

# WhiteHorse Finance, Inc.

---

## Earnings Presentation

*Quarter Ended September 30, 2020*



**NASDAQ: WHF (Common Stock)**  
**NASDAQ: WHFBZ (6.50% Notes due 2025)**

# Important Information and Forward Looking Statements

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

This presentation and the information and views included herein do not constitute investment advice, or a recommendation or an offer to enter into any transaction with the Company or any of its affiliates. Investors are advised to consider carefully the Company’s investment objectives, risks, charges and expenses before investing in the Company’s securities. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, which have been filed with the Securities and Exchange Commission (“SEC”), contain this and other information about the Company and should be read carefully before investing in the Company’s securities. The information in this presentation is not complete and may be changed. This presentation is not an offer to sell the Company’s securities and is not soliciting an offer to buy the Company’s securities in any jurisdiction where such offer or sale is not permitted.

A shelf registration statement relating to the Company’s securities is on file with the SEC. A public offering of the Company’s securities may be made only by means of a prospectus and a related prospectus supplement, copies of which may be obtained by writing the Company at 1450 Brickell Avenue, 31st Floor, Miami, FL 33131, Attention: Investor Relations, or by calling (305) 381-6999; copies may also be obtained by visiting EDGAR on the SEC’s website at <http://www.sec.gov>.

## Forward Looking Statements

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 impact of the COVID-19 pandemic and its effects on the Company’s and its portfolio companies’ results of operations and financial condition; 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 SEC, 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 reports on Form 10-K and quarterly reports on Form 10-Q we file with the SEC.

# WhiteHorse Finance Snapshot

Company:

WhiteHorse Finance, Inc. (“WhiteHorse Finance” or the “Company”)

Equity Ticker:

NASDAQ: WHF

Market Cap:

\$216.8MM<sup>(1)</sup>

NAV / Share:

\$15.31

Portfolio Fair Value:

\$595.3MM

Current Dividend Yield:

13.5%<sup>(1)(2)</sup>; consistent quarterly dividends of \$0.355 per share since 2012 IPO

External Manager:

Affiliate of H.I.G. Capital, LLC (“H.I.G. Capital” or “H.I.G.”)

(1) Based on November 5, 2020 share price of \$10.55.

(2) Based on LTM dividend rate, excluding special dividends, relative to closing share price.

# Overview of WhiteHorse Finance, Inc.

- WhiteHorse Finance, Inc. is a publicly listed Business Development Company (“BDC”) that completed its IPO in December 2012
- WhiteHorse Finance’s investment activities are managed by H.I.G. WhiteHorse Advisers, LLC, an affiliate of H.I.G. Capital, a leading global alternative asset manager with more than \$41Bn of capital under management<sup>(1)</sup>
- Primarily focused on originating senior secured loans to performing lower middle market companies with individual enterprise values generally between \$50MM and \$350MM
- Diversified investment portfolio totaling \$595.3MM as of September 30, 2020
- Investments across 54<sup>(2)</sup> portfolio companies as of September 30, 2020
  - Average Investment Size<sup>(3)</sup>: \$7.7MM (Average Debt Investment Size<sup>(3)</sup>: \$8.8MM)
  - Largest Portfolio Company Investment<sup>(3)</sup>: \$23.4MM
- Invested \$1,714MM in 139 transactions since December 2012 IPO
- The Company and State Teachers Retirement System of Ohio (“STRS Ohio”), a public pension fund established under Ohio law, partnered to create WHF STRS Ohio Senior Loan Fund LLC (“STRS JV”), a joint venture formed to invest in directly originated, senior secured first and second lien term loans.

## Portfolio at Fair Value (\$MM)



Note: As of December 31<sup>st</sup> of each respective year presented, unless otherwise noted.

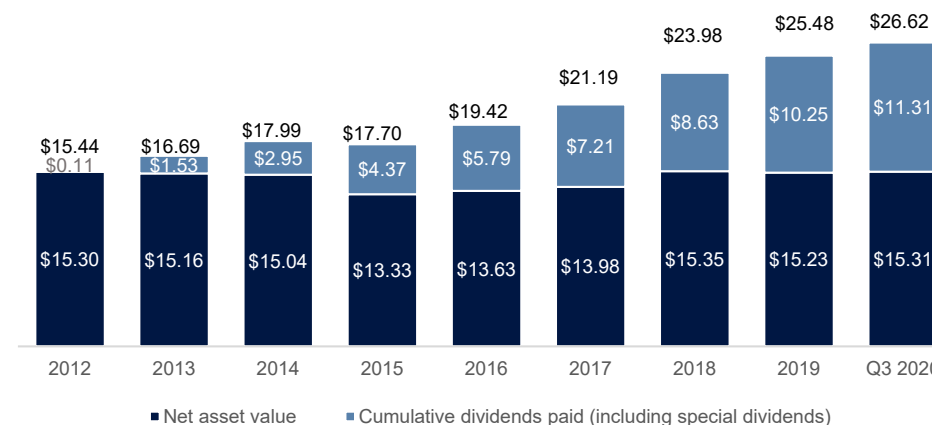
(1) Based on total capital commitments managed by H.I.G. Capital and affiliates.

(2) Represents number of companies not total number of investments.

(3) Based on fair value. Does not include investments in STRS JV.

Source: Company filings

## NAV + Cumulative Dividends per share



# Overview of WhiteHorse Finance, Inc. (continued)

## Investment Strategy

- Generate attractive risk-adjusted return in all market conditions by originating and investing in senior secured loans to performing lower middle market companies and leveraging the knowledge of H.I.G. Capital
- Differentiated proprietary deal flow from over 45 dedicated deal professionals sourcing through direct coverage of financial sponsors and intermediaries
- Rigorous credit process focused on fundamental analysis with emphasis on downside protection and cash flow visibility
- 11-person investment committee with more than 250 years of industry experience
- Investment strategy focused on first lien and second lien senior secured investments in lower middle market companies with a target hold size of \$4MM to \$20MM

## Summary Stats:

Invested Capital since IPO: \$1,714MM<sup>(1)</sup>

Number of Investments Made: ~139<sup>(1)</sup>

Average Investment Size: ~\$7.7MM<sup>(2)</sup>

All-in Yield: 9.9%<sup>(3)</sup>

Net Debt / EBITDA of Current Portfolio Companies: ~3.7x<sup>(4)</sup>

Secured Debt as a % of Total Debt: 100%<sup>(5)</sup>

*Note: As of September 30, 2020 unless otherwise noted.*

*(1) Reflects life-to-date since IPO, and may exclude follow-on transactions and investments in STRS JV made via asset transfers in-kind.*

*(2) Across 71 investments. Does not include investments in STRS JV.*

*(3) Reflects weighted average effective yield of income-producing debt investments. Weighted average effective yield for entire portfolio, including equities and investments in STRS JV, as of September 30, 2020, is 9.2%. Weighted average effective yield is computed by dividing (a) annualized interest income (including interest income resulting from the amortization of fees and discounts) by (b) the weighted average cost of investments.*

*(4) Measured at origination based on WHF's underwriting leverage. Does not include investments in STRS JV.*

*(5) Does not include the Company's investments in STRS JV.*

# Summary of Quarterly Results

## Fiscal Quarter Highlights

- Total investments at fair value increased to \$595.3 million in Q3 2020 as compared to \$547.4 million in Q2 2020.
  - The Company made investments in three new portfolio companies for gross deployments of \$42.6 million as well as funded add-on investments totaling \$15.7 million.
  - The Company transferred one investment to the STRS JV totaling \$1.3 million and had additional sales and principal repayments of \$26.5 million.
  - The weighted average effective yield on income-producing investments at the end of Q3 2020 was approximately 9.9% as compared to approximately 9.6% at the end of the prior quarter.
- Q3 net investment income ("NII") was \$5.9 million, or \$0.289 per share, which compares to Q2 NII of \$5.2 million, or \$0.255 per share.
- Q3 Core NII<sup>(1)</sup> after adjusting for a \$1.9 million capital gains incentive fee accrual, was \$7.8 million, or \$0.380 per share, compared with the quarterly distribution of \$0.355 per share. This compares with Q2 Core NII of \$5.2 million, or \$0.255 per share.
- Net unrealized gains on investments for Q3 2020 were \$15.2 million and were primarily driven by fair value increases on our investments in AG Kings Holdings Inc., Vessco Holdings, LLC, STRS JV, Mills Fleet Farm, NMFC Senior Loan Program and Arcole Acquisition Corp.
- NAV per share at the end of Q3 2020 was \$15.31 per share compared to \$14.61 per share reported at the end of Q2 2020.
- Gross leverage levels increased during the quarter to 0.94x from 0.86x at the end of Q2 2020. Cash on-hand at the end of Q3 2020 was \$22.9 million resulting in net leverage of 0.87x as compared to 0.79x at the end of Q2 2020.
- As of September 30, 2020, STRS JV had total assets of \$170.8 million. At September 30, 2020, STRS JV had a weighted average unlevered effective yield on its portfolio of 8.1%; the Company expects its investments in STRS JV, once fully ramped, to yield 12-15% on the Company's invested capital in STRS JV.

<sup>(1)</sup> Core net investment income is a non-GAAP financial measure. Refer to next slide for components and discussion of core net investment income. 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, can also be found by accessing the earnings releases posted to the Company's website at <http://www.whitehorsefinance.com>.

# Quarterly Operating Highlights

Unaudited Quarterly Financials (USD in MM, except per share data)	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
<b>Total Investment Income <sup>(1)</sup></b>	\$ 16.0	\$ 17.8	\$ 17.4	\$ 14.5	\$ 13.8	\$ 16.5
<b>Expenses</b>						
Interest Expenses	3.2	3.5	3.7	3.7	3.2	2.8
Base Management Fees <sup>(2)</sup>	2.6	2.8	3.1	3.1	2.9	3.1
Performance-based Incentive Fees	2.1	1.7	2.2	0.4	1.3	3.8
Other Expenses	0.9	1.1	0.7	1.2	1.2	0.9
<b>Total Expenses</b>	<b>8.8</b>	<b>9.1</b>	<b>9.7</b>	<b>8.4</b>	<b>8.6</b>	<b>10.6</b>
<b>Net Investment Income</b>	<b>\$ 7.2</b>	<b>\$ 8.7</b>	<b>\$ 7.7</b>	<b>\$ 6.1</b>	<b>\$ 5.2</b>	<b>\$ 5.9</b>
Net Realized and Unrealized Gain / (Loss)	1.0	(1.8)	1.1	(27.1)	17.6	15.7
<b>Net Increase in Net Assets from Operations</b>	<b>\$ 8.2</b>	<b>\$ 6.9</b>	<b>\$ 8.8</b>	<b>\$ (21.0)</b>	<b>\$ 22.8</b>	<b>\$ 21.6</b>
<b>Per Share</b>						
Net Investment Income (NII)	\$ 0.35	\$ 0.42	\$ 0.37	\$ 0.30	\$ 0.26	\$ 0.29
Core NII <sup>(3)</sup>	\$ 0.36	\$ 0.40	\$ 0.39	\$ 0.27	\$ 0.26	\$ 0.38
Net Realized and Unrealized Gain / (Loss)	\$ 0.06	\$ (0.08)	\$ 0.05	\$ (1.31)	\$ 0.85	\$ 0.77
Earnings	\$ 0.41	\$ 0.34	\$ 0.42	\$ (1.01)	\$ 1.11	\$ 1.06
Dividends Declared	\$ 0.355	\$ 0.355	\$ 0.355	\$ 0.355	\$ 0.355	\$ 0.355
Core NII Dividend Coverage	102%	114%	108%	75%	72%	107%

Note: Numbers may not foot due to rounding.

(1) Total investment income includes investment income (e.g., interest and dividends) from investments in STRS JV.

(2) Net of fee waivers, if any.

(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 realized and unrealized gains and losses, and (iii) certain excise or other income taxes (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, can be found by accessing the earnings releases posted to the Company's website at <http://www.whitehorsefinance.com>.

# Quarterly Balance Sheet Highlights

Unaudited Quarterly Financials (USD in MM, except per share data)	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
<b>Assets</b>						
Investments at Fair Value	\$ 534.8	\$ 527.5	\$ 589.7	\$ 557.1	\$ 547.4	\$ 595.3
Cash and Equivalents <sup>(1)</sup>	50.4	22.2	27.5	28.1	20.9	22.9
Other Assets	7.9	16.3	14.0	6.7	6.6	7.6
<b>Total Assets</b>	<b>\$ 593.1</b>	<b>\$ 566.0</b>	<b>\$ 631.2</b>	<b>\$ 591.9</b>	<b>\$ 574.9</b>	<b>\$ 625.8</b>
<b>Liabilities</b>						
Debt (net of issuance costs)	245.8	232.0	298.9	291.1	252.7	291.9
Other Liabilities	31.4	18.6	19.3	16.1	22.0	19.3
<b>Total Liabilities</b>	<b>\$ 277.2</b>	<b>\$ 250.5</b>	<b>\$ 318.3</b>	<b>\$ 307.2</b>	<b>\$ 274.7</b>	<b>\$ 311.2</b>
<b>Total Net Assets</b>	<b>\$ 315.9</b>	<b>\$ 315.5</b>	<b>\$ 313.0</b>	<b>\$ 284.7</b>	<b>\$ 300.2</b>	<b>\$ 314.6</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 593.1</b>	<b>\$ 566.0</b>	<b>\$ 631.2</b>	<b>\$ 591.9</b>	<b>\$ 574.9</b>	<b>\$ 625.8</b>
<b>Net Asset Value per Share</b>	<b>\$ 15.38</b>	<b>\$ 15.36</b>	<b>\$ 15.23</b>	<b>\$ 13.86</b>	<b>\$ 14.61</b>	<b>\$ 15.31</b>
<b>Leverage Ratio<sup>(2)</sup></b>	<b>0.79x</b>	<b>0.75x</b>	<b>0.97x</b>	<b>1.04x</b>	<b>0.86x</b>	<b>0.94x</b>
<b>Net Leverage Ratio<sup>(3)</sup></b>	<b>0.63x</b>	<b>0.68x</b>	<b>0.88x</b>	<b>0.94x</b>	<b>0.79x</b>	<b>0.87x</b>
<b>Gross Fundings<sup>(4)</sup></b>	<b>76.5</b>	<b>81.6</b>	<b>155.4</b>	<b>27.6</b>	<b>39.3</b>	<b>59.3</b>
<b>Exits and Repayments<sup>(4)</sup></b>	<b>(12.3)</b>	<b>(89.1)</b>	<b>(95.8)</b>	<b>(33.6)</b>	<b>(67.7)</b>	<b>(28.1)</b>
<b>Net Fundings</b>	<b>\$ 64.2</b>	<b>\$ (7.5)</b>	<b>\$ 59.6</b>	<b>\$ (6.0)</b>	<b>\$ (28.4)</b>	<b>\$ 31.2</b>

Note: Numbers may not foot due to rounding

(1) Includes Restricted Cash.

(2) Calculated as Total Gross Debt Outstanding divided by Total Net Assets.

(3) Net Leverage Ratio is defined as debt outstanding less cash, divided by total net assets.

(4) Fundings, exits and repayments may include cash flows on revolver investments as well as non-cash transactions (e.g., PIK, equity issuances).



# Portfolio Highlights

(\$ in MM, except per share data)

Portfolio Investment		Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Total Fair Value of Investments	\$	534.8	\$ 527.5	\$ 589.7	\$ 557.1	\$ 547.4	\$ 595.3
Number of Portfolio Investments		67	65	66	65	68	73
Number of Portfolio Companies		47	48	51	52	53	54
Average Investment Size <sup>(1)</sup>	\$	8.0	\$ 8.0	\$ 8.7	\$ 8.2	\$ 7.6	\$ 7.7
Average Borrower Size		11.4	10.7	11.1	10.1	9.6	10.3
Average Debt Investment Size <sup>(1)</sup>	\$	8.8	\$ 9.2	\$ 10.0	\$ 9.3	\$ 8.8	\$ 8.8
Fair Value as a Percentage of Principal <sup>(2)</sup>		96.9%	96.7%	95.6%	92.2%	92.0%	93.5%
<b>Total Portfolio Effective Yield <sup>(3)</sup></b>		<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>
Weighted average effective yield on income-producing debt investments		11.3%	11.1%	10.4%	9.9%	9.6%	9.9%
Weighted average effective yield on total portfolio		10.7%	10.5%	9.9%	9.1%	8.6%	9.2%
<b>Portfolio Composition - Floating vs. Fixed Investments (Debt Investments at Fair Value)</b>		<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>
Percentage of fixed rate investments		0.0%	0.0%	0.0%	0.0%	0.4%	0.4%
Percentage of floating rate investments		100.0%	100.0%	100.0%	100.0%	99.6%	99.6%
<b>Portfolio Composition - Sponsor vs. Non-Sponsor (Fair Value)<sup>(1)(4)</sup></b>		<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>
Sponsor		45.4%	46.6%	53.1%	49.4%	50.7%	52.4%
Non-Sponsor		54.6%	53.4%	46.9%	50.6%	49.3%	47.6%
<b>Total Portfolio Composition by Instrument Type (Fair Value)</b>		<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>
First lien secured loans		84.7%	79.7%	81.0%	80.4%	82.9%	83.1%
Second lien secured loans		12.3%	12.4%	10.5%	9.7%	5.5%	5.0%
Subordinated debt							0.1%
STRS JV			4.6%	5.6%	7.6%	8.9%	8.5%
Equity		3.0%	3.2%	2.8%	2.4%	2.7%	3.3%
<b>Investments on Non-Accrual Status (Debt Investments)</b>		<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>
Fair Value of Investments on Non-accrual Status	\$	21.3	\$ 8.5	\$ 7.7	\$ 20.7	\$ 39.0	\$ 18.7
Cost of Investments on Non-accrual Status	\$	28.8	\$ 13.9	\$ 13.9	\$ 31.6	\$ 38.8	\$ 21.7
% of Investments on Non-accrual Status (Based on Fair Value of Debt Investments) <sup>(5)</sup>		4.1%	1.7%	1.4%	3.9%	7.4%	3.3%
% of Investments on Non-accrual Status (Based on Cost of Debt Investments) <sup>(5)</sup>		5.5%	2.7%	2.4%	5.5%	7.2%	3.8%

Note: Not a guarantee of future performance or investment pace.

(1) Does not include investments in STRS JV.

(2) Calculated based on funded principal amounts of debt investments.

(3) Weighted average effective yield is computed by dividing (a) annualized interest income (including interest income resulting from the amortization of fees and discounts) by (b) the weighted average cost of investments.

(4) In Q1 2020, BW Gas & Convenience Holdings, LLC was changed from Sponsor to Non-Sponsor classification for all periods reported.

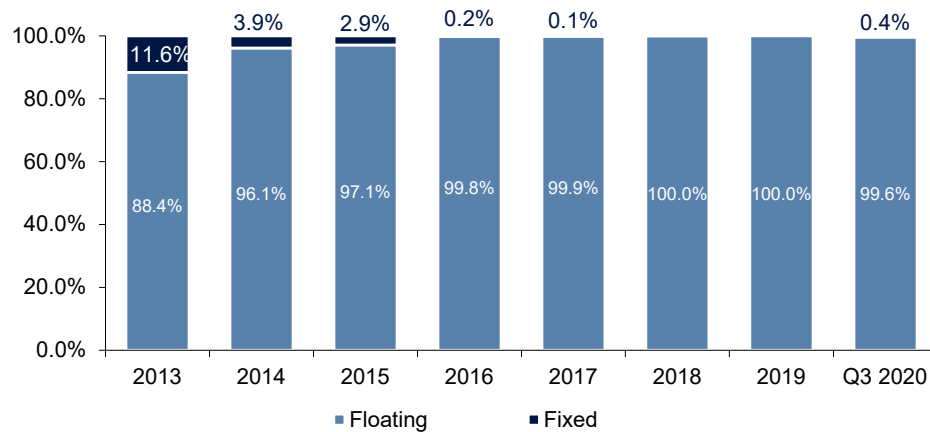
(5) Includes STRS JV Subordinated Note.

Source: Company filings

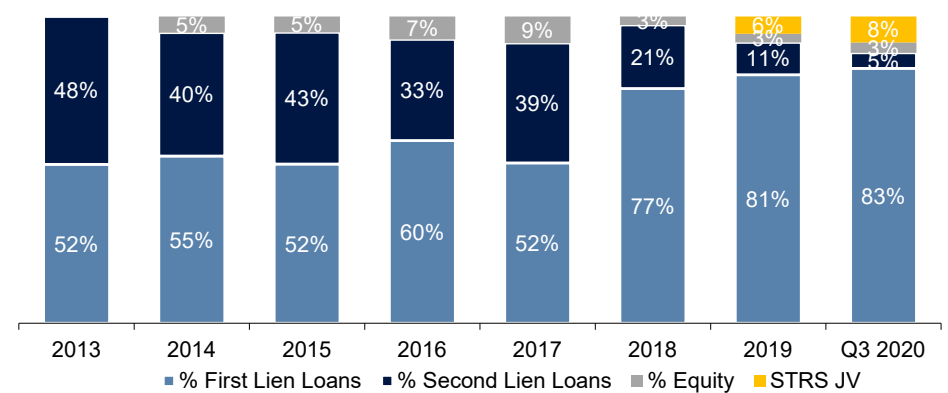
# Portfolio Trends

## Historical Portfolio Trends

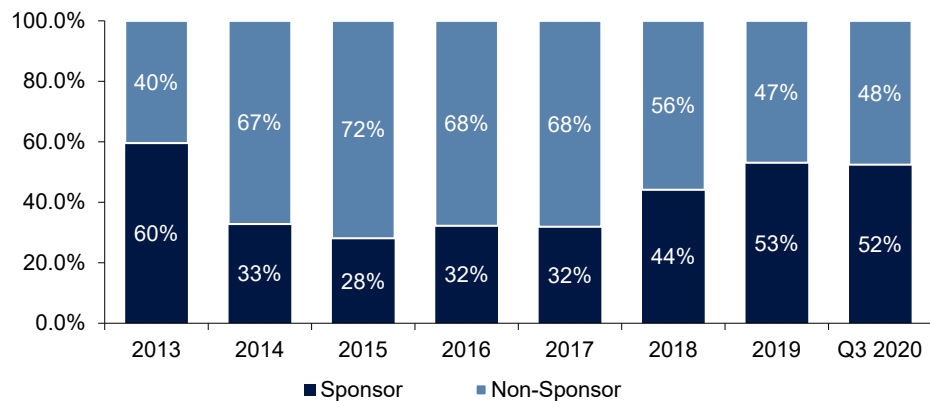
% Floating and % Fixed (Based on Fair Value)



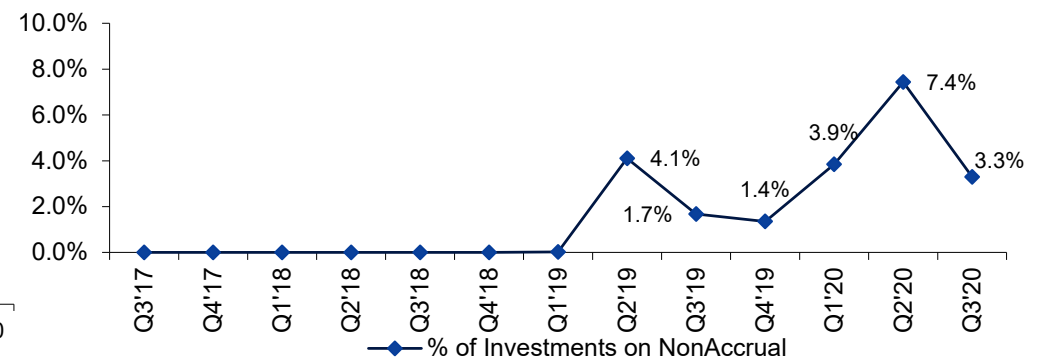
% Instrument Type (Based on Fair Value)



% Sponsored / Non-Sponsored (Based on Fair Value)



% Non Accruals (Based on Fair Value of Debt Investments)<sup>(1)</sup>



Note: As of end of each year/quarter presented, unless otherwise noted; percentages may not add up to 100% due to rounding.

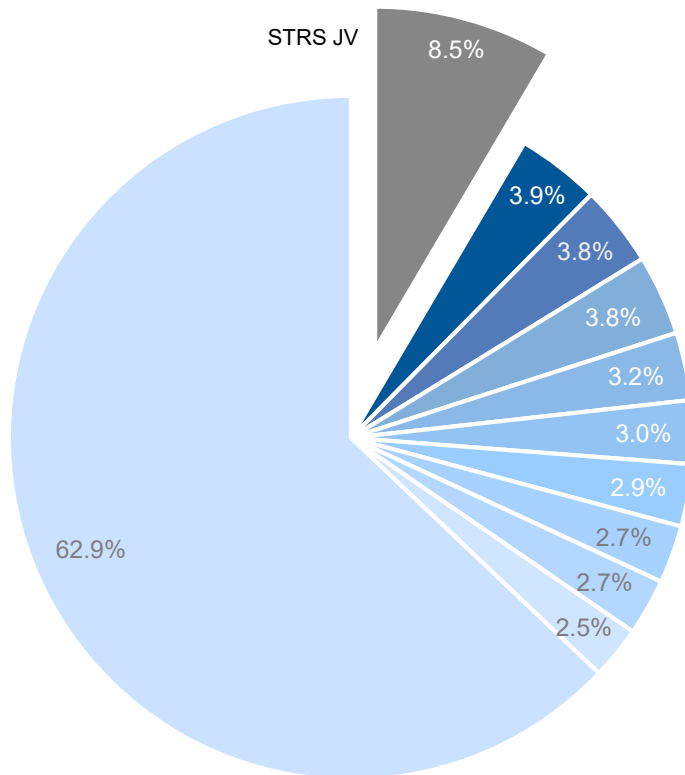
Not a guarantee of future performance or investment pace.

(1) Except as otherwise indicated, non-zero values <0.05%. Based on fair value of debt investments, including STRS JV Subordinated Note.

# Borrower and Industry Diversity

## Composition by Borrower (Based on Fair Value)

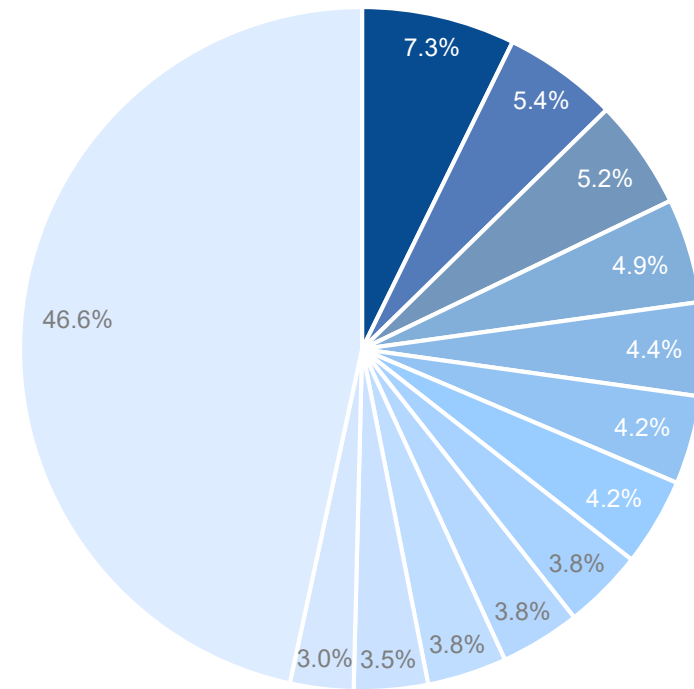
- STRS JV
- AG Kings Holdings Inc.
- LHS Borrower, LLC
- Golden Pear Funding Assetco, LLC
- Team Car Care Holdings, LLC (Heartland Auto)
- Other
- Future Payment Technologies, L.P.
- Source Code Midco, LLC
- Potpourri Group, Inc.
- Vero Parent, Inc.
- Atlas Intermediate Holdings LLC



**100% of WHF loans are senior secured**

## Composition by Industry<sup>(1)</sup> (Based on Fair Value)

- Specialized Finance
- Data Processing & Outsourced Services
- Automotive Retail
- Technology Hardware, Storage & Peripherals
- Diversified Support Services
- Building Products
- Other
- Internet & Direct Marketing Retail
- Research & Consulting Services
- Food Retail
- Leisure Facilities
- Investment Banking & Brokerage
- Systems Software

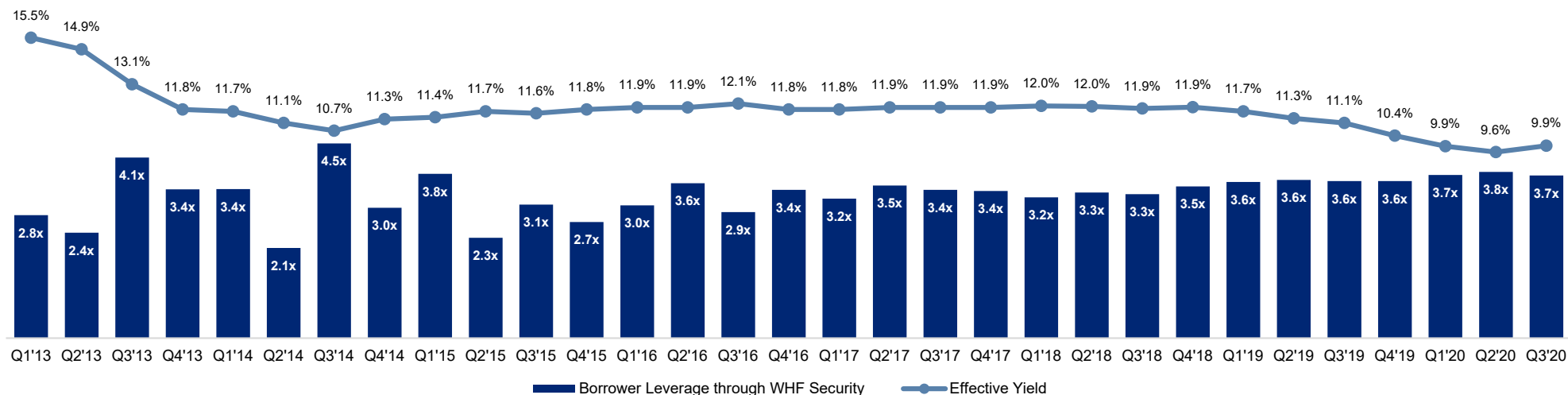


Note: As of September 30, 2020, unless otherwise noted; percentages may not add up to 100% due to rounding.

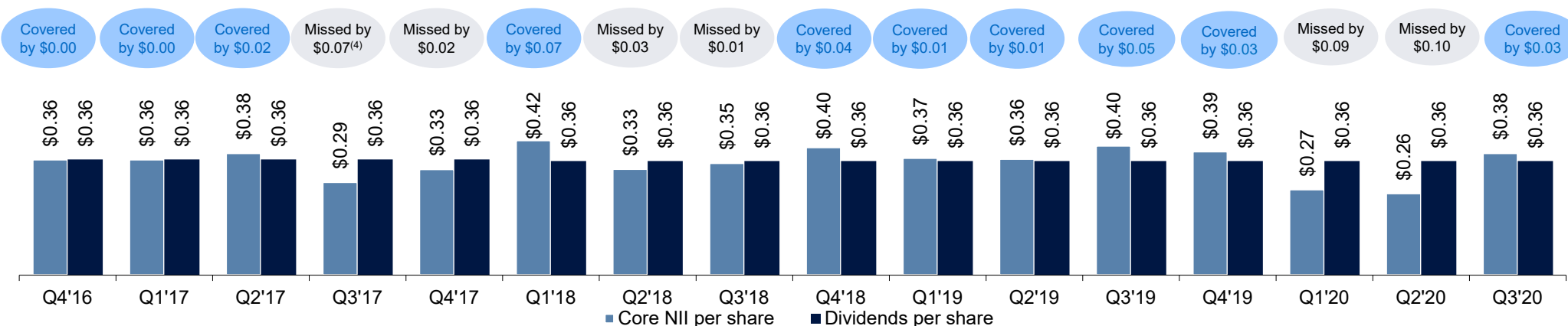
(1) Does not include investments in STRS JV. Industry classifications based on GICS.

# Effective Yield & Dividend Coverage

## Debt Portfolio Effective Yield and Borrower Leverage<sup>(1)</sup> From IPO to September 30, 2020



## Core NII<sup>(2)</sup> to Dividend Coverage<sup>(3)</sup>



Note: Amounts may not foot due to rounding.

(1) Portfolio leverage is based on investment leverage at inception.

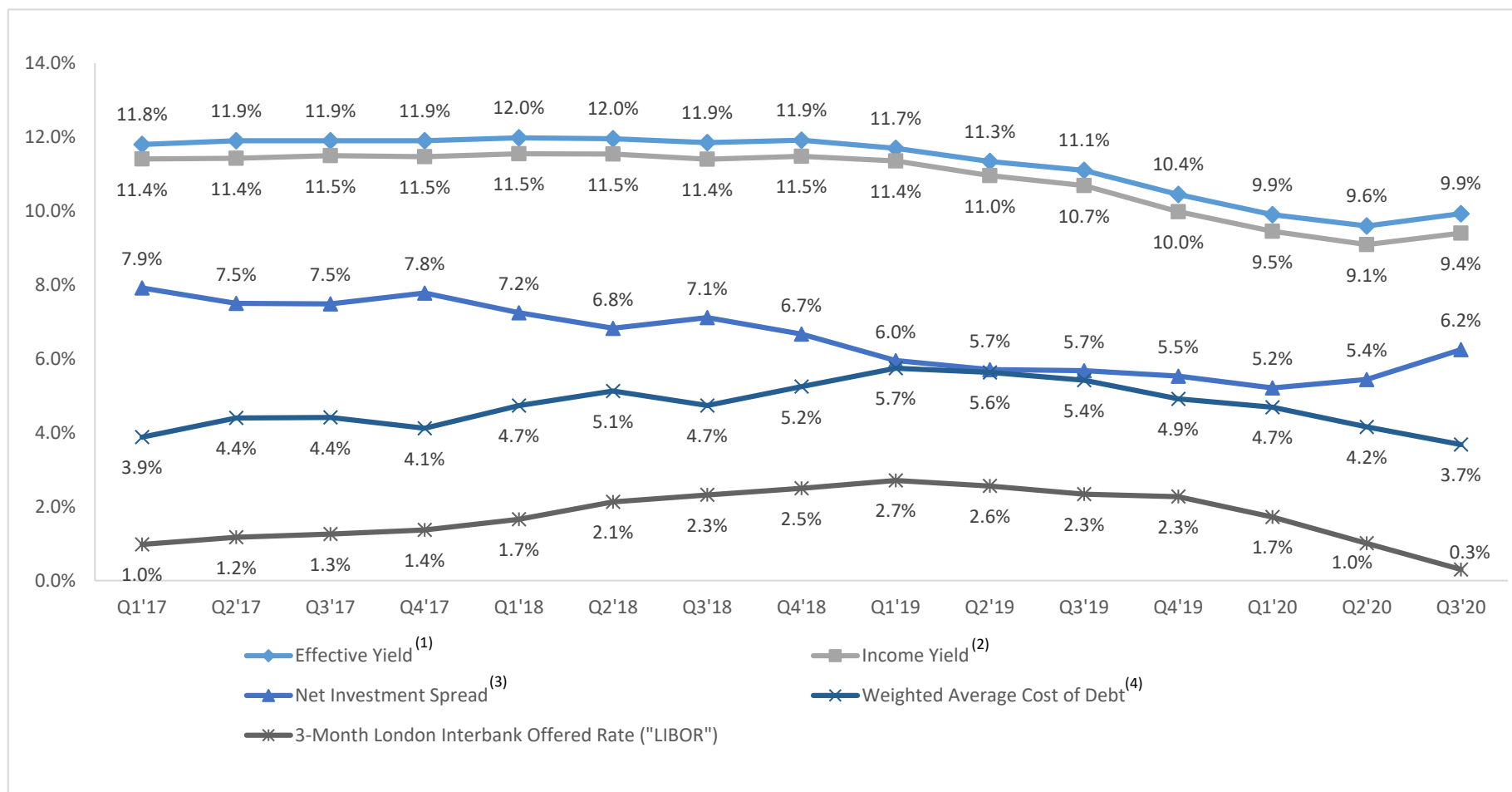
(2) Core net investment income is a non-GAAP financial measure. The Company believes that core net investment income provides useful information to investors and management because it reflects the Company's financial performance excluding (i) the net impact of costs associated with the refinancing of the Company's indebtedness, (ii) the accrual of the capital gains incentive fee attributable to realized and unrealized gains and losses, and (iii) certain excise or other income taxes (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. 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, can be found by accessing the earnings releases posted to the Company's website at <http://www.whitehorsefinance.com>

(3) Does not include special dividends.

(4) WHF's dividend coverage was impacted in 3Q 2017 by the timing of deployment of the equity issuance of ~\$31mm in June 2017.

Source: Company filings

# Yield & Interest Rate Economic Analysis



(1) Weighted average effective yield is computed by dividing (a) annualized interest income (including interest income resulting from the amortization of fees and discounts) by (b) the weighted average cost of investments.

(2) Income yield is calculated as (a) the actual amount earned on earning investments, including interest and fee income but excluding amortization of capitalized fees and discounts.

(3) Calculated as (a) effective yield less (b) weighted average cost of debt.

(4) The weighted average cost of debt is calculated as (a) the actual amount of expenses incurred on debt obligations divided by (b) the daily average of total debt obligations.

# Investment Performance Ratings

## Investment Performance Ratings

(% of Portfolio at Fair Value)

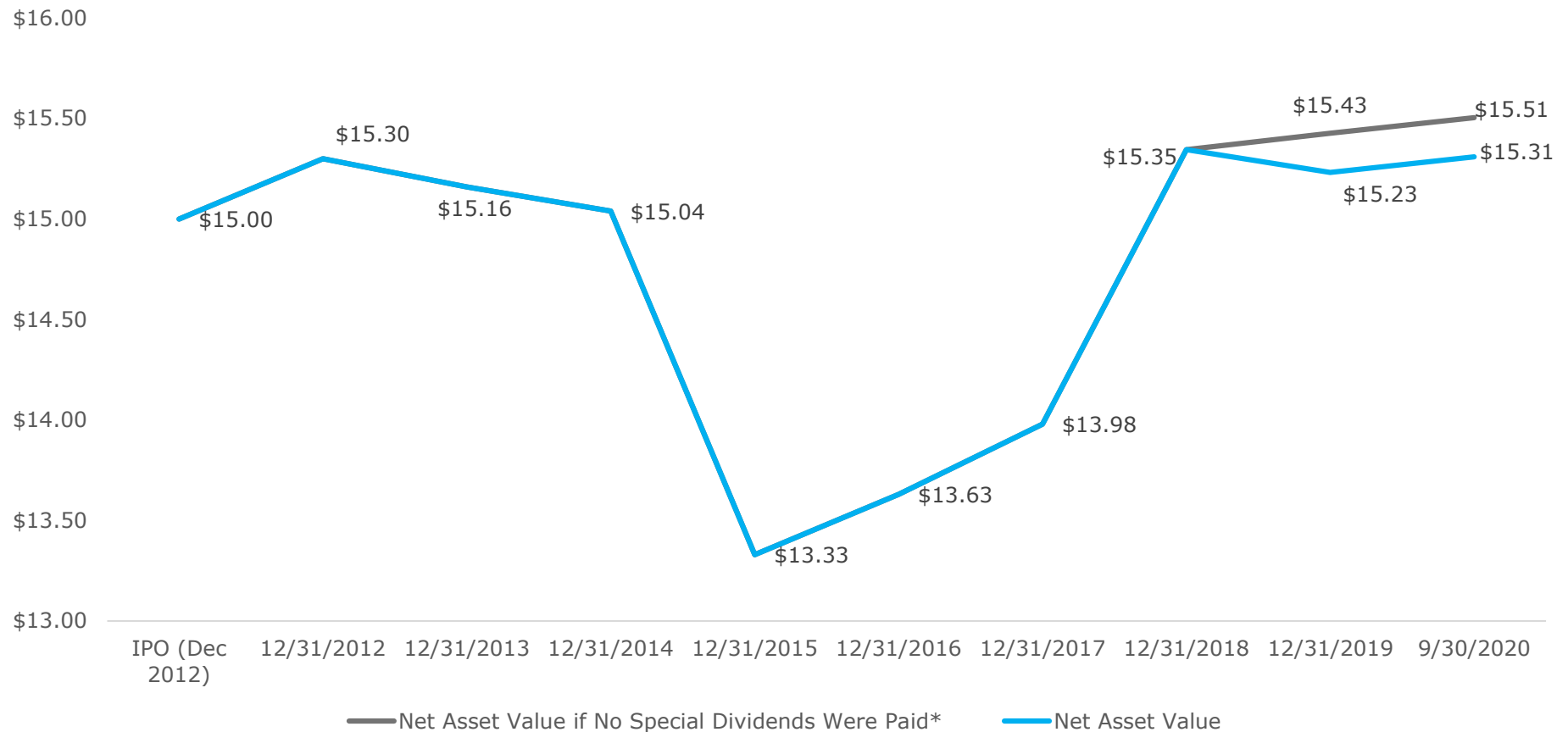
Rating	2012	2013	2014	2015	2016	2017	2018	2019	Q1 2020	Q2 2020	Q3 2020
1							6.3%	2.3%	2.2%	2.3%	14.4%
2	100.0%	92.4%	100.0%	90.3%	87.0%	83.9%	80.1%	83.3%	65.3%	61.9%	62.1%
3		7.6%		7.9%	13.0%	16.1%	13.6%	13.1%	31.3%	29.3%	21.5%
4				0.0%			0.0%	0.0%	0.0%	2.6%	0.6%
5				1.8%			0.0%	1.3%	1.2%	3.9%	1.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## Investment Performance Rating Definitions

Rating	Definition
1	The portfolio company's risk of loss has been reduced relative to initial expectations.
2	The portfolio company is meeting initial expectations with regard to performance and outlook.
3	The investment's risk of loss has increased relative to initial expectation.
4	Investment principal is at a material risk of not being fully repaid.
5	Investment is in payment default and has significant risk of not receiving full repayment.

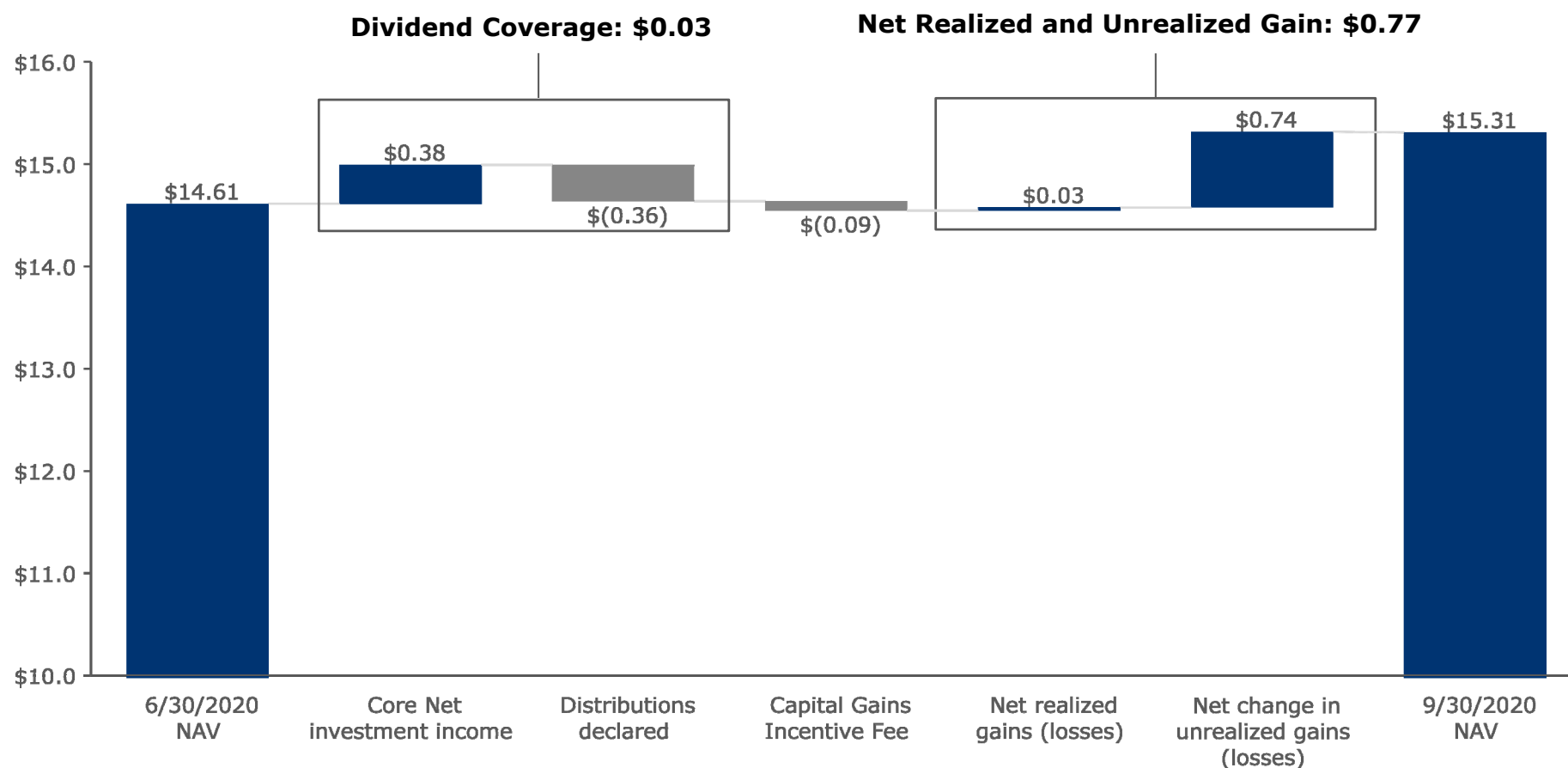
# Net Asset Value Trends

## Net Asset Value Per Share



\*As a supplement to GAAP financial measures, the Company has provided this non-GAAP measure. The Company believes that this non-GAAP financial measure is useful as it highlights the changes in NAV per share of common stock for each quarter excluding the impact of special dividends that were paid and shows the pro forma to the Company's NAV per share after payment of regular distributions.

# NAV Per Share Bridge



Note: Numbers may not foot due to rounding.

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 realized and unrealized gains and losses, and (iii) certain excise or other income taxes (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, can be found by accessing the earnings releases posted to the Company's website at <http://www.whitehorsefinance.com>.

Source: Company filings



# Leverage Migration

(\$ in MM)

6/30/2020

**Outstanding Debt:**  
**\$257.2**

**NAV:**  
**\$300.2**

**Leverage Ratio:**  
**0.86x**

**QtQ Change**

**+\$39.0**  
*Net borrowings to fund purchases*

**+\$14.3**  
*Driven by market value recovery*

9/30/2020

**Outstanding Debt:**  
**\$296.1**

**NAV:**  
**\$314.6**

**Leverage Ratio:**  
**0.94x**

Sources		Uses	
Borrowings	\$59.7	Acquisition of Investments	\$59.3
Sales & Principal Payments	28.1	Debt Paydown	20.7
Net Investment Income	5.9	Dividend Payment	7.3
		Balance Sheet Cash	2.0
		Other Balance Sheet Changes	4.4
<b>Total</b>	<b>\$93.7</b>	<b>Total</b>	<b>\$93.7</b>

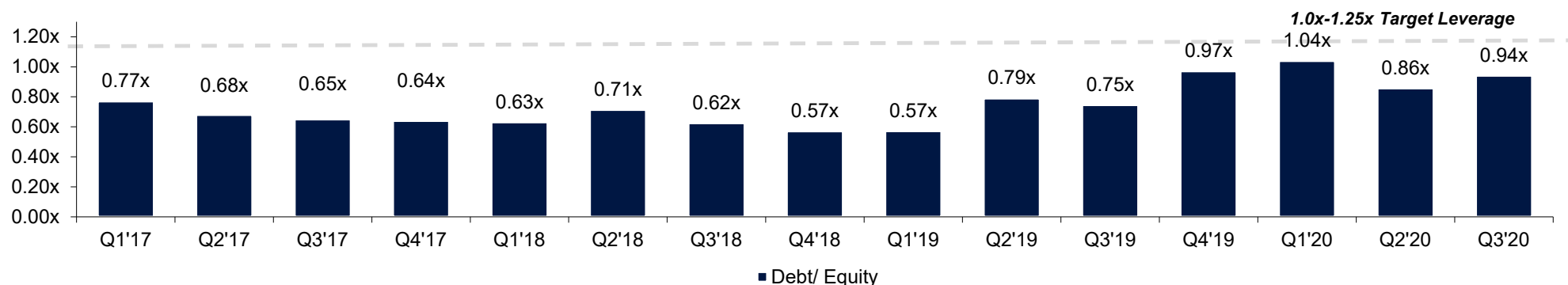
Note: Numbers may not foot due to rounding.

# Funding Profile

## Current Debt Outstanding (as of September 30, 2020)

(\$ in MM)	Commitment	Outstanding <sup>(1)</sup>	Weighted Average Interest Rate	Maturity	Additional Information
Revolving Credit Facility	\$250.0 (\$100 Accordion Feature)	\$231.1	L+2.50% payable quarterly	2024	
Private Notes	\$30.0	\$30.0	6.00% payable semi-annually; unsecured	2023	
Senior Notes	\$35.0	\$35.0	6.50% payable quarterly; unsecured	2025	NASDAQ: WHFBZ
Total Debt	\$315.0	\$296.1			
Total Shareholders' Equity/Net Assets	\$314.6		NA		

## Gross Debt to Equity<sup>(2)</sup>



Note: As of end of each quarter presented, unless otherwise noted. Not a guarantee of future performance or investment pace.

(1) As of September 30, 2020 WHF had \$4.2MM of deferred debt issuance costs.

(2) Gross leverage excluding cash.

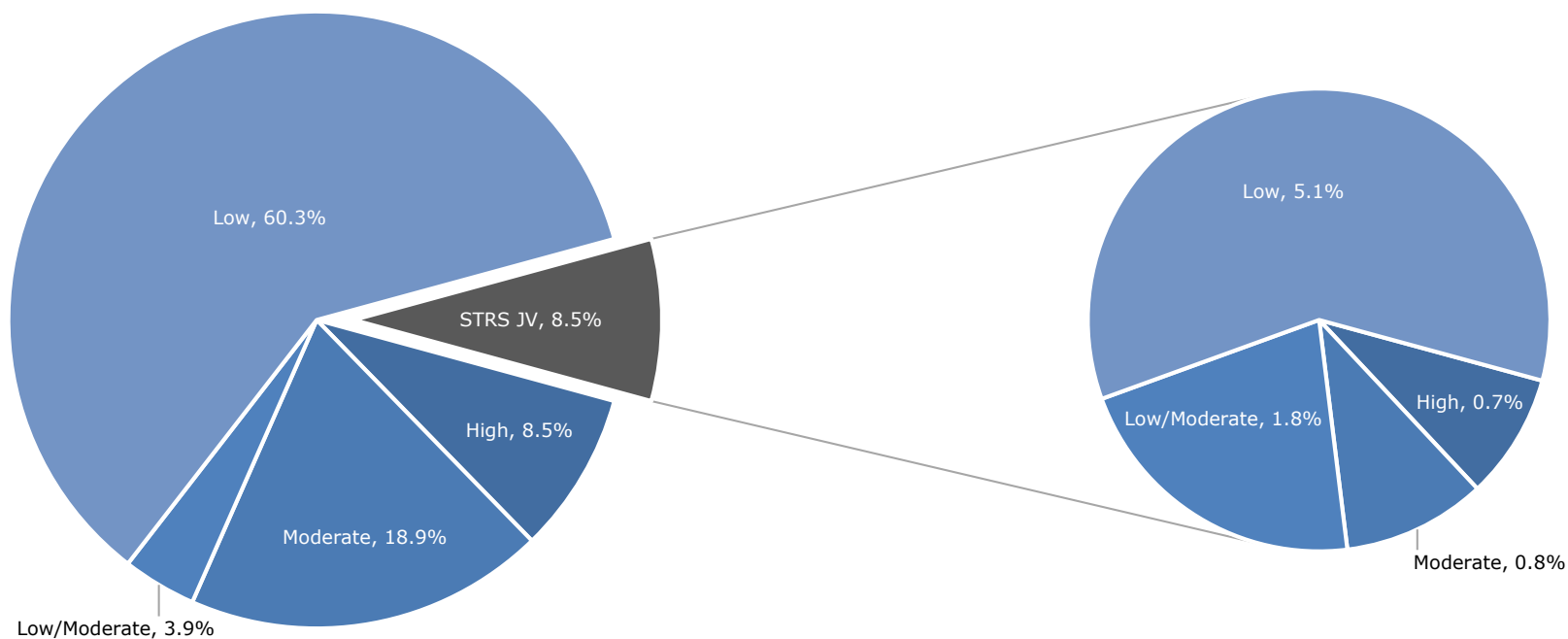
## Appendix

# COVID-19 Portfolio Exposure 3Q20

(\$ in MM)

## WhiteHorse Finance, Inc.

## STRS JV



WHF	Fair Value	% of FV
High	50.4	8.5%
Moderate	112.6	18.9
Low/Moderate	23.1	3.9
Low	358.8	60.3
STRS JV	50.4	8.5
Total	\$595.3	100.0%

STRS JV	Fair Value	% of FV
High	14.3	8.8%
Moderate	16.3	10.0
Low/Moderate	34.8	21.4
Low	97.2	59.8
Total	\$162.6	100.0%

Note: Fair values are as of September 30, 2020 and may not foot due to rounding; percentages may not add up to 100% due to rounding.

(1) Categories of High, Moderate, Low/Moderate and Low can and will change over time as more data becomes available. These categorizations are based on estimates and current information available as November 5, 2020 and are subject to change without notice.

(2) Within any given category, there is variation in the amount of exposure. For example, not all Lows or Moderates are the same.

(3) Low/Moderate category is used for portfolio companies where impact so far has been low, but it is believed that this might rise to moderate over time.

# Regional Direct Origination Footprint

## Origination Footprint (September 30, 2020)

- Scope of H.I.G. WhiteHorse market coverage results in consistent investment activity levels regardless of market conditions
- Dedicated direct lending team of over 45 investment and origination professionals
- Regional footprint with 19 dedicated direct lending originators in 12 North American offices
- Global platform of approximately 425 investment professionals across 18 offices in 9 countries and 3 continents
- Additional 25 generalist business development professionals dedicated to sourcing proprietary opportunities in the lower to middle market



# STRS JV Key Terms and Funding Profile

## Key Terms

- WHF and STRS Ohio have committed to provide up to \$125 million in subordinated notes and equity to STRS JV, with STRS Ohio providing \$50 million and WHF providing \$75 million.
- WHF and STRS Ohio share voting control 50%/50%.
- Equity ownership 60% WHF and 40% STRS
- An affiliate of H.I.G. provides day-to-day administrative oversight

## Current Debt Outstanding (as of September 30, 2020)

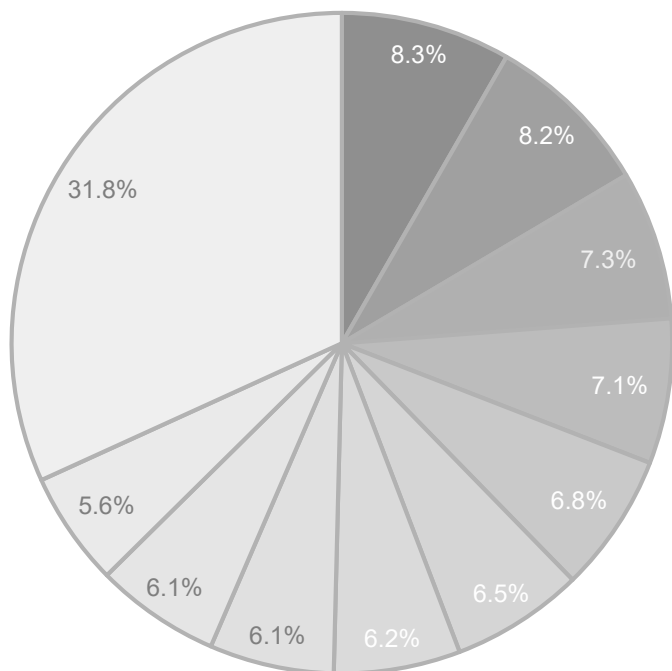
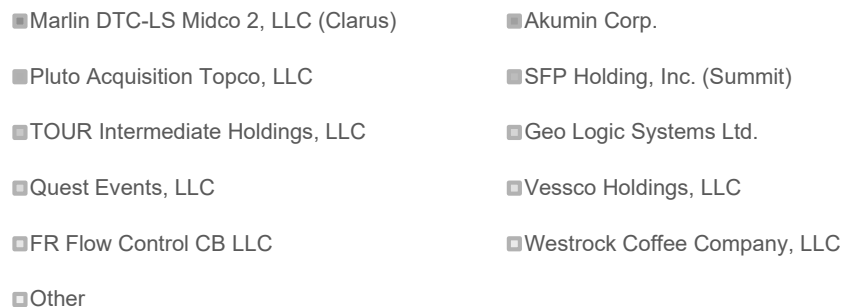
(\$ in MM)	Commitment	Outstanding <sup>(1)</sup>	Weighted Average Interest Rate	Maturity
Revolving Credit Facility	\$125.0	\$86.8	L+2.55% payable quarterly	2024
Subordinated Note	\$100.0	\$68.5	L+6.50% payable quarterly	N/A
Total Debt	\$225.0	\$155.3		
Equity	\$25.0	\$17.1	N/A	N/A

Note: As of end of each quarter presented, unless otherwise noted. Not a guarantee of future performance or investment pace.

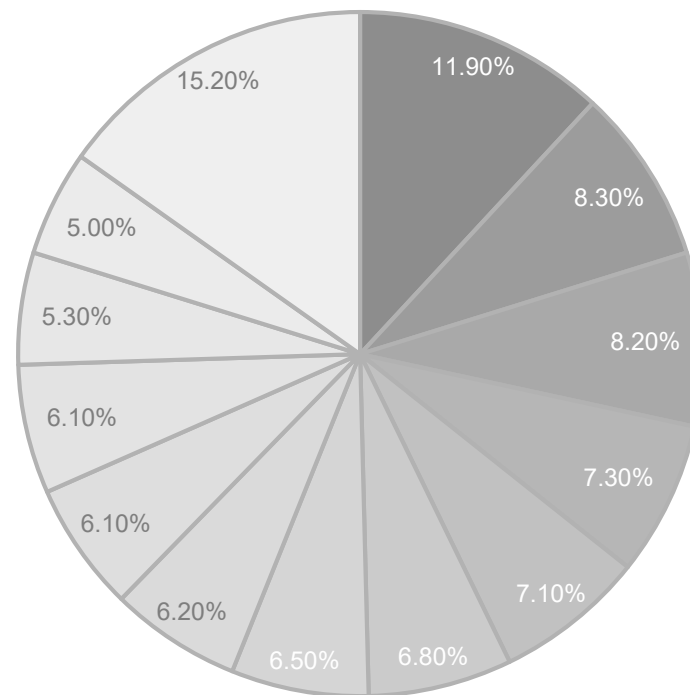
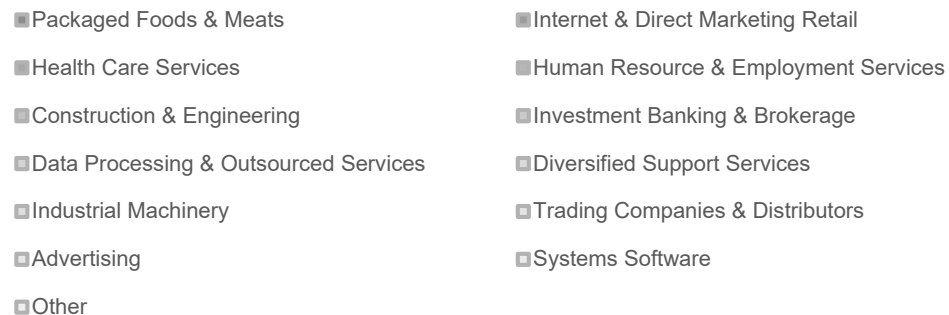
(1) As of September 30, 2020 STRS JV had \$1.5 of deferred debt issuance costs.

# STRS JV Borrower and Industry Diversity

## Composition by Borrower *(Based on Fair Value)*



## Composition by Industry<sup>(1)</sup> *(Based on Fair Value)*



**100% of STRS JV loans are senior secured**

Note: As of September 30, 2020, unless otherwise noted; percentages may not add up to 100% due to rounding.

(1) Industry classifications based on GICS.

# Origination Pipeline Funnel<sup>(1)</sup>

Three tier sourcing platform, generating meaningful investable opportunities for WhiteHorse Finance

Over 45 WhiteHorse deal professionals dedicated to sourcing and underwriting for WHF



25 person business development team seeks opportunities from H.I.G.'s proprietary database of over 21,000 contacts (telephonic salesforce)



Deals being sourced by more than 425 Investment Professionals across H.I.G.'s platform

**Typical Underwriting Process:  
3-6 months**

**Opportunities Reviewed**

**Initial Due Diligence**

**Term Sheets  
Delivered**

**Closed  
Transactions**

**Total**

**% of Sourced**

**6,100**

**100.0%**

**1,578**

**25.9%**

**395**

**6.5%**

**112**

**1.8%**

- With access to H.I.G. Capital's extensive sourcing network, the Company is able to capitalize on attractive self-originated lower middle market transactions as compared to the broadly syndicated market
- Directly originated loans to lower middle market companies typically generate more attractive risk-adjusted returns relative to larger, broadly syndicated credits

Note: Percentages may not add up to 100% due to rounding.  
(1) Origination Pipeline figures reflect 2014 through September 30, 2020.



# Corporate Data

## **Board of Directors**

John Bolduc  
Chairman of the Board

Stuart Aronson  
Director

Jay Carvell  
Director

Kevin F. Burke  
Independent Director

Rick P. Frier  
Independent Director

Rick D. Puckett  
Independent Director

G. Stacy Smith  
Independent Director

## **Investment Committee**

Sami Mnaymneh  
Founder and Co-CEO of H.I.G. Capital

Anthony Tamer  
Founder and Co-CEO of H.I.G. Capital

Stuart Aronson  
Chief Executive Officer and Director

Mark Bernier  
Managing Director of WhiteHorse Capital

John Bolduc  
Chairman of the Board, Executive Managing  
Director of H.I.G. Capital

Jay Carvell  
Managing Director of WhiteHorse Capital

Javier Casillas  
Managing Director of WhiteHorse Capital

Pankaj Gupta  
Managing Director of WhiteHorse Capital

David Indelicato  
Managing Director of WhiteHorse Capital

Brian Schwartz  
Co-President of H.I.G. Capital

John Yeager  
Managing Director of WhiteHorse Capital

## **Corporate Officers**

Stuart Aronson  
Chief Executive Officer

Marco Collazos  
Chief Compliance Officer

Joyson Thomas  
Chief Financial Officer

## **Research Coverage**

Tim Hayes  
B. Riley FBR

George Bahamondes  
Deutsche Bank

Richard Shane  
J.P. Morgan

Mickey Schleien  
Ladenburg Thalmann & Co. Inc.

Bryce Rowe  
National Securities

Chris Kotowski  
Oppenheimer & Co.

Robert Dodd  
Raymond James

## **Corporate Counsel**

Dechert LLP  
New York, NY

## **Corporate Headquarters**

1450 Brickell Avenue  
31st Floor  
Miami, FL 33131

## **Transfer Agent**

American Stock Transfer &  
Trust Company, LLC  
New York, NY

## **Investor Relations Contact**

1450 Brickell Avenue  
31st Floor  
Attention: Investor Relations  
Miami, FL 33131  
(305) 381-6999

## **Independent Registered Public Accounting Firm**

Crowe LLP  
New York, NY

## **Equity Securities Listing**

NASDAQ: WHF

Please visit our website at:  
[www.whitehorsefinance.com](http://www.whitehorsefinance.com)