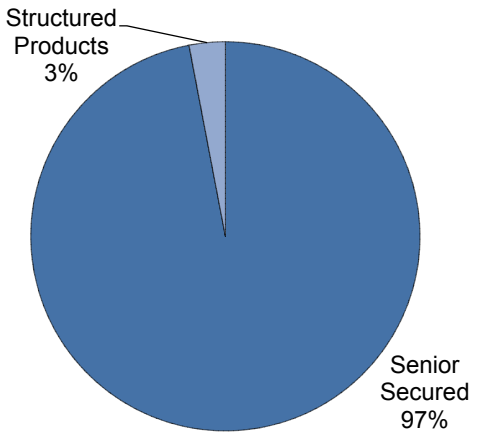
WhiteHorse Finance Portfolio Investment Characteristics

Investments by Sector



Highly diversified portfolio

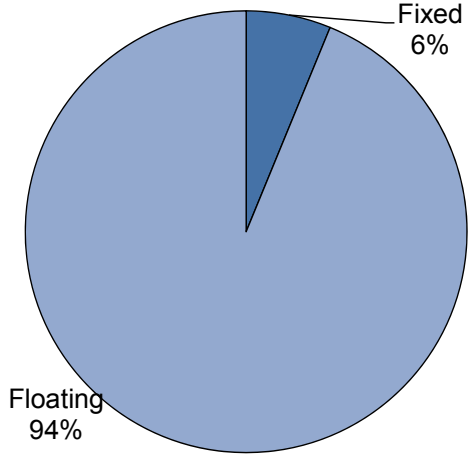
Investments by Type



97% of the portfolio secured

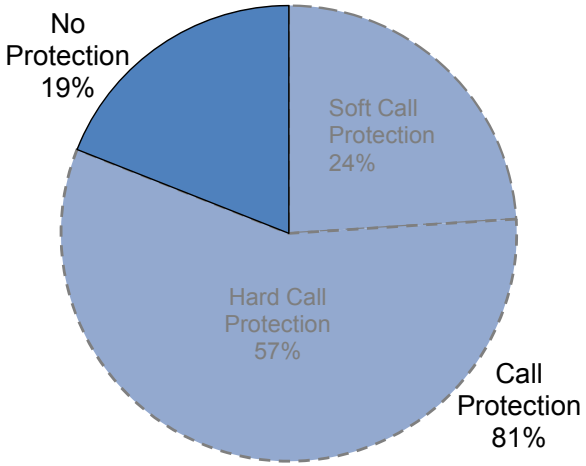
Highly diversified portfolio with significant downside protection

Yield Protection



All floating loans have LIBOR floors

Call Protection



~60% protected by make-whole clauses

Mitigates non-credit (interest rate and reinvestment) risks

As of June 30, 2014; based on fair value of investments

WHITEHORSE FINANCE

WhiteHorse Finance Hypothetical Dividend Coverage Calculation

(USD amounts in millions, except per share data)

	As of Jun-14	Net Capital Invested @ 11% Yield [1]			
		$75 million	$100 million	$125 million	$150 million
Investments @ Fair Value	$ 347.1	$ 422.0	$ 430.0	$ 435.0	$ 445.0
Net Leverage Outstanding	116.2	191.0	199.0	204.0	214.0
Net Leverage Multiple	***0.51x***	***0.84x***	***0.87x***	***0.90x***	***0.94x***
Memo: Available capital @ 0.85x leverage	77.4				
Investment Income	$ 9.0	$ 11.3	$ 11.7	$ 12.0	$ 12.3
Interest Expense @ 4.00%	1.4	1.9	2.0	2.1	2.2
Fees and Expenses [2]	3.6	4.4	4.5	4.5	4.6
Net Investment Income (NII)[3]	**$ 4.0**	**$ 5.0**	**$ 5.2**	**$ 5.4**	**$ 5.6**
NII per Share[3]	**$ 0.27**	**$ 0.33**	**$ 0.35**	**$ 0.36**	**$ 0.37**

(1) Net capital invested includes a mix of (i) capital invested through undrawn leverage availability and (ii) optimization of the portfolio through divesting Transitory investments and redeploying capital

(2) Includes estimated Base Management Fees, Incentive Fees and G&A (~$1mm/quarter)

(3) Estimates based upon several simplifying assumptions; data does not represent a forecast and/or actual portfolio yield; actual leverage ratio and operating results will vary

Updates / Developments since December 2012 IPO

IPO/ Financing:	▪ Raised $30MM publicly traded Senior Notes in July 2013 ▪ Extended maturity and lowered interest rate on the Unsecured Term Loan ▪ Extended maturity and reduced borrowing costs on the Senior Credit Facility(1)
Investment Portfolio Activity:	▪ Over $360MM of capital invested across 25 new and three existing portfolio companies ▪ Investment portfolio of $347.1MM across 27 companies as of June 30, 2014 ▪ Over 97% of the portfolio is comprised of senior secured loans, underwritten to conservative leverage ratios with meaningful value coverage
Highlights from inception through Q2 2014:	▪ No credit losses or loans on non-accrual ▪ Paid consistent quarterly distribution of $0.355 per share since IPO ▪ Granted Co-investment Exemptive Relief Order by the SEC ▪ Added deal sourcing capabilities in two new offices

Note: As of June 30, 2014 unless otherwise indicated

(1) Senior Credit Facility amendment executed on August 14, 2014

Summary Highlights

Leading Small-Cap Market Position	▪ Over 20 years of experience and $15Bn of capital committed primarily across a number of synergistic small-cap strategies
Unique Deal Sourcing Infrastructure	▪ Robust origination platform has enabled the Company to deploy over $360MM since December 2012 IPO
Deep Credit Expertise	▪ Company's senior management team has collectively invested in more than 1,000 loans
Compelling Market Opportunity	▪ Structural inefficiencies in the small-cap market provide an opportunity to generate attractive risk-adjusted returns
Attractive Portfolio	▪ Diversified ~$350MM portfolio principally comprised of senior secured loans with an attractive yield
Large and Experienced Team with Substantial Resources	▪ Access to H.I.G. Capital's resources and expertise, including an investment team of ~260 professionals (80 professionals dedicated to debt investing)

Note: As of June 30, 2014

Appendix

Historical Quarterly Operating Highlights

(USD amounts in millions, except per share data)

	Q3 13 (unaudited)	Q4 13 (unaudited)	Q1 14 (unaudited)	Q2 14 (unaudited)
Total Investment Income	**$ 11.1**	**$ 8.6**	**$ 8.3**	**$ 9.0**
Expenses				
Interest Expenses	1.4	1.3	1.4	1.4
Base Management Fees	1.2	1.3	1.4	1.7
Incentive Management Fees	1.6	1.1	0.2	1.0
Other Expenses	0.7	0.8	1.3	1.0
Total Expenses	**4.8**	**4.4**	**4.3**	**5.0**
Net Investment Income	**6.3**	**4.2**	**4.0**	**4.0**
Net Realized and Unrealized Gain / (Loss)	(0.3)	2.2	2.4	1.0
Net Increase in Net Assets from Operations	**$ 6.0**	**$ 6.3**	**$ 6.4**	**$ 5.0**
Per Share				
Net Investment Income	$ 0.42	$ 0.28	$ 0.27	$ 0.27
Net Realized and Unrealized Gain / (Loss)	$ (0.02)	$ 0.14	$ 0.16	$ 0.07
Earnings	$ 0.40	$ 0.42	$ 0.43	$ 0.34
Dividends Declared	$ 0.36	$ 0.36	$ 0.36	$ 0.36

Historical Quarterly Balance Sheet Highlights

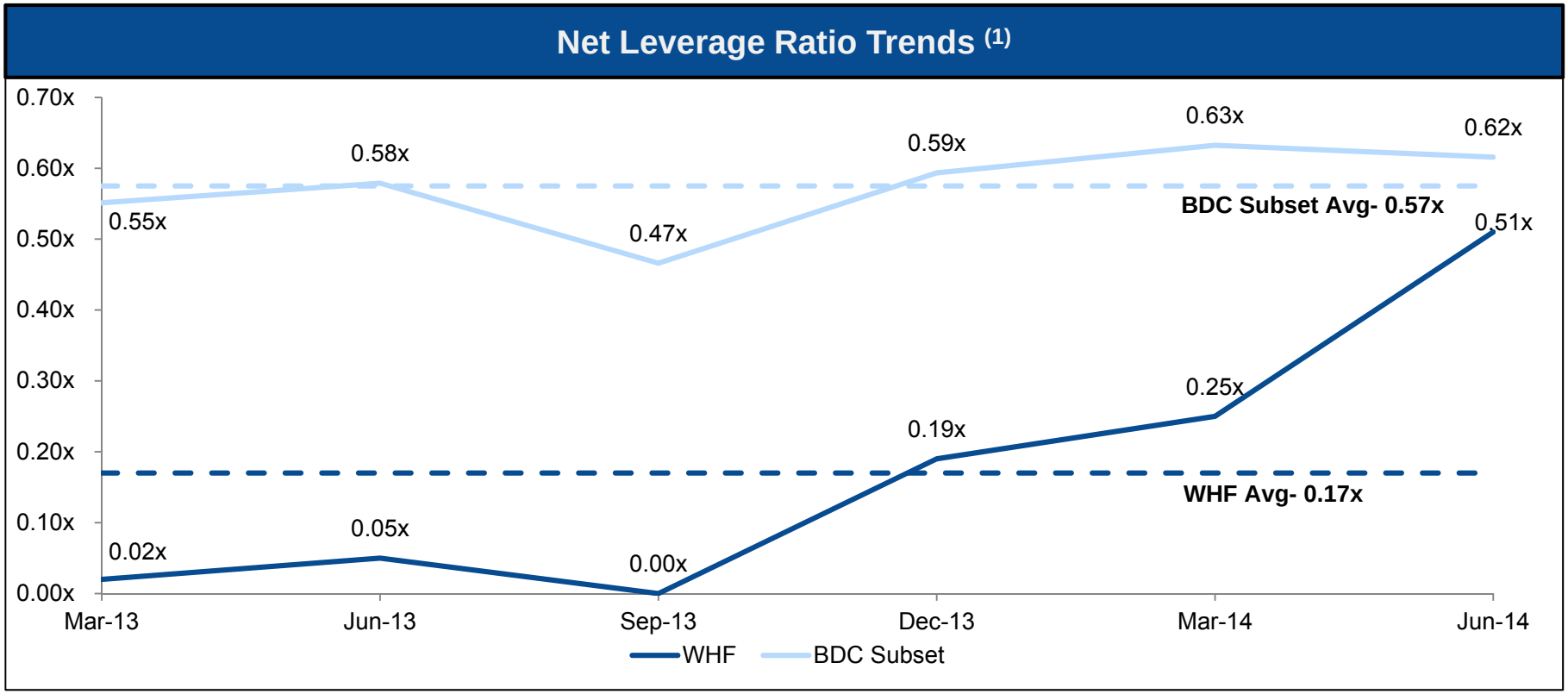
(USD amounts in millions, except per share data)

	Q3 13 (unaudited)	Q4 13 (audited)	Q1 14 (unaudited)	Q2 14 (unaudited)
Assets				
Investments at Fair Value	$ 214.7	$ 272.4	$ 286.9	$ 347.1
Cash and Equivalents [1]	132.4	96.0	40.2	10.8
Other Assets	6.0	5.7	6.0	6.0
Total Assets	**$ 353.1**	**$ 374.2**	**$ 333.0**	**$ 363.9**
Liabilities				
Debt	$ 85.0	$ 110.0	$ 85.0	$ 127.0
Other Liabilities	42.1	37.2	19.9	9.0
Total Liabilities	**127.1**	**147.2**	**104.9**	**136.0**
Total Net Assets	**226.0**	**227.0**	**228.1**	**227.8**
Total Liabilities and Net Assets	**$ 353.1**	**$ 374.2**	**$ 333.0**	**$ 363.9**
Net Asset Value per Share	**$ 15.09**	**$ 15.16**	**$ 15.23**	**$ 15.21**
Leverage Ratio	**0.38x**	**0.48x**	**0.37x**	**0.56x**
Net Leverage Ratio [2]	**0.00x**	**0.19x**	**0.25x**	**0.51x**

(1) Includes restricted cash.

(2) Net leverage ratio is defined as debt outstanding plus any amounts payable for investments purchased less cash and equivalents (including restricted cash) less any receivables for investments sold, divided by total assets.

Net Leverage Ratio



- The Company has historically operated at net leverage levels well below BDC market averages as a result of higher than expected prepayments
  - Approximately 90% of the Company's initially contributed ~$200MM portfolio was refinanced in the Company's first year of being publicly traded
- As of Q2 2014, the Company is finally approaching market average leverage levels

(1) Net leverage ratio is defined as debt outstanding plus any amounts payable for investments purchased less cash and equivalents (including restricted cash) investments sold, divided by total assets.

(2) BDC Subset consists of MAIN, MCC, GBDC, SCM, GARS, OFS, MRCC, CPTA, TCAP, BKCC, and FDUS

WhiteHorse Finance – Senior Team Bios

	Title	Years of Experience	Highlights
John Bolduc	▪ Chairman of the Board ▪ Member of the Investment Committee	24	▪ Leads H.I.G. Capital's credit platform ▪ Previous experience at Bain & Company and Chemed Corporation
Jay Carvell	▪ Chief Executive Officer ▪ Member of the Investment Committee	15	▪ Founding partner of WhiteHorse Capital, a leading credit investor and manager of CLOs (certain assets acquired by H.I.G. Capital in 2011) ▪ Previously held various positions with Highland Capital Management and PricewaterhouseCoopers LLP
William Markert	▪ Chief Operating Officer	15	▪ Former Chief Financial Officer of Securus Technologies, Inc. ▪ Previously held executive level finance positions at Eschelon Telecom and Global Crossing
Gerhard Lombard	▪ Chief Financial Officer, Treasurer	16	▪ Former Chief Accounting Officer of Churchill Financial Group ▪ Previously worked at Ernst & Young for over 10 years
Lewis Schoenwetter	▪ Chairman of the Investment Committee	17	▪ Managing Director with H.I.G. Capital's credit platform ▪ Former Director with Levine Leichtman Capital Partners
Sami Mnaymneh	▪ Member of the Investment Committee	27	▪ Co-founding Partner of H.I.G. Capital ▪ Former Managing Director at The Blackstone Group ▪ Vice President in the Mergers & Acquisitions group at Morgan Stanley
Anthony Tamer	▪ Member of the Investment Committee	31	▪ Co-founding Partner of H.I.G. Capital ▪ Former Partner at Bain & Company ▪ Previously held marketing, engineering and manufacturing positions at Hewlett-Packard and Sprint Corporation
Ethan Underwood	▪ Member of the Investment Committee	15	▪ Founding partner of WhiteHorse Capital, a leading credit investor and manager of CLOs (certain assets acquired by H.I.G. Capital in 2011) ▪ Former portfolio manager at Highland Capital Management
Pankaj Gupta	▪ Member of the Investment Committee	16	▪ Managing Director with H.I.G. Capital's credit platform ▪ Former co-head of the Credit and Sponsor Finance group at American Capital
Javier Casillas	▪ Member of the Investment Committee	13	▪ Managing Director with H.I.G. Capital's credit platform ▪ Previously held various positions with JP Morgan and ING