UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2022
or
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number: 814-00967

WHITEHORSE FINANCE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**45-4247759** **(I.R.S. Employer Identification No.)**
1450 Brickell Avenue, 31st Floor **Miami, Florida** **(Address of Principal Executive Offices)**	**33131** **(Zip Code)**

(305) 381-6999
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.001 per share	WHF	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☐
	Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

The aggregate market value of common stock held by non-affiliates of the registrant on June 30, 2022 based on the closing price on that date of $13.14 on the Nasdaq Global Select Market was approximately $224.2 million. For the purposes of calculating this amount only, all directors and executive officers of the registrant have been treated as affiliates. There were 23,243,088 shares of the registrant's common stock outstanding as of February 28, 2023.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART I

In this annual report on Form 10-K, except as otherwise indicated, the terms:

- *"we," "us," "our," the "Company" and "WhiteHorse Finance" refer (unless the context otherwise requires) to WhiteHorse Finance, Inc., a Delaware corporation, and its consolidated subsidiaries, WhiteHorse Credit (as defined below) and WhiteHorse California (as defined below);*
- *"H.I.G. Capital" refers (unless the context otherwise requires), collectively, to H.I.G. Capital, L.L.C., a Delaware limited liability company, and its affiliates. H.I.G. Capital employs all of WhiteHorse Finance's investment professionals, as well as those of WhiteHorse Advisers (as defined below), WhiteHorse Administration (as defined below) and their respective affiliates;*
- *"WhiteHorse Credit" refers to WhiteHorse Finance Credit I, LLC, a special purpose Delaware limited liability company and a wholly owned subsidiary of WhiteHorse Finance;*
- *"WhiteHorse California" refers to WhiteHorse Finance (CA), LLC, a special purpose Delaware limited liability company and a wholly owned subsidiary of WhiteHorse Credit;*
- *"WhiteHorse Advisers" and the "Investment Adviser" refer to H.I.G. WhiteHorse Advisers, LLC, a Delaware limited liability company and an affiliate of H.I.G. Capital;*
- *"WhiteHorse Administration" and the "Administrator" refer to H.I.G. WhiteHorse Administration, LLC, a Delaware limited liability company and an affiliate of H.I.G. Capital;*
- *"6.000% 2023 Notes" refer to the $30 million aggregate principal amount of 6.00% unsecured notes due 2023 privately issued on August 7, 2018 to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended;*
- *"2023 Note Purchase Agreement" refers to the note purchase agreement, dated July 13, 2018, governing the issuance and sale of the 6.000% 2023 Notes;*
- *"5.375% 2025 Notes" refer to the $40 million aggregate principal amount of 5.375% unsecured notes due 2025 privately issued on October 20, 2020 to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended;*
- *"2025 Note Purchase Agreement" refers to the note purchase agreement, dated October 20, 2020, governing the issuance and sale of the 5.375% 2025 Notes;*
- *"5.375% 2026 Notes" refer to the $10 million aggregate principal amount of 5.375% unsecured notes due 2026 privately issued on December 4, 2020 to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended;*
- *"2026 Note Purchase Agreement" refers to the note purchase agreement, dated December 4, 2020, governing the issuance and sale of the 5.375% 2026 Notes;*
- *"5.625% 2027 Notes" refer to the $10 million aggregate principal amount of 5.625% unsecured notes due 2027 privately issued on December 4, 2020 to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended;*
- *"2027 Note Purchase Agreement" refers to the note purchase agreement, dated December 4, 2020, governing the issuance and sale of the 5.625% 2027 Notes;*

- *"4.250% 2028 Notes" refer to the $25 million aggregate principal amount of 4.25% unsecured notes due 2028 privately issued on December 6, 2021 to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended;*

- *"2028 Note Purchase Agreement" refers to the note purchase agreement, dated December 6, 2021, governing the issuance and sale of the 4.25% 2028 Notes*

- *"2025 Public Notes" refer to the $35 million aggregate principal amount of 6.50% unsecured notes due 2025 issued on November 13, 2018;*

- *"4.000% 2026 Notes" refer to the $75 million aggregate principal amount of 4.00% unsecured notes due 2026 issued on November 24, 2021;*

- *"Private Notes" refers (unless the context otherwise requires) collectively to the 6.000% 2023 Notes, the 5.375% 2025 Notes, the 5.375% 2026 Notes, the 5.625% 2027 Notes and the 4.250% 2028 Notes; and*

- *"Credit Facility" refers to the $335 million secured revolving credit facility between WhiteHorse Credit, as borrower, and the "Lender", which refers, collectively, to JPMorgan Chase Bank, N.A., together with any additional lenders that may join the Credit Facility in the future;*

We were formed on December 28, 2011 and commenced operations on January 1, 2012. On December 4, 2012, we converted from a Delaware limited liability company into a Delaware corporation. In this conversion, WhiteHorse Finance, Inc. succeeded to the business of WhiteHorse Finance, LLC, and the members of WhiteHorse Finance, LLC became stockholders of WhiteHorse Finance, Inc. In this annual report on Form 10-K, we refer to these transactions as the "BDC Conversion," and, where applicable, "shares" refer to our units prior to the BDC Conversion and to shares of common stock in our corporation afterward.

Item 1. Business

General

We are an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, for tax purposes, we have elected to be treated as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code, and intend to qualify annually for such treatment.

We are a direct lender targeting debt investments in privately held, lower middle market companies located in the United States. We define the lower middle market as those companies with enterprise values between $50 million and $350 million. Our investment objective is to generate attractive risk-adjusted returns primarily by originating and investing in senior secured loans, including first lien and second lien facilities, to performing lower middle market companies across a broad range of industries. Such loans typically are based on a floating interest rate index such as the London Interbank Offered Rate, or LIBOR, or Secured Overnight Financing Rate, or SOFR, plus a spread and typically have a term of three to six years. While we focus principally on originating senior secured loans to lower middle market companies, we may also make opportunistic investments at other levels of a company's capital structure, including mezzanine loans or equity interests, and in companies outside of the U.S. based lower middle market, to the extent we believe the investment presents an opportunity to achieve an attractive risk-adjusted return. We also may receive warrants to purchase common stock in connection with our debt investments. We generate current income through the receipt of interest payments, as well as origination and other fees, capital appreciation and dividends.

We invest primarily in loans and securities that are rated below investment grade by rating agencies or that may be rated below investment grade if they were so rated. Below investment grade securities, which are often referred to as "junk" bonds, are viewed as speculative investments because of concerns with respect to the issuer's capacity to pay interest and repay principal.

As of December 31, 2022, our investment portfolio consisted primarily of senior secured loans across 115 positions in 72 companies with an aggregate fair value of approximately $760.2 million. As of December 31, 2021, our investment portfolio consisted primarily of senior secured loans across 127 positions in 76 companies with an aggregate fair value of approximately $819.2 million. As of both dates, the majority of our portfolio comprised senior secured loans to lower middle market borrowers.

Available Information

Our address is 1450 Brickell Avenue, 31st Floor, Miami, Florida 33131. Our phone number is (305) 381-6999, and our internet address is *www.whitehorsefinance.com*. We make available on our website, free of charge, our proxy statement, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish them to, the U.S. Securities and Exchange Commission, or the SEC. We may publish other information on our website which has not been filed with, or furnished to, the SEC. Information contained on our website is not incorporated by reference into this annual report on Form 10-K, and you should not consider information contained on our website to be part of this annual report on Form 10-K or any other report we file with the SEC.

The SEC also maintains a website that contains reports, proxy and information statements and other information we file with the SEC at *www.sec.gov*.

Summary of Risk Factors

The following is a summary of the principal risk factors associated with an investment in us:

- We are subject to substantial regulation, including regulations governing our operation as a business development company and RIC. The constraints imposed on us as a business development company and RIC may hinder the achievement of our investment objective and affect our ability to, and the way in which we, raise additional debt or equity capital.

- We are highly dependent upon our Investment Adviser, H.I.G. Capital and their respective affiliates for our future success, including their key personnel, proprietary deal-flow network of potential deal sources and expertise.

- There are significant potential conflicts of interest that could affect our investment returns, particularly conflicts of interests of our Investment Adviser and its affiliates.

- Economic recessions or downturns could impair our portfolio companies and harm our operating results.

- We are exposed to risks associated with changes in interest rates, including the current rising interest rate environment.

- Inflation has adversely affected and may continue to adversely affect the business, results of operations and financial condition of our portfolio companies.

- The highly competitive market for investment opportunities in which we operate may limit our investment opportunities.

- Our returns will be reduced by any corporate income tax that our subsidiaries pay.

- We finance our investments with borrowed money, which will increase the potential for gain or loss on amounts invested and may increase the risk of investing in us. Additionally, the SBCAA allows us to incur additional leverage, which may further magnify the risks of investing with us.

- We may expose ourselves to risks by engaging in hedging transactions.
- Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.
- Our ability to enter into transactions with our affiliates is restricted, which may limit the scope of investments available to us.
- A significant portion of our portfolio securities do not have a readily available market price and, as a result, valuations of our portfolio involve uncertainties and subjective determinations.
- Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval.
- Provisions of the General Corporation Law of the State of Delaware, or the DGCL, our certificate of incorporation and bylaws, and documents governing our indebtedness could deter takeover attempts and have an adverse effect on the price of our common stock and the rights of our common stockholders.
- Each of our Investment Adviser and our Administrator can resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.
- Efforts to comply with Section 404 of the Sarbanes-Oxley Act involve significant expenditures, and non-compliance with Section 404 of the Sarbanes-Oxley Act may adversely affect us and the market price of our common stock.
- Our investments in portfolio companies may be risky, and we could lose all or parts of our investments. Middle-market companies in which we primarily invest, as compared with larger companies, may have more limited financial resources, less predictable operating results, greater exposure to economic downturns and limited operating histories, and, for many of our investments, the portfolio companies are highly leveraged and there is little or no publicly available information about them, and our investments in such companies are not rated by any rating agency.
- We may invest through joint ventures, partnerships or other special purpose vehicles, and our investments through these vehicles may entail greater risks; investments in which we have a non-controlling interest may involve risks specific to third-party management of those investments.
- We are subject risks related to indebtedness, including indebtedness under Credit Facility and our public and private notes, which may have a material adverse effect on our business, financial condition and results of operations.
- The trading market or market value of our publicly issued debt and equity securities may fluctuate.
- Our credit ratings may not reflect all risks of an investment in our debt securities.
- If we receive stockholder approval, we may issue shares of our common stock at a price below the then current net asset value, or NAV, per share of our common stock, which could materially dilute your interest in our common stock and reduce our NAV per share.
- Investing in our equity securities may involve an above average degree of risk, including the risk that our shares may trade at a discount to their NAV, the risk that you may not receive distributions, the risk that you could experience dilution in your ownership percentage if you do not participate in our distribution reinvestment plan, and the risk that you may receive shares of our common stock as dividends.

- We are a holding company and depend on payments from our subsidiaries in order to make payments on any debt securities that we may issue as well as to pay dividends on our common stock. Any debt securities that we issue will be structurally subordinated to the obligations of our subsidiaries.

- Global economic, political and market conditions, including those caused by the ongoing war between Russia and Ukraine, the tension between China and the United States and the novel coronavirus ("COVID-19"), may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability.

- Global pandemics, such as the COVID-19 pandemic, and related government actions have adversely affected, and in the future, could further adversely affect, our business, results of operations and financial condition as well as those of our portfolio companies.

- Cybersecurity risks and cyber incidents may adversely affect our business or those of our portfolio companies by causing a disruption to our operations, a compromise or corruption of confidential information and/or damage to business relationships, or those of our portfolio companies, all of which could negatively impact our business, results of operations or financial condition.

- We and our Investment Adviser could be the target of litigation.

- We are subject to risks related to corporate social responsibility.

Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition and/or operating results. For a more detailed discussion of the risks that you should consider prior to investing in our securities, see Item "1A. Risk Factors" below.

Our Investment Adviser

Our investment activities are managed by our investment adviser, WhiteHorse Advisers. WhiteHorse Advisers is an affiliate of H.I.G. Capital and is responsible for sourcing potential investments, conducting research and diligence on prospective investments and equity sponsors, analyzing investment opportunities, structuring our investments and monitoring our investments in portfolio companies on an ongoing basis. WhiteHorse Advisers has also agreed to provide us with access to personnel and its investment committee, or the Investment Committee. WhiteHorse Advisers is a registered investment adviser under the Investment Advisers Act of 1940, as amended, or the Advisers Act. Under our investment advisory agreement with WhiteHorse Advisers, or the Investment Advisory Agreement, we pay WhiteHorse Advisers a base management fee and an incentive fee for its services.

WhiteHorse Advisers entered into a staffing agreement, or the Staffing Agreement, with an affiliate of H.I.G. Capital under which the affiliate has agreed to make experienced investment professionals available to WhiteHorse Advisers and to provide access to its senior investment personnel to enable WhiteHorse Advisers to perform all of its obligations under the Investment Advisory Agreement. The Staffing Agreement provides WhiteHorse Advisers with access to deal flow generated by H.I.G. Capital in the ordinary course of business and commits certain members of H.I.G. Capital's investment committee to serve as members of the Investment Committee. In addition, under the Staffing Agreement, H.I.G. Capital is obligated to allocate investment opportunities among its managed affiliates fairly and equitably over time in accordance with its allocation policy. The Staffing Agreement provides WhiteHorse Advisers with access to the deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of H.I.G. Capital's senior investment professionals.

An affiliate of our investment adviser, WhiteHorse Administration, under an administration agreement, or the Administration Agreement, provides the administrative services necessary for us to operate.

About H.I.G. Capital

H.I.G. Capital, founded in 1993, is a leading global alternative asset manager focused on the lower middle market. As of December 31, 2022, H.I.G. Capital managed approximately $52 billion of capital (based on regulatory assets under management, as reported on Form ADV) across multiple investment funds supported by approximately 560 dedicated investment professionals. These investment professionals bring a depth of experience and skills across a broad range of industries and transaction types, including primary loan originations, secondary debt purchases and special situations and distressed debt investing.

Investment Strategy

Our investment strategy is to generate current income and capital appreciation primarily by originating secured loans. We seek to create a broad portfolio consisting of investments generally in the range of $5 million to $25 million primarily in debt securities and loans of U.S. based lower middle market companies. We primarily target borrowers in the United States with enterprise values of $50 million to $350 million across a broad range of industries. The proceeds of our loans are used for a variety of purposes, including refinancings of existing debt, acquisition financing, or working capital to support growth or realignment.

While we focus principally on originating senior secured loans to lower middle market companies that we believe have attractive risk adjusted returns, including first lien and second lien facilities, we may also opportunistically make investments at other levels of a company's capital structure, including mezzanine loans or equity interests. We also may receive warrants to purchase common stock in connection with our debt investments. We may also invest in assets consistent with our investment strategy indirectly through the acquisitions of interests in other investment companies. We generate current income through the receipt of interest payments, origination and other fees, and dividends. Our typical loans are based on a floating interest rate index such as LIBOR or SOFR plus a spread, have a term of three to six years, are secured by all tangible and intangible assets of the borrower and include covenants, monitoring and information rights in favor of the lender.

Target businesses will typically exhibit some or all of the following characteristics:

- enterprise value of between $50 million and $350 million;
- organized in the United States;
- experienced management team;
- stable and predictable free cash flows;
- discernible downside protection through recurring revenue or strong tangible asset coverage;
- products and services with distinctive competitive advantages or other barriers to entry;
- low technology and market risk; and
- strong customer relationships.

None of these investment policies is fundamental, and they may be changed without stockholder approval.

We expect that, from time to time, our investments may include certain non-qualifying assets, including assets of non-U.S. companies, certain publicly traded companies and, to a lesser extent and subject to certain limits under the 1940 Act, registered or unregistered investment companies.

Investment Process Overview

Sourcing. Our deal flow and idea generation for lower middle market investments primarily originates from H.I.G. Capital's extensive network of informal and unconventional deal sources in the lower middle market business community. Built over the past 28 years, this deal sourcing network includes accountants, attorneys, brokers, insurance agents, consultants and financial advisors who have access to lower middle market companies. The contacts in H.I.G. Capital's network generally operate outside of the structured investment banking infrastructure and typically play a limited introductory role to the companies and their management teams. In addition, H.I.G. Capital promotes a culture in which sourcing is considered a focus for its approximately 560 investment professionals throughout its 18 offices, from analysts to managing directors. Lastly, H.I.G. Capital's in-house business development group of approximately 25 dedicated deal sourcing professionals supplements this effort through an outbound calling program.

Due Diligence. We believe that the cornerstone of generating attractive risk-adjusted returns is a thorough due diligence process. We utilize the same methodology to evaluate potential investments that H.I.G. Capital has used over the past 28 years, which includes employing a highly analytical, private equity-like framework for rigorously assessing companies, extensive due diligence and a disciplined risk valuation methodology that guides investment decisions. As part of every transaction we consider and analyze the following key target company criteria: (1) cash flow generation, (2) underlying asset valuation, (3) competitive position, (4) industry dynamics and (5) strength of management. In addition, our due diligence process for lower middle market companies will typically entail:

- a thorough review of historical and pro forma financial information;
- on-site visits with management;
- a review of loan documents and material contracts;
- third-party "quality of earnings" accounting due diligence, when appropriate;
- research relating to the company's business, industry, markets, products and services of competitors;
- background checks on key managers; and
- the commission of third-party market studies, when appropriate.

Structuring Originations. Our investment adviser's team has substantial expertise in structuring and documenting loans originated to lower middle market companies. Our investment adviser works with outside counsel to structure loans with strong creditor protections and contractual controls over borrower operations. Our investment adviser works to obtain extensive operating and financial covenants, detailed reporting requirements, governance rights and board of directors seats to protect our investment while allowing the borrower the necessary flexibility to execute its business plan successfully. We believe that our investment adviser's extensive experience investing in distressed debt and special situations allows it to anticipate the form of potential restructurings in order to maximize our potential recovery in such an event, and to better structure our loan and credit documentation to protect us from risks identified in the due diligence process. Our investment adviser also evaluates the broader capital structure of the borrower to ensure that we have strong rights as compared to other participants in the borrower's capital structure.

Portfolio Management and Monitoring. We actively monitor and manage our portfolio with regard to individual company performance as well as general market conditions. Investment decisions on new originations generally include an analysis of the impact of the new loan on our broader portfolio, including a "top-down" assessment of portfolio diversification and risk exposure. This assessment includes a review of portfolio concentration by issuer, industry, geography and type of credit as well as an evaluation of our portfolio's exposure to macroeconomic factors and cyclical trends.

We believe that consistent, active monitoring of individual companies and the broader market is integral to portfolio management and a critical component of our investment process. Our investment adviser uses several methods to evaluate and monitor the performance and fair value of our investments, which may include the following:

- frequent discussions with management and sponsors, including board observation rights where possible;
- comparing/analyzing financial performance to the portfolio company's business plan, as well as our internal projections developed during the underwriting process;
- tracking portfolio company compliance with covenants as well as other metrics identified at the initial investment stage, such as acquisitions, divestitures, product development and specified management hires; and
- periodic review by the Investment Committee of each asset in the portfolio and rigorous monitoring of "watch list" positions.

As part of the monitoring process, our investment adviser regularly assesses the risk profile of each of our investments and, on a quarterly basis, grades each investment on a risk scale of 1 to 5. This risk rating system is intended to identify and assess risks relative to when we initially made the investment and could be impacted by such factors as company-specific performance, changes in collateral, changes in potential exit opportunities or macroeconomic conditions.

All investments are initially assigned a rating of 2, as this grade represents a company that is meeting initial expectations with regard to performance and outlook. A rating may be improved to a 1 if, in the opinion of our investment adviser, a portfolio company's risk of loss has been reduced relative to initial expectations. An investment will be assigned a rating of 3 if the risk of loss has increased relative to initial expectations and will be assigned a rating of 4 if our investment principal is at a material risk of not being fully repaid. A rating of 5 indicates an investment is in payment default and has significant risk of not receiving full repayment.

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale at fair value as of December 31, 2022 and 2021:

	As of December 31, 2022		As of December 31, 2021	
Investment Performance Rating ($ in millions)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
1	$ 65.2	8.6 %	$ 125.8	15.4 %
2	503.5	66.2	611.9	74.7
3	168.6	22.2	73.2	8.9
4	22.9	3.0	8.3	1.0
5	—	—	—	—
Total Portfolio	**$ 760.2**	**100.0 %**	**$ 819.2**	**100.0 %**

Investment Committee and Decision Process

The Investment Committee oversees our investment activities, subject to the oversight of our board of directors, and is led by senior investment professionals of H.I.G. Capital. The Investment Committee process is intended to bring the experience and perspectives of the various members to the analysis and consideration of each investment. The Investment Committee process is a highly collaborative effort, typically beginning at the term sheet phase of a transaction and continuing through the close of the transaction. When an opportunity is first discussed, the Investment Committee assists the investment team in exploring the key issues requiring due diligence or deal structuring and identifying the available resources within H.I.G. Capital, including other H.I.G. investment professionals or senior managers from current and former portfolio companies with specific industry experience. Throughout the transaction process, the investment team meets regularly with the Investment Committee in a process which requires all of the investment committee's concerns to be appropriately addressed through due diligence and transaction structuring. This collaborative process between the investment team and the Investment Committee means that, by the time a potential transaction is ready for final approval or rejection, the Investment Committee members are already deeply familiar with it and have had an opportunity to address any concerns. As a result, Investment Committee decisions are made by consensus. The Investment Committee meets regularly, including special meetings on short notice, to approve or discuss material developments on new or existing investments.

WHF STRS Ohio Senior Loan Fund

In January 2019, we and State Teachers Retirement System of Ohio, or STRS Ohio, formed a joint venture, WHF STRS Ohio Senior Loan Fund, or STRS JV, that invests primarily in senior secured loans, including first lien and second lien facilities, to performing lower middle market companies across a broad range of industries that typically are based on a floating interest rate index such as LIBOR or SOFR and have a term of three to six years. STRS JV was formed as a Delaware limited liability company and is not consolidated by either us or STRS Ohio for financial reporting purposes. On July 19, 2019 STRS JV formally launched operations. STRS JV invests in portfolio companies in the same industries in which we may directly invest. As of December 31, 2022 and 2021, STRS JV had $305.3 and $273.5 million in total assets, respectively.

We provide capital to STRS JV in the form of limited liability company, or LLC, equity interests and subordinated notes. As of December 31, 2022, we and STRS Ohio owned 66.67% and 33.33%, respectively, of the LLC equity interests of STRS JV. STRS JV is managed by a four-person board of managers, two of whom are selected by us and two of whom are selected by STRS Ohio.

All material decisions with respect to STRS JV, including those involving its investment portfolio, require unanimous approval of a quorum of the board of managers. Quorum is defined as (i) the presence of two members of the board of managers; provided that at least one individual is present that was elected, designated or appointed by each member; (ii) the presence of three members of the board of managers; provided that the individual that was elected, designated or appointed by the member with only one individual present is entitled to cast two votes on each matter; or (iii) the presence of four members of the board of managers; provided that two individuals are present that were elected, designated or appointed by each member.

Competition

Our primary competitors that provide financing to lower middle market companies include public and private investment funds, including other business development companies, commercial and investment banks, commercial financing companies, specialty finance companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. For additional information concerning the competitive risks we face, see “Risk Factors — Risks Relating to our Business and Structure — The highly competitive market for investment opportunities in which we operate may limit our investment opportunities.”

Administration

We do not have any direct employees, and our day-to-day investment operations are managed by our investment adviser. We have a chief executive officer, chief financial officer and chief compliance officer and, to the extent necessary, our board of directors may elect to hire additional personnel going forward. Under the Investment Advisory Agreement and the Administration Agreement, WhiteHorse Advisers, WhiteHorse Administration and their affiliates, respectively, have agreed to provide us with access to personnel, the Investment Committee and certain other resources so that we may perform our obligations as portfolio manager. Our officers are employees of an affiliate of WhiteHorse Administration, an affiliate of our investment adviser, and our allocable portion of the cost of our chief financial officer and chief compliance officer along with their respective staffs is paid by us pursuant to the Administration Agreement. Some of our executive officers are also officers of WhiteHorse Advisers. See “Business — Management Agreements — Administration Agreement.”

MANAGEMENT AGREEMENTS

Investment Advisory Agreement

WhiteHorse Advisers serves as our investment adviser in accordance with the terms of the Investment Advisory Agreement. Subject to the overall supervision of our board of directors, our investment adviser manages our day-to-day operations and provides investment management services to us. Under the terms of the Investment Advisory Agreement, WhiteHorse Advisers:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of the investments we make (including performing due diligence on our prospective portfolio companies); and
- closes, monitors and administers the investments we make, including the exercise of any voting or consent rights.

WhiteHorse Advisers' services under the Investment Advisory Agreement are not exclusive, and it is free to furnish similar services to other entities so long as its services to us are not impaired. Under the Investment Advisory Agreement, we pay WhiteHorse Advisers a fee for investment management services consisting of a base management fee and an incentive fee.

Base Management Fee

The base management fee is calculated at an annual rate equal to 2.0% based on our consolidated gross assets (including cash and cash equivalents and assets purchased with borrowed funds); provided, however, the base management fee will be calculated at an annual rate equal to 1.25% of our consolidated gross assets (including cash and cash equivalents and assets purchased with borrowed funds), that exceed the product of (i) 200% and (ii) the value of our total net assets, at the end of the two most recently completed calendar quarters, and is payable in arrears. Base management fees for any partial month or quarter is appropriately pro-rated.

WhiteHorse Advisers agreed to waive that portion of the base management fee payable with respect to cash and cash equivalents and restricted cash and cash equivalents to which it would otherwise be entitled under the Investment Advisory Agreement for the fiscal quarters ended September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019; and for the fiscal quarter ended September 30, 2019 only to the extent that the determination of base management fees would otherwise include June 30, 2019 cash and cash equivalents and restricted cash and cash equivalents for the purpose of calculating the average carrying value of consolidated gross assets. The waived fees are not subject to recoupment by the Investment Adviser.

Performance-based Incentive Fee

The performance-based incentive fee consists of two components that are independent of each other, except as provided by the incentive fee cap and deferral mechanism discussed below.

The calculations of these two components have been structured to include a fee limitation such that no incentive fee will be paid to our investment adviser for any quarter if, after such payment, the cumulative incentive fees paid to our investment adviser for the period that includes the current fiscal quarter and the 11 full preceding fiscal quarters, referred to as the "Incentive Fee Look-back Period," would exceed 20.0% of the Cumulative Pre-Incentive Fee Net Return (as defined below) during the Incentive Fee Look-back Period. Each quarterly incentive fee is subject to the Incentive Fee Cap (as defined below) and a deferral mechanism through which the Investment Adviser may recapture a portion of such deferred incentive fees, which is referred to together as the "Incentive Fee Cap and Deferral Mechanism."

This limitation is accomplished by subjecting each incentive fee payable to a cap, which is referred to as the "Incentive Fee Cap." The Incentive Fee Cap in any quarter is equal to (a) 20.0% of Cumulative Pre-Incentive Fee Net Return (as defined below) during the Incentive Fee Look-back Period less (b) cumulative incentive fees of any kind paid to the Investment Adviser during the Incentive Fee Look-back Period. To the extent the Incentive Fee Cap is zero or a negative value in any quarter, we will pay no incentive fee to our investment adviser in that quarter. WhiteHorse Finance will only pay incentive fees to the extent allowed by the Incentive Fee Cap and Deferral Mechanism. To the extent that the payment of incentive fees is limited by the Incentive Fee Cap and Deferral Mechanism, the payment of such fees may be deferred and paid in subsequent quarters up to three years after their date of deferment, subject to applicable limitations included in the Investment Advisory Agreement. The deferral component of the Incentive Fee Cap and Deferral Mechanism may cause incentive fees that accrued during one fiscal quarter to be paid to our investment adviser at any time during the 11 full fiscal quarters following such initial full fiscal quarter.

The "Cumulative Pre-Incentive Fee Net Return" refers to the sum of (a) Pre-Incentive Fee Net Investment Income for each period during the Incentive Fee Look-back Period and (b) the sum of cumulative realized capital gains, cumulative realized capital losses, cumulative unrealized capital depreciation and cumulative unrealized capital appreciation during the applicable Incentive Fee Look-back Period.

The first component, which is income-based, is calculated and payable quarterly in arrears, commencing with the quarter beginning January 1, 2013, based on our Pre-Incentive Fee Net Investment Income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, subject to the Incentive Fee Cap and Deferral Mechanism. For this purpose, "Pre-Incentive Fee Net Investment Income" means, in each case on a consolidated basis, interest income, distribution income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies) accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under the Administration Agreement, any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

The operation of the first component of the incentive fee for each quarter is as follows:

- no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the "Hurdle Rate" of 1.75% (7.00% annualized);

- 100% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle Rate but is less than 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle Rate but is less than 2.1875%) as the "catch-up." The effect of the catch-up is that, if such Pre-Incentive Fee Net Investment Income exceeds 2.1875% in any calendar quarter, our investment adviser will receive 20% of such Pre-Incentive Fee Net Investment Income as if the Hurdle Rate did not apply; and

- 20% of the amount of such Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser (once the Hurdle Rate is reached and the catch-up is achieved, 20% of all Pre-Incentive Fee Net Investment Income).

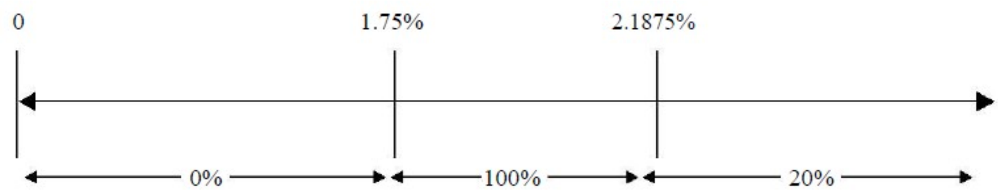
The portion of such incentive fee that is attributable to deferred interest (such as payment-in-kind, or PIK, interest or original issue discount) is paid to our investment adviser, together with interest from the date of deferral to the date of payment, only if and to the extent we actually receive such interest in cash, and any accrual will be reversed if and to the extent such interest is reversed in connection with any write-off or similar treatment of the investment giving rise to any deferred interest accrual. Any reversal of such amounts would reduce net income for the quarter by the net amount of the reversal (after taking into account the reversal of incentive fees payable) and would result in a reduction and possibly elimination of the incentive fees for such quarter.

There is no accumulation of amounts on the Hurdle Rate from quarter to quarter and, accordingly, there is no clawback of amounts previously paid if returns in subsequent quarters fall below the quarterly Hurdle Rate and there is no delay of payment if prior quarters are below the quarterly Hurdle Rate. Since the Hurdle Rate is fixed, as interest rates rise, it will be easier for our investment adviser to surpass the Hurdle Rate and receive an incentive fee based on Pre-Incentive Fee Net Investment Income.

Net investment income used to calculate this component of the incentive fee is also included in the amount of our consolidated gross assets used to calculate the 2.0% base management fee. This calculation will be appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the current quarter.

The following is a graphical representation of the calculation of the income-based component of the incentive fee:

Quarterly Incentive Fee based on Pre-Incentive Fee Net Investment Income
(expressed as a percentage of the value of net assets)



Percentage of Pre-Incentive Fee Net Investment Income allocated to first component of incentive fee

The second component, the capital gains component of the incentive fee, is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commencing on January 1, 2013, and equals 20% of our cumulative aggregate realized capital gains from the beginning of each calendar year through the end of that calendar year, computed net of our aggregate cumulative realized capital losses and our aggregate cumulative unrealized capital depreciation through the end of such year, less the aggregate amount of any previously paid capital gains incentive fees and subject to the Incentive Fee Cap and Deferral Mechanism. If such amount is negative, then no capital gains incentive fee will be payable for such year. Additionally, if the Investment Advisory Agreement is terminated as of a date that is not a calendar year end, the termination date will be treated as though it were a calendar year end for purposes of calculating and paying the capital gains incentive fee. The capital gains component of the incentive fee is not subject to any minimum return to stockholders.

Because of the structure of the incentive fee, it is possible that we may pay an incentive fee in a quarter where we incur a loss subject to the Incentive Fee Cap and Deferral Mechanism. For example, if we receive Pre-Incentive Fee Net Investment Income in excess of the Hurdle Rate, we will pay the applicable incentive fee even if we have incurred a loss in that quarter due to realized and unrealized capital losses.

Examples of Quarterly Incentive Fee Calculation

Each of the following examples assumes that the Incentive Fee Cap and Deferral Mechanism is met.

Example 1: Income Related Portion of Incentive Fee (*)

Alternative 1

Assumptions

Investment income (including interest, distributions, fees, etc.) = 1.25%

Hurdle Rate(1) = 1.75%

Base management fee(2) = 0.50%

Other expenses (legal, accounting, custodian, transfer agent, etc.) = 0.25%

Pre-Incentive Fee Net Investment Income

(investment income – (base management fee + other expenses)) = 0.50%

Pre-Incentive Fee Net Investment Income does not exceed the Hurdle Rate, therefore there is no incentive fee.

Alternative 2

Assumptions

Investment income (including interest, distributions, fees, etc.) = 2.70%

Hurdle Rate(1) = 1.75%

Base management fee(2) = 0.50%

Other expenses (legal, accounting, custodian, transfer agent, etc.) = 0.25%

Pre-Incentive Fee Net Investment Income

(investment income – (base management fee + other expenses)) = 1.95%

Pre-Incentive Fee Net Investment Income exceeds the Hurdle Rate, therefore there is an incentive fee.

Incentive fee = (100% × “catch-up”) + (the greater of 0% **AND** (20% × (Pre-Incentive Fee Net Investment Income — 2.1875%)))
= (100.0% × (Pre-Incentive Fee Net Investment Income – 1.75%)) + 0%
= 100.0% × (1.95% – 1.75%)
= 100.0% × 0.20%
= 0.20%

Alternative 3

Assumptions

Investment income (including interest, distributions, fees, etc.) = 3.00%

Hurdle Rate(1) = 1.75%

Base management fee(2) = 0.50%

Other expenses (legal, accounting, custodian, transfer agent, etc.) = 0.25%

Pre-Incentive Fee Net Investment Income

(investment income – (base management fee + other expenses)) = 2.25%

Pre-Incentive Fee Net Investment Income exceeds the Hurdle Rate, therefore there is an incentive fee.

Incentive fee = (100% × "catch-up") + (the greater of 0% **AND** (20% × (Pre-Incentive Fee Net Investment Income – 2.1875%)))
= (100% × (2.1875% – 1.75%)) + (20.0% × (2.25% – 2.1875%))
= 0.4375% + (20.0% × 0.0625%)
= 0.4375% + 0.0125%
= 0.45%

Example 2: Capital Gains Portion of Incentive Fee

Alternative 1

Assumptions

Year 1: $20 million investment made in Company A ("Investment A"), and $30 million investment made in Company B ("Investment B")

Year 2: Investment A sold for $50 million and fair market value, or FMV, of Investment B determined to be $32 million

Year 3: FMV of Investment B determined to be $25 million

Year 4: Investment B sold for $31 million

The capital gains portion of the incentive fee would be:

Year 1: None

Year 2: Capital gains incentive fee of $6.0 million ($30 million realized capital gains on sale of Investment A multiplied by 20.0%)

Year 3: None; $5.0 million (20.0% multiplied by ($30 million cumulative capital gains less $5.0 million cumulative capital depreciation)) less $6.0 million (capital gains fee paid in Year 2)

Year 4: Capital gains incentive fee of $200,000; $6.2 million ($31 million cumulative realized capital gains multiplied by 20.0%) less $6.0 million (capital gains fee paid in Year 2)

(*) The hypothetical amount of Pre-Incentive Fee Net Investment Income shown is based on a percentage of net assets.

(1) Represents 7.00% annualized Hurdle Rate.

(2) Represents 2.00% annualized base management fee. This amount does not reflect that our Investment Adviser has agreed to exclude cash and cash equivalents from the calculation of the base management fee for the calendar quarters ending September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019.

Alternative 2

Assumptions

Year 1: $20 million investment made in Company A (“Investment A”), $30 million investment made in Company B (“Investment B”) and $25 million investment made in Company C (“Investment C”)

Year 2: Investment A sold for $50 million, FMV of Investment B determined to be $25 million and FMV of Investment C determined to be $25 million

Year 3: FMV of Investment B determined to be $27 million and Investment C sold for $30 million

Year 4: FMV of Investment B determined to be $35 million

Year 5: Investment B sold for $20 million

The capital gains portion of the incentive fee would be:

Year 1: None

Year 2: Capital gains incentive fee of $5.0 million; 20.0% multiplied by $25 million ($30 million realized capital gains on Investment A less $5 million unrealized capital depreciation on Investment B)

Year 3: Capital gains incentive fee of $1.4 million; $6.4 million (20.0% multiplied by $32 million ($35 million cumulative realized capital gains less $3 million unrealized capital depreciation on Investment B)) less $5.0 million (capital gains fee received in Year 2)

Year 4: None

Year 5: None; $5.0 million of capital gains incentive fee (20.0% multiplied by $25 million (cumulative realized capital gains of $35 million less realized capital losses of $10 million)) less $6.4 million (cumulative capital gains fee paid in Year 2 and Year 3)

Example 3: Application of the Incentive Fee Cap and Deferral Mechanism

Assumptions

In each of Years 1 through 4 in this example, as well as in each preceding year, Pre-Incentive Fee Net Investment Income equals $40.0 million per year, which we recognized evenly in each quarter of each year and paid quarterly. This amount exceeds the Hurdle Rate and the requirement of the “catch-up” in each quarter of such year. As a result, the annual income related portion of the incentive fee, before the application of the Incentive Fee Cap and Deferral Mechanism in any year is $8.0 million ($40.0 million multiplied by 20%), and the cumulative income related portion of the incentive fee before the application of the Incentive Fee Cap and Deferral Mechanism over any Incentive Fee Look-back Period prior to any payment of incentive fees during such year is $16.0 million ($8.0 million multiplied by two). All income-related incentive fees were paid quarterly in arrears.

In each year preceding Year 1, we did not generate realized or unrealized capital gains or losses, no capital gain-related incentive fee was paid and there was no deferral of incentive fees.

Year 1: We did not generate realized or unrealized capital gains or losses

Year 2: We realized a $30.0 million capital gain and did not otherwise generate realized or unrealized capital gains or losses

Year 3: We recognized a $5.0 million unrealized capital depreciation and did not otherwise generate realized or unrealized capital gains or losses

Year 4: We realized a $6.0 million capital gain and did not otherwise generate realized or unrealized capital gains or losses

	Income Related Incentive Fee Accrued Before Application of Incentive Fee Cap and Deferral Mechanism	Capital Gains Related Incentive Fee Accrued Before Application of Incentive Fee Cap and Deferral Mechanism	Incentive Fee Cap	Incentive Fees Paid and Deferred
Year 1	$8.0 million ($40.0 million multiplied by 20%)	None	$8.0 million (20% of Cumulative Pre-Incentive Fee Net Return during Incentive Fee Look-back Period of $120.0 million less $16.0 million of cumulative incentive fees paid)	Incentive fees of $8.0 million paid; no incentive fees deferred
Year 2	$8.0 million ($40.0 million multiplied by 20%)	$6.0 million (20% of $30.0 million)	$14.0 million (20% of Cumulative Pre-Incentive Fee Net Return during Incentive Fee Look-back Period of $150.0 million ($120.0 million plus $30.0 million) less $16.0 million of cumulative incentive fees paid)	Incentive fees of $14.0 million paid; no incentive fees deferred
Year 3	$8.0 million ($40.0 million multiplied by 20%)	None (20% of cumulative net capital gains of $25.0 million ($30.0 million in cumulative realized gains less $5.0 million in cumulative unrealized capital depreciation) less $6.0 million of capital gains fee paid in Year 2)	$7.0 million (20% of Cumulative Pre-incentive Fee Net Return during Incentive Fee Look-back Period of $145.0 million ($120.0 million plus $25.0 million) less $22.0 million of cumulative incentive fees paid)	Incentive fees of $7.0 million paid; $8.0 million of incentive fees accrued but payment restricted to $7.0 million by the Incentive Fee Cap; $1.0 million of incentive fees deferred
Year 4	$8.0 million ($40.0 million multiplied by 20%)	$0.2 million (20% of cumulative net capital gains of $31.0 million ($36.0 million cumulative realized capital gains less $5.0 million cumulative unrealized capital depreciation) less $6.0 million of capital gains fee paid in Year 2)	$9.2 million (20% of Cumulative Pre-Incentive Fee Net Return during Incentive Fee Look-back Period of $151.0 million ($120.0 million plus $31.0 million) less $21.0 million of cumulative incentive fees paid)	Incentive fees of $9.2 million paid ($8.2 million of incentive fees accrued in Year 4 plus $1.0 million of deferred incentive fees); no incentive fees deferred

Payment of Our Expenses

WhiteHorse Advisers provides and pays for all investment professionals of WhiteHorse Advisers and their respective staffs, when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services. From time to time, our investment adviser may pay expenses on our behalf and be reimbursed by us in respect thereof. For a discussion of other costs and expenses of our operations and transactions that we bear, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview — Expenses.”

Duration and Termination

The Investment Advisory Agreement, originally approved on September 18, 2012 and subsequently amended and restated on August 1, 2018, was re-approved by our board of directors, including a majority of our directors who are not interested persons of WhiteHorse Finance, on February 23, 2023. Unless terminated earlier as described below, the Investment Advisory Agreement remains in effect from year to year thereafter if approved annually by our board of directors, or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not interested persons of WhiteHorse Finance. The Investment Advisory Agreement will automatically terminate in the event of its assignment. The Investment Advisory Agreement may be terminated by either party without penalty upon not less than 60 days' written notice to the other party. Any termination by us must be authorized either by our board of directors or by vote of our stockholders. See "Risk Factors — Risks Relating to our Business and Structure — We depend upon key personnel of H.I.G. Capital and its affiliates."

Limitation of Liability and Indemnification

The Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, WhiteHorse Advisers and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with the Investment Adviser, including its general partner and the Administrator are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from WhiteHorse Advisers' performance of its duties and obligations under the Investment Advisory Agreement or otherwise as our investment adviser.

Board of Directors Approval of the Investment Advisory Agreement

On February 23, 2023, our board of directors voted unanimously to re-approve the Investment Advisory Agreement. In reaching its decision to re-approve the Investment Advisory Agreement our board of directors considered information it received relating to:

- the nature, quality and extent of the advisory and other services to be provided to us by our Investment Adviser;
- information about the services to be performed and the personnel performing such services under the Investment Advisory Agreement;
- comparative data with respect to advisory fees or similar expenses paid by other business development companies with similar investment objectives;
- our projected operating expenses and expense ratio compared to business development companies with similar investment objectives;
- any existing and potential sources of indirect income to our investment adviser or WhiteHorse Administration from their relationships with us and the profitability of those relationships;
- the organizational capability and financial condition of our Investment Adviser and its affiliates;
- our investment adviser's practices regarding the selection and compensation of brokers that may execute our portfolio transactions and the brokers' provision of brokerage and research services to our investment adviser; and
- the possibility of obtaining similar services from other third party service providers or through an internally managed structure.

In connection with their consideration of the renewal of the Investment Advisory Agreement, the board of directors gave weight to each of the factors described above, but did not identify any one particular factor as controlling its decision. Based on information that the board of directors reviewed, the considerations detailed above and further discussions, at a meeting held on February 23, 2023, the board of directors, including a majority of our directors who are not interested persons of WhiteHorse Finance or the Investment Adviser, determined that the investment advisory fee rates were reasonable in relation to the services to be provided and re-approved to the Investment Advisory Agreement. We expect that the board of directors will undertake the same or a similar review in connection with any proposed amendment to, or further renewal of, the Investment Advisory Agreement.

Administration Agreement

Pursuant to the Administration Agreement, WhiteHorse Administration and its affiliates furnish us with office facilities, equipment and clerical, bookkeeping and record keeping services to enable us to operate. WhiteHorse Administration also provides us with access to the resources necessary for us to perform our obligations as portfolio manager of WhiteHorse Credit, under the Credit Facility and for certain portfolio companies. Under the Administration Agreement, WhiteHorse Administration performs, or oversees the performance of, our required administrative services, which include being responsible for the financial records which we are required to maintain and preparing reports to our stockholders and reports filed with the SEC. In addition, WhiteHorse Administration assists us in determining and publishing our NAV, oversees the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others, including the reimbursement by us of amounts paid by the Administration on our behalf. Payments in respect of the obligations of WhiteHorse Administration and its affiliates under the Administration Agreement equal an amount based upon our allocable portion of WhiteHorse Administration's overhead in performing its obligations under the Administration Agreement, including rent and our allocable portion of the cost of our chief financial officer and chief compliance officer along with their respective staffs. Under the Administration Agreement, WhiteHorse Administration also provides managerial assistance on our behalf to portfolio companies that request such assistance. The renewal of the Administration Agreement was approved by our board of directors on February 23, 2023. The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party. To the extent that our Administrator outsources any of its functions, we will pay the fees associated with such functions on a direct basis, without any profit to WhiteHorse Administration.

Limitation of Liability and Indemnification

The Administration Agreement provides that WhiteHorse Administration and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Administrator, including its members, are not liable to us or any of our stockholders for any act or omission by it or its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Administrator, including its members, in connection with the performance of any of the Administrator's duties or obligations under the Administration Agreement or otherwise as our administrator, or for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) or losses sustained by us or our stockholders, except that the foregoing exculpation does not extend to any act or omission constituting willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations under the Administration Agreement. The Administration Agreement also provides for indemnification by us of WhiteHorse Administration and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Administrator for damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) incurred by them in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by us or our stockholders or in our or our stockholders' right) arising out of or otherwise based on WhiteHorse Administration's duties or obligations under the Administration Agreement or otherwise as our administrator, subject to the same limitations and conditions.

License Agreement

We have entered into a trademark license agreement, or the License Agreement, with an affiliate of H.I.G. Capital pursuant to which we have been granted a non-exclusive, royalty-free license to use the "WhiteHorse" name. Under this agreement, we have a right to use the WhiteHorse name for so long as WhiteHorse Advisers or one of its affiliates remains our investment adviser. The License Agreement is terminable by either party at any time in its sole discretion upon 60 days' prior written notice to the other party and is also terminable by the affiliate of H.I.G. Capital in the case of certain events of non-compliance. Other than with respect to this limited license, we have no legal right to the "WhiteHorse" name.

REGULATION

We have elected to be treated as a business development company under the 1940 Act and as a RIC, under Subchapter M of the Code. The 1940 Act contains prohibitions and restrictions relating to transactions between business development companies and their affiliates (including any investment advisers or sub-advisers), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors of a business development company be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a business development company unless such change is approved by a majority of our outstanding voting securities.

Our board of directors may decide to issue common stock to finance our operations rather than issuing debt or other senior securities. As a business development company, we are not generally able to issue and sell our common stock at a price below the then-current NAV per share. We may, however, issue or sell our common stock at a price below the then-current NAV of the common stock, or sell warrants, options or rights to acquire such common stock, at a price below the then-current NAV of the common stock if our board of directors determines that such sale is in the best interests of us and our stockholders, and if our stockholders approve such sale within the preceding 12 months. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount).

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act of 1933, as amended, or the Securities Act. Our intention is to not write (sell) or buy put or call options to manage risks associated with the publicly traded securities of our portfolio companies, except that we may enter into hedging transactions to manage the risks associated with interest rate fluctuations to the extent that we are permitted to engage in such hedging transactions without registering with the U.S. Commodity Futures Trading Commission, or CFTC, as a commodity pool operator. However, we may purchase or otherwise receive warrants to purchase the common stock of our portfolio companies in connection with acquisition financing or other investments. Similarly, in connection with an acquisition, we may acquire rights to require the issuers of acquired securities or their affiliates to repurchase them under certain circumstances. We also do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, we generally cannot acquire more than three percent of the voting stock of any registered investment company, invest more than five percent of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of one or more investment companies. SEC rules permit a business development company to exceed these limits subject to certain conditions. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses. None of these policies is fundamental, and all may be changed without stockholder approval.

Exclusion of the Investment Adviser from Commodity Pool Operator Definition

Engaging in commodity interest transactions such as swap transactions or futures contracts for us may cause the Investment Adviser to fall within the definition of "commodity pool operator" under the Commodity Exchange Act, or the CEA, and related CFTC regulations. The Investment Adviser has claimed an exclusion from the definition of the term "commodity pool operator" under the CEA and the CFTC regulations in connection with its management of us, or the Exclusion. Therefore, the Investment Adviser is not subject to CFTC registration or regulation under the CEA as a commodity pool operator with respect to its management of us. The Investment Adviser intends to affirm the Exclusion on an annual basis, and as of the date of this annual report on Form 10-K, has affirmed the Exclusion through the fiscal year ending December 31, 2023.

Qualifying Assets

Under the 1940 Act, a business development company may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our business are the following:

(1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:

(a) is organized under the laws of, and has its principal place of business in, the United States;

(b) is not an investment company (other than a small business investment company, or SBIC, wholly owned by the business development company) or a company that would be an investment company but for certain exclusions under the 1940 Act; and

(c) satisfies any of the following:

- does not have any class of securities listed on a national securities exchange or has any class of securities listed on a national securities exchange subject to a maximum market capitalization of $250 million; or
- is controlled by a business development company or a group of companies including a business development company, and the business development company actually exercises a controlling influence over the management or policies of the eligible portfolio company, and, as a result, the business development company has an affiliated person who is a director of the eligible portfolio company.

(2) Securities of any eligible portfolio company which we control.

(3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.

(4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.

(5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.

(6) Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

The regulations defining and interpreting qualifying assets may change over time. We expect to adjust our investment focus as needed to comply with and/or take advantage of any regulatory, legislative, administrative or judicial actions in this area.

Managerial Assistance to Portfolio Companies

In addition, a business development company must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (1), (2) or (3) above; except that, in order to count portfolio securities as qualifying assets for the purpose of the 70% test, the business development company must either control the issuer of the securities or must offer to make available to the issuer of the securities (other than small and solvent companies described above) significant managerial assistance. However, where a business development company purchases such securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance. Making available managerial assistance means any arrangement whereby the business development company, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

WhiteHorse Administration provides such managerial assistance on our behalf to portfolio companies that request this assistance. We may receive fees for these services and reimburse WhiteHorse Administration for its allocated costs in providing such assistance, subject to review and approval by our board of directors, including our independent directors.

Temporary Investments

Pending investment in other types of qualifying assets, as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets. Typically, we will invest in U.S. Treasury bills or in repurchase agreements, so long as such agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we would generally not meet the Diversification Tests (as defined below) in order to qualify as a RIC for U.S. federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. Our Investment Adviser monitors the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Senior Securities

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our “asset coverage,” as that term is defined in the 1940 Act, is at least equal to 150% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to five percent of the value of our total assets for temporary or emergency purposes without regard to asset coverage, provided that any such borrowings in excess of five percent of the value of our total assets would be subject to the asset coverage ratio requirements of the 1940 Act, even if for temporary liquidity or emergency purposes.sFor a discussion of the risks associated with leverage, see “Risk Factors — Risks Relating to our Business and Structure — Regulations governing our operation as a business development company, including those related to the issuance of senior securities, will affect our ability to, and the way in which we, raise additional debt or equity capital.”

Code of Ethics

We and WhiteHorse Advisers have each adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. For additional information, see “Item 10. Directors, Executive Officers and Corporate Governance — Code of Ethics.”

Compliance Policies and Procedures

We and our Investment Adviser have adopted and implemented written policies and procedures reasonably designed to prevent violation of the federal securities laws and are required to review these compliance policies and procedures annually for their adequacy and the effectiveness of their implementation. Our chief compliance officer is responsible for administering our policies and procedures.

Proxy Voting Policies and Procedures

We have delegated our proxy voting responsibility to our Investment Adviser. The Proxy Voting Policies and Procedures of our Investment Adviser are described below. The guidelines are reviewed periodically by our Investment Adviser and our non-interested directors and, accordingly, are subject to change. For purposes of these Proxy Voting Policies and Procedures described below, “we,” “our” and “us” refers to our Investment Adviser.

Introduction

As an investment adviser registered under the Advisers Act, our Investment Adviser has a fiduciary duty to act solely in the best interests of its clients. As part of this duty, we recognize that the Investment Adviser must vote our securities in a timely manner free of conflicts of interest and in the best interests of its clients.

These policies and procedures for voting proxies for our investment advisory clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

Proxy Policies

We vote proxies relating to our clients’ portfolio securities in what we perceive to be the best interest of our clients’ stockholders. We review on a case-by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by our clients. In most cases, we will vote in favor of proposals that we believe are likely to increase the value of our clients’ portfolio securities. Although we will generally vote against proposals that may have a negative impact on our clients’ portfolio securities, we may vote for such a proposal if there exists compelling long-term reasons to do so.

Our proxy voting decisions are made by the senior officers who are responsible for monitoring each of our clients’ investments. To ensure that our vote is not the product of a conflict of interest, we require that: (1) anyone involved in the decision making process disclose to our Chief Compliance Officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (2) employees involved in the decision making process or vote administration are prohibited from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties. Where conflicts of interest may be present, we will disclose such conflicts, including to us, and may request guidance on how to vote such proxies.

Proxy Voting Records

You may obtain information without charge about how we voted proxies during the most recent 12-month period ended June 30 (1) by making a written request for proxy voting information to: Investor Relations, 1450 Brickell Avenue, 31st Floor, Miami, Florida 33131 or by calling us collect at (305) 381-6999; and (2) on the SEC’S website *http://www.sec.gov*.

Privacy Principles

We are committed to maintaining the privacy of our stockholders and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any non-public personal information relating to our stockholders, although certain non-public personal information of our stockholders may become available to us. We do not disclose any non-public personal information about our stockholders or former stockholders to anyone, except as permitted by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent or third party administrator).

We restrict access to non-public personal information about our stockholders to employees of our Investment Adviser and its affiliates with a legitimate business need for the information. We maintain physical, electronic and procedural safeguards designed to protect the non-public personal information of our stockholders.

Other Regulatory Considerations

Under the 1940 Act, we are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a business development company, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office. We will be periodically examined by the SEC for compliance with the 1940 Act.

We and the Investment Adviser are each required to adopt and implement written policies and procedures reasonably designed to prevent violation of the U.S. federal securities laws, review these policies and procedures annually for their adequacy and the effectiveness of their implementation, and designate a chief compliance officer to be responsible for administering the policies and procedures.

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates, including the Investment Adviser, without the prior approval of our board of directors who are not interested persons and, in some cases, prior approval by the SEC. The SEC has interpreted the prohibition on transactions by business development companies with affiliates to prohibit "joint" transactions among entities that share a common investment adviser. The staff of the SEC has granted no-action relief permitting purchases of a single class of privately placed securities provided that the Investment Adviser negotiates no term other than price and certain other conditions are met. Except in certain limited circumstances, we will be unable to invest in any issuer in which another account sponsored or managed by our Investment Adviser has previously invested.

On July 8, 2014, we received an exemptive relief order from the SEC, or the Exemptive Relief Order, which permits us to participate in negotiated investments with our affiliates, subject to certain conditions, and therefore provides stockholders with access to a broader range of investment opportunities.

We may issue and sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current NAV per share of our common stock if our board of directors determines that such sale is in the best interests of us and our stockholders, and if our stockholders approve such sale within the preceding 12 months. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount).

The Nasdaq Global Select Market Corporate Governance Regulations

The Nasdaq Global Select Market has adopted corporate governance regulations that listed companies must comply with. As of the date of this report, we were in compliance with such corporate governance listing standards applicable to business development companies.

Election to Be Taxed as a RIC

As a business development company, we have elected to be treated as a RIC under Subchapter M of the Code, and intend to continue to qualify annually for such treatment. As a RIC, we generally are not subject to corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we timely distribute as dividends for U.S. federal income tax purposes to our stockholders. To qualify as a RIC, we must meet certain source-of-income and asset diversification requirements (as described below). In addition, we must distribute to our stockholders, for each taxable year, dividends of an amount at least equal to 90% of the sum of our "investment company taxable income," which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses, plus the excess of any gross income exempt from U.S. federal income tax under Section 103(a) of the Code over deductions related to such tax-exempt income determined without regard to any deduction for dividends paid. In this annual report on Form 10-K, we refer to this distribution requirement as the "Annual Distribution Requirement."

Taxation as a RIC

If we:

- qualify as a RIC; and
- satisfy the Annual Distribution Requirement;

then we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain, defined as net long-term capital gains in excess of net short-term capital losses, we distribute as dividends for U.S. federal income tax purposes to our stockholders. We will be subject to U.S. federal income tax at regular corporate rates on any taxable income, including net capital gain, not distributed to our stockholders.

We will be subject to a 4% nondeductible U.S. federal excise tax on our undistributed income unless we distribute in a timely manner dividends of an amount at least equal to the sum of (1) 98% of our ordinary income (taking into account certain deferrals and elections) for each calendar year, (2) 98.2% of our capital gain net income (adjusted for certain ordinary losses) for the one-year period ending October 31 in that calendar year and (3) any ordinary income and capital gain net income for preceding years that were not distributed during such years on which we did not incur any U.S. federal income tax, or the Excise Tax Avoidance Requirement. We intend to make sufficient distributions each taxable year to satisfy the Excise Tax Avoidance Requirement.

In order to qualify as a RIC for U.S. federal income tax purposes, we must:

- qualify to be treated as a business development company under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities, or other income derived with respect to our business of investing in such stock or securities, and net income derived from interests in "qualified publicly traded partnerships" (partnerships that are traded on an established securities market or tradable on a secondary market, other than partnerships that derive at least 90% of their income from interest, dividends and other permitted RIC income), or the 90% Income Test; and
- diversify our holdings so that at the end of each quarter of the taxable year:
    - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and
    - no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer or of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or in the securities of one or more qualified publicly traded partnerships (together, the Diversification Tests).

We may invest in partnerships, including qualified publicly traded partnerships, which may result in our being subject to state, local or foreign income, franchise or withholding liabilities.

We may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt instruments that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, with increasing interest rates or issued with warrants), we must include in income each taxable year a portion of the original issue discount that accrues over the life of the instruments, regardless of whether cash representing such income is received by us in the same taxable year. Because any original issue discount accrued will be included in our investment company taxable income for the taxable year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement and the Excise Tax Avoidance Requirement, even though we will not have received any corresponding cash amount.

Certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things, (1) treat dividends that would otherwise constitute qualified dividend income as non-qualified dividend income, (2) treat dividends that would otherwise be eligible for the corporate dividends received deduction as ineligible for such treatment, (3) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (4) convert lower-taxed long-term capital gain into higher-taxed short-term capital gain or ordinary income, (5) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (6) cause us to recognize income or gain without a corresponding receipt of cash, (7) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur, (8) adversely alter the characterization of certain complex financial transactions and (9) produce income that will not be qualifying income for purposes of the 90% Income Test. We intend to monitor our transactions and may make certain tax elections to mitigate the effect of these provisions and prevent our disqualification as a RIC.

Gain or loss realized by us from warrants acquired by us as well as any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. Such gain or loss generally will be long term or short term, depending on how long we held a particular warrant.

Although we do not presently expect to do so, we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain "asset coverage" tests are met. Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our qualification as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

We generally invest in securities that have been rated below investment grade by independent rating agencies or that would be rated below investment grade if they were rated. Investments in these types of instruments may present special tax issues for us. U.S. federal income tax rules are not entirely clear about issues such as when we may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless instruments, how payments received on obligations in default should be allocated between principal and income and whether exchanges of debt obligations in a bankruptcy or workout context are taxable. These and other issues will be addressed by us to the extent necessary in order to seek to ensure that we distribute sufficient income in order to avoid the imposition of any material U.S. federal income or excise tax liability.

If we acquire the equity securities of certain non-U.S. entities classified as corporations for U.S. federal income tax purposes that earn at least 75% of their annual gross income from passive sources (such as interest, dividends, rents, royalties or capital gain) or hold at least 50% of their total assets in investments producing such passive income ("passive foreign investment companies," or PFICs), we could be subject to federal income tax and additional interest charges on "excess distributions" received from such PFICs or gain from the sale of stock in such PFICs, even if all income or gain actually received by us is timely distributed to our stockholders. We would not be able to pass through to our stockholders any credit or deduction for such a tax. Certain elections may, if available, ameliorate these adverse tax consequences, but any such election could require us to recognize taxable income or gain without the concurrent receipt of cash. We intend to limit and/or manage our holdings in PFICs to minimize our liability for any such taxes and related interest charges.

If we hold greater than 10% of the interests treated as equity for U.S. federal income tax purposes in a foreign corporation that is treated for U.S. income tax purposes as a controlled foreign corporation, or CFC, we may be treated as receiving a deemed distribution (taxable as ordinary income) each taxable year from such foreign corporation in an amount equal to our pro rata share of the corporation's income for such taxable year (including both ordinary earnings and capital gains), whether or not the corporation makes an actual distribution during such taxable year. We would be required to include the amount of a deemed distribution from a CFC when computing our investment company taxable income as well as in determining whether we satisfy the distribution requirements applicable to RICs, even to the extent the amount of our income deemed recognized from the CFC exceeds the amount of any actual distributions from the CFC and our proceeds from any sales or other dispositions of CFC stock during a taxable year. In general, a foreign corporation will be considered a CFC if greater than 50% of the shares of the corporation, measured by reference to combined voting power or value, is owned (directly, indirectly or by attribution) by U.S. Shareholders. A "U.S. Shareholder", for this purpose, is any U.S. person that possesses (actually or constructively) 10% or more of the combined voting power or value of all classes of shares of a foreign corporation.

Certain income derived by us from a CFC or PFIC with respect to which we have made a qualified electing fund, or QEF, election would generally constitute qualifying income for purposes of determining our ability to be subject to tax as a RIC if the CFC or the PFIC makes distributions of that income to us or if the income is derived from our business of investing.

Our functional currency, for U.S. federal income tax purposes, is the U.S. dollar. Under the Code, foreign exchange gains and losses realized by us in connection with certain transactions involving foreign currencies, or payables or receivables denominated in a foreign currency, as well as certain non-U.S. dollar denominated debt securities, certain foreign currency futures contracts, foreign currency option contracts, foreign currency forward contracts, and similar financial instruments are subject to Code provisions that generally treat such gains and losses as ordinary income and losses and may affect the amount, timing and character of distributions to our stockholders. Any such transactions that are not directly related to our investment in securities (possibly including speculative currency positions or currency derivatives not used for hedging purposes) also could, under future Treasury regulations, produce income not among the types of "qualifying income" for purposes of the 90% Income Test.

Some of the income and fees that we may recognize will not satisfy the 90% Income Test. In order to mitigate the risk that such income and fees do not disqualify us as a RIC for a failure to satisfy the 90% Income Test, we may be required to recognize such income and fees indirectly through one or more entities classified as corporations for U.S. federal income tax purposes. Such corporations will be required to incur U.S. corporate income tax on their earnings, which ultimately will reduce our return on such income and fees.

Failure to Qualify as a RIC

If we were unable to qualify for continued treatment as a RIC and are unable to cure the failure, for example, by disposing of certain investments quickly or raising additional capital to prevent the loss of RIC status, we would be subject to tax on all of our taxable income at regular corporate rates. The Code provides certain relief from RIC disqualification due to failures of the source of income and asset diversification requirements, although there may be additional taxes due in such cases. We cannot assure you that we would qualify for any such relief should we fail the 90% Income Test or the Diversification Tests.

Should failure occur, not only would all our taxable income be subject to tax at regular corporate rates, we would not be able to deduct distributions to stockholders in computing our taxable income, nor would they be required to be made. Distributions, including distributions of net long-term capital gain, would generally be taxable to our stockholders as ordinary dividend income to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, certain corporate stockholders would be eligible to claim a dividends received deduction with respect to such dividends, and non-corporate stockholders would generally be eligible to treat such dividends as "qualified dividend income," which is subject to reduced rates of U.S. federal income tax. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of a stockholder's tax basis in our shares, and any remaining distributions would be treated as a capital gain. If we fail to qualify as a RIC for a period greater than two taxable years, to qualify as a RIC in a subsequent taxable year we may be subject to regular corporate tax on any net built-in gains with respect to certain of our assets (*i.e.*, the excess of the aggregate gains, including items of income, over aggregate losses that would have been realized with respect to such assets if we had been liquidated) that we elect to recognize on requalification or when recognized over the next five taxable years.

Item 1A. Risk Factors

You should carefully consider these risk factors, together with all of the other information included in this annual report on Form 10-K, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our securities. The risks set out below are not the only risks we face. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, the NAV of our common stock and the trading price of our securities could decline, and you may lose all or part of your investment.

Risks Relating to Our Business and Structure

The constraints imposed on us as a business development company and RIC may hinder the achievement of our investment objective.

The 1940 Act and the Code impose numerous constraints on the operations of business development companies and RICs that do not apply to other investment vehicles managed by H.I.G. Capital and its affiliates. For example, the 1940 Act requires, among other things, that a business development company invest at least 70% of its total assets in qualifying assets. Qualifying assets include U.S. private or thinly-traded public companies, cash, cash equivalents, U.S. government securities and other high-quality debt instruments that mature in one year or less from the date of investment. Subject to certain exceptions for follow-on investments and distressed companies, an investment in an issuer that has outstanding securities listed on a national securities exchange may be treated as a qualifying asset only if such issuer has a common equity market capitalization that is less than $250 million at the time of such investment. We may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could be found to be in violation of the 1940 Act provisions applicable to business development companies and possibly lose our status as a business development company, which would have a material adverse effect on our business, financial condition and results of operations. Similarly, the restrictions of the 1940 Act applicable to business development companies could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inopportune times. If we need to dispose of investments quickly, it may be difficult to dispose of such investments on favorable terms, or at all. For example, we may have difficulty finding a buyer and, even if we do find a buyer, we may have to sell the investments at a substantial loss or otherwise for less than we could have received if we were able to sell them at a later time.

Qualification for taxation as a RIC requires certain satisfaction of source-of-income, asset diversification and distribution requirements. The distribution requirement for a RIC generally is satisfied if we distribute at least 90% of our net ordinary income and net realized short-term capital gains in excess of net realized long-term capital losses, if any, to our stockholders on an annual basis. If we fail to qualify as a RIC for any reason and become subject to corporate income tax, the resulting corporate income taxes could substantially reduce our net assets, the amount of funds available for distributions to our stockholders and the amount of funds available for new investments.

The constraints imposed on us by the 1940 Act and the Code may hinder our and our Investment Adviser's ability to take advantage of attractive investment opportunities and to achieve our investment objective. Further, failure to operate under these constraints could have a material adverse impact on our business, our relationship with our portfolio companies and our reputation and could subject us to regulatory inquiries, enforcement actions and fines, civil litigation and possible financial liability, or otherwise have a material adverse effect on our business, financial condition or results of operations.

We depend upon key personnel of H.I.G. Capital and its affiliates.

We are an externally managed business development company, and therefore we do not have any internal management capacity or employees. We depend on the diligence, skill and network of business contacts of our Investment Adviser to achieve our investment objective. We expect that our Investment Adviser will evaluate, negotiate, structure, close and monitor our investments in accordance with the terms of the Investment Advisory Agreement.

Our Investment Adviser is an affiliate of H.I.G. Capital and depends upon access to the investment professionals and other resources of H.I.G. Capital and its affiliates to fulfill its obligations to us under the Investment Advisory Agreement. WhiteHorse Advisers also depends upon H.I.G. Capital to obtain access to deal flow generated by the professionals of H.I.G. Capital. Under the Staffing Agreement, an affiliate of H.I.G. Capital has agreed to provide our Investment Adviser with the resources necessary to fulfill these obligations. The Staffing Agreement provides that the affiliate will make available to WhiteHorse Advisers experienced investment professionals and access to the senior investment personnel of H.I.G. Capital for purposes of evaluating, negotiating, structuring, closing and monitoring our investments. We are not a party to the Staffing Agreement and cannot assure you that the affiliate will fulfill its obligations under the agreement. If the affiliate fails to perform, we cannot assure you that WhiteHorse Advisers will enforce the Staffing Agreement, that such agreement will not be terminated by either party or that we will continue to have access to the investment professionals of H.I.G. Capital and its affiliates or their expertise, market knowledge and deal flow.

We depend upon the senior professionals of H.I.G. Capital to maintain relationships with potential sources of lending opportunities, and we intend to rely to a significant extent upon these relationships to provide us with potential investment opportunities. We cannot assure you that these individuals will continue to indirectly provide investment advice to us. If these individuals, including the members of the Investment Committee, do not maintain their existing relationships with H.I.G. Capital, maintain existing relationships or develop new relationships with other sources of investment opportunities, we may not be able to grow our investment portfolio. In addition, individuals with whom the senior professionals of H.I.G. Capital have relationships are not obligated to provide us with investment opportunities. Therefore, we cannot assure you that such relationships will generate investment opportunities for us.

Our business model depends to a significant extent upon H.I.G. Capital's proprietary deal-flow network of informal and unconventional potential deal sources in the lower middle market business community. Any inability of H.I.G. Capital to maintain or develop this network, or the failure of this network to generate investment opportunities, could adversely affect our business.

We depend upon H.I.G. Capital to maintain its extensive, proprietary lower middle market deal sourcing network, and we expect to rely to a significant extent upon this network to provide us with investment opportunities. This network of informal and unconventional deal sources in the lower middle market business community includes accountants, attorneys, brokers, insurance agents, consultants and financial advisors who have access to lower middle market companies. If H.I.G. Capital fails to maintain such sourcing network, or to develop new relationships with other sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom H.I.G. Capital has relationships are not obligated to provide us with investment opportunities, and we can offer no assurance that these relationships will generate investment opportunities for us in the future.

If our Investment Adviser is unable to manage our investments effectively, we may be unable to achieve our investment objective.

Our ability to achieve our investment objective depends on our ability to manage our business and to grow our business. This depends, on our Investment Adviser's ability to identify, invest in and monitor companies that meet our investment criteria. This, in turn, depends on the ability of H.I.G. Capital's investment professionals to identify, invest in and monitor companies that meet our investment criteria. The achievement of our investment objective on a cost-effective basis will depend upon our Investment Adviser's execution of our investment process, its ability to provide competent, attentive and efficient services to us and our access to financing on acceptable terms. Our Investment Adviser has substantial responsibilities under the Investment Advisory Agreement. The personnel of H.I.G. Capital who are made available to our Investment Adviser under the Staffing Agreement are engaged in other business activities and may be called upon to provide managerial assistance to our portfolio companies. These and other demands on their time could distract them, divert their time and attention or otherwise cause them not to dedicate a significant portion of their time to our businesses which could reduce our rate of investment. Any failure to manage our business could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may not replicate the historical results achieved by other entities managed or sponsored by members of the Investment Committee or by H.I.G. Capital or its affiliates.

Our primary focus in making investments generally differs from that of many of the investment funds, accounts or other investment vehicles that are or have been managed by members of the Investment Committee or sponsored by H.I.G. Capital or its affiliates. In addition, investors in our common stock do not acquire an interest in any such investment funds, accounts or other investment vehicles that are or have been managed by members of our Investment Committee or sponsored by H.I.G. Capital or its affiliates. We cannot assure you that we will replicate the historical results achieved by members of the Investment Committee, and we caution you that our investment returns could be substantially lower than the returns achieved by them in prior periods. Additionally, all or a portion of the prior results may have been achieved in particular market conditions which may never be repeated. Moreover, current or future market volatility and regulatory uncertainty may have an adverse impact on our future performance.

The highly competitive market for investment opportunities in which we operate may limit our investment opportunities.

A number of entities continue to compete with us to make investments in lower middle market companies. We compete with public and private funds, including other business development companies, commercial and investment banks, commercial financing companies, specialty finance companies, hedge funds and, to the extent they provide an alternative form of financing, private equity funds. In recent years, these entities have attracted substantial amounts of new investment capital. Additionally, as competition for investment opportunities has increased, alternative investment vehicles, such as hedge funds and collateralized loan obligations, have invested in lower middle market companies. As a result of this additional capital and these new entrants, competition for investment opportunities in lower middle market companies has intensified. Many of our potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments, tolerate looser covenants and other investment protections, and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a business development company. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we cannot assure you that we will be able to identify and make investments that are consistent with our investment objective.

Participants in our industry compete on several factors, including price, flexibility in transaction structuring, customer service, reputation, market knowledge and speed in decision-making. We do not intend to compete primarily based on the interest rates we offer, and we believe that some of our competitors may make loans with interest rates that are lower than the rates we offer. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may reduce our net investment income and increase our risk of credit losses.

We have elected to be treated as a RIC and intend to qualify annually for such treatment. If we are unable to qualify as a RIC, we will be subject to corporate-level income tax.

We have elected to be treated as a RIC under the Code and intend to qualify annually for such treatment. To qualify as a RIC under the Code, we must meet certain source-of-income, asset diversification and annual distribution requirements. The Annual Distribution Requirement for a RIC is satisfied if we distribute at least 90% of our ordinary income and realized net short term capital gains in excess of realized net long term capital losses, if any, each taxable year as dividends for U.S. federal income tax purposes to our stockholders. To the extent we use preferred stock or debt financing in the future, we may be subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants that could, under certain circumstances, restrict us from making distributions necessary to be subject to tax as a RIC. If we fail to make sufficient distributions, as a result of contractual restrictions in the Credit Facility or otherwise, we may fail to qualify to be subject to tax as a RIC and, thus, may be subject to corporate-level income tax. To qualify as a RIC, we must also meet certain asset diversification requirements at the end of each calendar quarter. If we fail to meet these requirements, we may need to dispose of certain investments quickly in order to prevent the loss of our RIC status. Because we anticipate that most of our investments will be in the debt of relatively illiquid lower middle market private companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses. If we fail to qualify as a RIC for any reason and remain or become subject to corporate-level income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure would have a material adverse effect on us and our stockholders.

Our returns will be reduced by any corporate income tax that our subsidiaries pay.

We may be required to recognize certain income and fees indirectly through one or more entities treated as corporations for U.S. federal income tax purposes. Such corporations will be required to incur corporate income tax on their earnings, which ultimately will reduce our return on such income and fees. In addition, we may invest in partnerships, including qualified publicly traded partnerships and limited liability companies treated as partnerships for tax purposes, which may subject us to additional state, local or foreign income, franchise, withholding or other tax liabilities.

We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.

For U.S. federal income tax purposes, we include in income certain amounts that we have not yet received in cash, such as original issue discount, which may arise if we receive warrants in connection with the making of a loan or possibly in other circumstances, or PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. Such original issue discount, which could be significant relative to our overall investment assets, and increases in loan balances as a result of PIK interest will be included in income before we receive any corresponding cash payments. In addition, generally we are required to recognize income for tax purposes no later than when recognized for financial reporting purposes.

We also may be required to include in income certain other amounts that we do not receive in cash. In addition, we must use asset sales and repayment proceeds, if any (including any realized gains), to pay down any outstanding debt and certain other amounts prior to distributing cash from WhiteHorse Credit to us. Also, if we do not meet certain coverage tests under the Credit Facility, the Private Notes, or the 2026 Public Notes or if an event of default and acceleration occurs under the Credit Facility, then income and capital gains which would otherwise be distributable by us to our stockholders could be diverted to pay down debt or other amounts due under the Credit Facility, the Private Notes or the 2026 Public Notes.

As a result, we may have difficulty meeting the annual distribution requirement to distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, in order to be subject to tax as a RIC. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain cash from other sources, we may fail to qualify to be subject to tax as a RIC and thus be subject to corporate level income tax.

PIK interest payments we receive will increase our assets under management and, as a result, will increase the amount of base management fees payable by us to our Investment Adviser.

Certain of our debt investments contain provisions providing for the payment of PIK interest, which increases the loan balance of the underlying loan in lieu of receiving cash interest, causing interest to compound on such higher loan balance. PIK interest increases our assets under management and, because the base management fee that we pay to our Investment Adviser is based on the value of our consolidated gross assets, PIK interest increases the base management fee we pay. This increase in interest income from the higher loan balance increases our pre-incentive fee net investment income and the incentive fees that we pay to our Investment Adviser.

Regulations governing our operation as a business development company, including those related to the issuance of senior securities, will affect our ability to, and the way in which we, raise additional debt or equity capital.

We expect that we will require a substantial amount of capital. We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as “senior securities,” up to the maximum amount permitted by the 1940 Act. As a business development company, we are required to meet an asset coverage ratio, as defined under the 1940 Act, by the Small Business Credit Availability Act, or the SBCAA, as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities of at least 150% (equivalent to $2 of debt outstanding for each $1 of equity) after each issuance of senior securities. See “— We intend to continue to finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.” If the value of our assets declines, we may be unable to satisfy the 1940 Act’s asset coverage requirement. If that happens, we may be required to sell a portion of our investments at a time when such sale may be disadvantageous and, depending on the nature of our leverage, repay a portion of our indebtedness. The issuance of senior securities exposes us to typical risks associated with leverage, including an increased risk of loss, and if we incur additional leverage as permitted by the SBCAA, these risks will be magnified. See “— The SBCAA allows us to incur additional leverage, which may increase the risk of investing with us.” If we issue preferred stock, such securities would rank “senior” to common stock in our capital structure, and preferred stockholders would have separate voting rights, dividend and liquidation rights and possibly other rights, preferences or privileges more favorable than those granted to holders of our common stock. Furthermore, the issuance of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might otherwise result in your receiving a premium price for your common stock or otherwise be in your best interest.

Our board of directors may decide to issue common stock to finance our operations rather than issuing debt or other senior securities. As a business development company, we are not generally able to issue and sell our common stock at a price below the then-current NAV per share. We may, however, issue or sell our common stock at a price below the then-current NAV of the common stock, or sell warrants, options or rights to acquire such common stock, at a price below the then-current NAV of the common stock if our board of directors determines that such sale is in the best interest of us and our stockholders, and if our stockholders approve such sale within the preceding 12 months. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount). We may also conduct rights offerings at prices per share less than the NAV per share, subject to the requirements of the 1940 Act. If we raise additional funds by issuing additional common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and our stockholders may experience dilution.

In addition to issuing securities to raise capital as described above, we have securitized, and may in the future seek to securitize, our loans to generate cash for funding new investments. To securitize loans, we may create one or more wholly owned subsidiaries and sell and contribute a pool of loans to such subsidiaries. This could include the sale or other issuance of debt by such subsidiaries on a non-recourse basis to purchasers who we would expect to be willing to accept a lower interest rate to invest in investment grade-rated debt secured by such loan pools, and we would retain all or a portion of the equity in any such subsidiary. An inability to securitize part of our loan portfolio could limit our ability to grow our business, fully execute our business strategy and increase our earnings. Moreover, the successful securitization of part of our loan portfolio might expose us to losses as the loans we are not able to securitize will tend to be those that are riskier and more apt to generate losses.

Any failure on our part to maintain our status as a business development company would reduce our operating flexibility.

If we do not remain a business development company, we would be regulated as a closed-end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and, correspondingly, decrease our operating flexibility.

The SBCAA allows us to incur additional leverage, which may increase the risk of investing with us.

As a business development company, we are permitted under the 1940 Act to issue “senior securities,” including borrowing money from banks or other financial institutions, only in amounts such that its asset coverage, as defined in the 1940 Act, equals at least 200% after such incurrence or issuance. In March 2018, the SBCAA, amended the 1940 Act to reduce the asset coverage requirements applicable to business development companies from 200% to 150% so long as the business development company meets certain disclosure requirements and obtains certain approvals. On May 3, 2018 and August 1, 2018, our board of directors, including a “required majority” (as such term is defined in Section 57(o) of the 1940 Act), and our stockholders, respectively, approved a reduced asset coverage ratio from 200% to 150% in accordance with the SBCAA, effective on August 2, 2018. These actions increased our maximum debt to equity ratio from a prior maximum of 1.0x (equivalent of $1 of debt outstanding for each $1 equity) to a maximum of 2.0x (equivalent to $2 of debt outstanding for each $1 of equity). As of December 31, 2022, our asset coverage for borrowed amounts was 174.7%. As a result of the effectiveness of the decrease in the asset coverage ratio applicable to us, we are able to incur additional leverage, and the risks associated with an investment in us may increase. For example, see “—Since we are using debt to finance our investments, and we may use additional debt or preferred stock financing going forward, changes in interest rates may affect our cost of capital, net investment income, value of our common stock and our rate of return on invested capital.”

We intend to continue to finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.

The use of leverage, including through the issuance of senior securities, magnifies the potential for gain or loss on amounts invested. We have incurred leverage in the past and currently incur leverage through credit facilities and issuance of public and private notes. From time to time, we intend to incur additional leverage to the extent permitted under the 1940 Act. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities. In the future, we may borrow from, and issue senior securities to, banks, insurance companies and other lenders. Holders of these senior securities will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such holders to seek recovery against our assets in the event of a default.

WhiteHorse Credit has pledged, and expects to continue to pledge, all or substantially all of its assets. WhiteHorse Credit has granted, and may in the future grant, a security interest in all or a portion of its assets under the Credit Facility. In addition, under the terms of the Credit Facility, we must use the net proceeds of any investments that we sell to repay amounts then due with respect to our debt and certain other amounts owing under the Credit Facility before applying such net proceeds to other uses, such as distributing them to our stockholders.

We may pledge up to 100% of our assets and may grant a security interest in all of our assets under the terms of any debt instruments into which we may enter. In addition, under the terms of any credit facility or other debt instrument we enter into, we are likely to be required by its terms to use the net proceeds of any investments that we sell to repay a portion of the amount borrowed under such facility or instrument before applying such net proceeds to any other uses.

If the value of our assets decreases, leverage would cause our NAV to decline more sharply than it otherwise would have had we not leveraged, thereby magnifying losses or eliminating our equity stake in a leveraged investment. Similarly, any decrease in our revenue or income will cause our net income to decline more sharply than it would have had we not borrowed. Such a decline would also negatively affect our ability to make distributions on our common stock or preferred stock. Our ability to service our debt will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of our use of leverage, including interest expenses and any increase in the management fee payable to WhiteHorse Advisers.

As a business development company, we generally are required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings and any preferred stock that we may issue in the future, of at least 150%, subject to certain disclosure requirements, as is specified in the 1940 Act. If this ratio declines below 150%, we cannot incur additional debt and could be required to sell a portion of our investments to repay some debt when it is disadvantageous to do so. This could have a material adverse effect on our operations, and we may not be able to make distributions to our stockholders. As of December 31, 2022, our total outstanding indebtedness was $445.1 million and our asset coverage was 174.7%.

The amount of leverage that we employ will depend on our Investment Adviser's and our board of directors' assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to maintain our borrowings under our existing indebtedness or to obtain other credit at all or on terms acceptable to us. For information regarding a reduction in the asset coverage ratio applicable to us, see Item 1A. Risk Factors - "*The SBCAA allows us to incur additional leverage, which may increase the risk of investing with us*".

In addition, the terms governing our existing indebtedness and any indebtedness that we incur in the future could impose financial and operating covenants that restrict our business activities, including limitations that may hinder our ability to finance additional loans and investments or make the distributions required to maintain our ability to be subject to tax as a RIC.

The instruments governing our existing indebtedness contain terms and conditions for senior unsecured notes issued in a private placement, including minimum stockholders' equity, minimum asset coverage ratio, maximum debt to equity ratio and prohibitions on certain fundamental changes of the Company or any subsidiary guarantor. These instruments also contain customary events of default with customary cure and notice periods, including, without limitation, nonpayment, incorrect representation in any material respect, breach of covenant, cross-default under other indebtedness of the Company or certain significant subsidiaries, certain judgements and orders, and certain events of bankruptcy.

The breach of any of the covenants or restrictions, unless cured within the applicable grace period, would result in a default under the applicable indebtedness arrangement that would permit the lenders thereunder to declare all amounts outstanding to be due and payable. In such an event, we may not have sufficient assets to repay such indebtedness. As a result, any default could have serious consequences to our financial condition. An event of default or an acceleration under these arrangements could also cause a cross-default or cross-acceleration of another debt instrument or contractual obligation, which would adversely impact our liquidity. We may not be granted waivers or amendments to these arrangements if for any reason we are unable to comply with them, and we may not be able to refinance such arrangements on terms acceptable to us, or at all.

The reduction of our asset coverage requirement from 200% to 150% increases the amount of debt that we are permitted to incur, such that the Company's maximum debt to equity ratio increased from a prior maximum of 1.0x (equivalent of $1 of debt outstanding for each $1 equity) to a maximum of 2.0x (equivalent to $2 of debt outstanding for each $1 of equity). Increased leverage could amplify the risks associated with investing in the Company. For example, if the value of the Company's assets decreases, although the asset base and expected revenues would be larger because increased leverage would permit the Company to acquire additional assets, leverage will cause the Company's NAV to decline more sharply than it otherwise would have without leverage or with lower leverage. Any decrease in the Company's revenue would cause its net income to decline more sharply, on a relative basis, than it would have if the Company had not borrowed or had borrowed less.

The following table illustrates the effect of leverage on returns from an investment in our common stock as of December 31, 2022, assuming that we employ leverage such that our asset coverage equals (1) our actual asset coverage as of December 31, 2022 and (2) 150%, each at various annual returns, net of expenses and as of December 31, 2022. The purpose of this table is to assist investors in understanding the effects of leverage. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below.

	Assumed Return on Our Portfolio (Net of Expenses)				
	-10%	-5%	0%	5%	10%
Corresponding return to common stockholder assuming actual asset coverage(1)	(29.0)%	(17.6)%	(6.1)%	5.3 %	16.7 %
Corresponding return to common stockholder assuming 150% asset coverage(2)	(42.4)%	(27.6)%	(12.9)%	1.8 %	16.6 %

(1) Assumes $796.5 million in total assets, $445.1 million in debt outstanding and $332.4 million in net assets as of December 31, 2022, and an average cost of funds of 6.1%, which is our weighted average borrowing cost as of December 31, 2022.

(2) Assumes $1,016.1 million in total assets, $664.8 million in debt outstanding and $332.4 million in net assets as of December 31, 2022, and an average cost of funds of 6.5%, which would be our weighted average borrowing cost assuming 150% asset coverage as of December 31, 2022.

Based on our outstanding indebtedness of $445.1 million as of December 31, 2022 and an average cost of funds of 7.1%, 6.000%, 5.375%, 5.375%, 4.00%, 5.625% and 4.250%, which were the effective annualized interest rates of the Credit Facility, 6.000% 2023 Notes, 5.375% 2025 Notes, 5.375% 2026 Notes, 4.000% 2026 Notes, 5.625% 2027 Notes and 4.250% 2028 Notes, respectively, as of that date, our investment portfolio must experience an annual return of at least 3.6% to cover annual interest payments on our outstanding indebtedness.

Based on our outstanding indebtedness of $664.8 million (equal to an assumed 150% asset coverage ratio) and an average cost of funds of 7.1%, 6.000%, 5.375%, 5.375%, 4.00%, 5.625% and 4.250%, which were the effective annualized interest rates of the Credit Facility, 6.000% 2023 Notes, 5.375% 2025 Notes, 5.375% 2026 Notes, 4.000% 2026 Notes, 5.625% 2027 Notes and 4.250% 2028 Notes, respectively, as of December 31, 2022, our investment portfolio must experience an annual return of at least 4.4% to cover annual interest payments on our outstanding indebtedness.

Because we expect to distribute substantially all of our ordinary income and net realized capital gains to our stockholders, we will need additional capital to finance our growth and such capital may not be available on favorable terms, or at all.

We will need additional capital to fund growth in our investment portfolio. We may issue debt or equity securities or borrow from financial institutions in order to obtain this additional capital. A reduction in the availability of new capital could limit our ability to grow. We are required to distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, each taxable year to our stockholders to maintain our ability to be subject to tax as a RIC. As a result, these earnings will not be available to fund new investments. If we are unable to obtain additional capital to fund new investments, this could limit our ability to grow, which may have an adverse effect on the value of our securities.

Since we are using debt to finance our investments, and we may use additional debt or preferred stock financing going forward, changes in interest rates may affect our cost of capital, net investment income, value of our common stock and our rate of return on invested capital.

Since we are using debt to finance investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, a significant change in market interest rates may have a material adverse effect on our net investment income. In periods of rising interest rates when we have debt outstanding, our cost of funds will increase, which could reduce our net investment income.

Conversely, in periods of falling interest rates, the probability that our loans and other investments in portfolio companies will be pre-paid increases. In such event, we can offer no assurance that we will be able to make new loans on the same terms, or at all. If we cannot make new loans on terms that are the same or better than the investments that are repaid, then our results of operations and financial condition will be adversely affected. We expect that our investments will be financed primarily with equity and medium to long-term debt or preferred stock. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. These techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act. These activities may limit our ability to benefit from lower interest rates with respect to the hedged portfolio. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition and results of operations. Additionally, our ability to engage in hedging transactions also is limited by rules adopted by the CFTC. Our Investment Adviser has claimed Exclusion from the definition of the term “commodity pool operator” under the CEA and, therefore, is not subject to registration or regulation as a commodity pool operator under such Act. The Investment Adviser intends to affirm the Exclusion on an annual basis, and as of the date of this annual report on Form 10-K, has affirmed the Exclusion through the fiscal year ending December 31, 2023.

You should also be aware that a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates would make it easier for us to meet or exceed the incentive fee Hurdle Rate and may result in a substantial increase in the amount of incentive fees payable to our Investment Adviser with respect to Pre-Incentive Fee Net Investment Income. An increase in interest rates may decrease the value of any investments we hold which earn fixed interest rates and also may increase our interest expense, thereby decreasing our net income, and also may make investments in our common stock less attractive if we are not able to increase our distribution rate, which may reduce the market value of our common stock.

In July 2017, the head of the United Kingdom Financial Conduct Authority, or the FCA, announced that it will phase out the use of LIBOR by 2021. On November 30, 2020, the ICE Benchmark Administration Limited, or the IBA, the administrator of LIBOR, announced that it will consult in early December 2020 to consider extending the LIBOR transition deadline to the end of June 2023. In March 2021, the FCA and the IBA announced that (i) 1-week and 2-month U.S. dollar LIBOR and non-U.S. LIBOR will cease at the end of 2021 and (ii) the remaining U.S. dollar LIBOR tenors will cease after June 30, 2023, effectively extending the LIBOR transition period to June 30, 2023. In light of feedback received, the FCA has proposed that the 1-, 3- and 6-month U.S. dollar LIBOR tenors continue to be published on a synthetic basis through September 2024. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. To identify a successor rate for U.S. dollar LIBOR, the Federal Reserve System, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, has identified the Secured Overnight Financing Rate, or SOFR, as its preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. For contracts that are governed by New York state law, recent New York state legislation effectively codified the use of SOFR as the alternative in the absence of another chosen replacement rate. Despite the adoption of the New York legislation, successful legal challenges against the legislation may render it partially or wholly unconstitutional or unenforceable. Other jurisdictions have also proposed their own alternative to LIBOR, including the Sterling Overnight Index Average for Sterling markets, the Euro Short Term Rate for Euros and Tokyo Overnight Average Rate for Japanese Yens. Although SOFR appears to be the preferred replacement rate for U.S. dollar LIBOR, at this time, it is not possible to predict whether any of these alternative reference rates will attain market traction as a LIBOR replacement tool or the effect of any such changes as the establishment of alternative reference rates or other reforms to LIBOR may be enacted in the United States, United Kingdom or elsewhere. As such, the potential effect of SOFR and LIBOR on our net investment income cannot yet be determined, and the future of LIBOR at this time is uncertain.

Upon the cessation of LIBOR, we will need to utilize a new standard that is established in credit agreements with portfolio companies as well as other instruments to replace LIBOR. Our Credit Facility and certain of the loan agreements with our portfolio companies have been amended to include fallback language providing a mechanism for the parties to negotiate a new reference interest rate in the event that LIBOR ceases to exist. Any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market value for or value of any LIBOR-linked securities, loans and other financial obligations or extensions of credit held by or due to us and could have a material adverse effect on our business, financial condition, tax position and results of operations.

Rising interest rates could make it more difficult for portfolio companies to make periodic payments on their loans.

Interest rate risk refers to the risk of market changes in interest rates. Interest rate changes affect the value of debt. In general, rising interest rates will negatively impact the price of fixed rate debt, and falling interest rates will have a positive effect on price. Adjustable rate debt also reacts to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally larger and less predictable in debt with uncertain payment or prepayment schedules. Further, rising interest rates make it more difficult for borrowers to repay debt, which could increase the risk of payment defaults. Any failure of one or more portfolio companies to repay or refinance its debt at or prior to maturity or the inability of one or more portfolio companies to make ongoing payments following an increase in contractual interest rates could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Because we use debt to finance our investments, changes in interest rates will affect our cost of capital and net investment income.

Because we borrow money to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income in the event we use our existing debt to finance our investments. In periods of rising interest rates, our cost of funds will increase to the extent we access any credit facility with a floating interest rate, which could reduce our net investment income to the extent any debt investments have fixed interest rates. We expect that our long-term fixed-rate investments will be financed primarily with issuances of equity and long-term debt securities. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act.

You should also be aware that a rise in the general level of interest rates typically leads to higher interest rates applicable to our debt investments.

We are exposed to risks associated with changes in interest rates, including the current rising interest rate environment.

General interest rate fluctuations may have a substantial negative impact on our investments and our investment returns and, accordingly, may have a material adverse effect on our investment objective and our net investment income.

Because we borrow money and may issue debt securities or preferred stock to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities or preferred stock and the rate at which we invest these funds. In this period of rising interest rates, our interest income will increase as the majority of our portfolio bears interest at variable rates while our cost of funds will also increase, to a lesser extent, given a portion of our indebtedness bears interest at fixed rates, with the net impact being an increase to our net investment income, see “Item 7A. Quantitative and Qualitative Disclosures About Market Risk.” Conversely, if interest rates decrease we may earn less interest income from investments and our cost of funds will also decrease, to a lesser extent, resulting in lower net investment income. From time to time, we may also enter into certain hedging transactions to mitigate our exposure to changes in interest rates. However, we cannot assure you that such transactions will be successful in mitigating our exposure to interest rate risk. There can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

Our portfolio primarily consists of fixed and floating rate investments. Market prices tend to fluctuate more for fixed-rate securities that have longer maturities. Although we have no policy governing the maturities of our investments, under current market conditions we expect that we will invest in a portfolio of debt generally having maturities of up to 10 years. Market prices for debt that pays a fixed rate of return tend to decline as interest rates rise.

This means that we are subject to greater risk (other things being equal) than a fund invested solely in shorter-term, fixed-rate securities. Market prices for floating rate investments may also fluctuate in rising rate environments with prices tending to decline when credit spreads widen. A decline in the prices of the debt we own could adversely affect our net assets resulting from operations and the market price of our common stock.

If general interest rates rise, there is a risk that the portfolio companies in which we hold floating rate securities will be unable to pay escalating interest amounts, which could result in a default under their loan documents with us. Rising interest rates could also cause portfolio companies to shift cash from other productive uses to the payment of interest, which may have a material adverse effect on their business and operations and could, over time, lead to increased defaults. In addition, rising interest rates may increase pressure on us to provide fixed rate loans to our portfolio companies, which could adversely affect our net investment income, as increases in our cost of borrowed funds would not be accompanied by increased interest income from such fixed-rate investments.

Inflation has adversely affected and may continue to adversely affect the business, results of operations and financial condition of our portfolio companies.

Certain of our portfolio companies are in industries that have been impacted by inflation. Recent inflationary pressures have increased the costs of labor, energy and raw materials and have adversely affected consumer spending, economic growth and our portfolio companies’ operations. If such portfolio companies are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results and impact their ability to pay interest and principal on our loans, particularly if interest rates rise in response to inflation. In addition, any projected future decreases in our portfolio companies’ operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our investments could result in future realized or unrealized losses and therefore reduce our net assets resulting from operations. Additionally, the Federal Reserve has raised, and has indicated its intent to continue raising, certain benchmark interest rates in an effort to combat inflation. See “Risk Factors — We are exposed to risks associated with changes in interest rates, including the current rising interest rate environment.”

We may expose ourselves to risks by engaging in hedging transactions.

We currently engage in currency or interest rate hedging transactions as such transactions are permitted under the 1940 Act and applicable commodities law. By engaging in hedging transactions, we may expose ourselves to risks associated with such transactions, including the risk of counterparty default. In this regard, we utilize instruments such as futures and forward contracts ,and may in the future utilize currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for us to realize a gain on a net basis if the values of the underlying portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price.

While we have entered into transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates or counterparty default may result in poorer overall investment performance than if we had not engaged in any hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek or be able to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge position and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities may also fluctuate as a result of factors not related to currency fluctuations. In addition, derivatives may expose us to leverage risk, market risk, counterparty risk, liquidity risk, operational risk and legal risk.

Our ability to enter into transactions involving derivatives and financial commitment transactions may be limited.

Under SEC Rule 18f-4, related to the use of derivatives, short sales, reverse repurchase agreements and certain other transactions by business development companies and registered investment companies, we are permitted to enter into derivatives and other transactions that create future payment or delivery obligations, notwithstanding the senior security provisions of the 1940 Act if we comply with certain value-at-risk leverage limits and derivatives risk management program and board oversight and reporting requirements or comply with a “limited derivatives users” exception. We expect to operate under the limited derivatives users exception. We may change this election and comply with the other provisions of Rule 18f-4 related to derivatives transactions at any time and without notice. To satisfy the limited derivatives users exception, we have adopted and implemented written policies and procedures to manage our derivatives risk and limit our derivatives exposure in accordance with Rule 18f-4. We also are permitted to enter into reverse repurchase agreements or similar financing transactions notwithstanding the senior security provisions of the 1940 Act if we aggregate the amount of indebtedness associated with our reverse repurchase agreements or similar financing transactions with the aggregate amount of any other senior securities representing indebtedness when calculating our asset coverage ratios. In addition, we are permitted to invest in a security on a when-issued or forward-settling basis, or with a non-standard settlement cycle, and the transaction will be deemed not to involve a senior security under the 1940 Act, provided that (i) we intend to physically settle the transaction and (ii) the transaction will settle within 35 days of its trade date (the “Delayed-Settlement Securities Provision”). We may otherwise engage in such transactions that do not meet the conditions of the Delayed-Settlement Securities Provision so long as we treat any such transaction as a “derivatives transaction” for purposes of compliance with the rule. Furthermore, we are permitted to enter into an unfunded commitment agreement, and such unfunded commitment agreement will not be subject to the asset coverage requirements under the 1940 Act, if we reasonably believe, at the time we enter into such agreement, that we will have sufficient cash and cash equivalents to meet our obligations with respect to all such agreements as they come due.

There are significant potential conflicts of interest that could affect our investment returns.

As a result of our arrangements with H.I.G. Capital and the Investment Committee, there may be times when H.I.G. Capital or the Investment Committee have interests that differ from those of our stockholders, giving rise to a conflict of interest.

There are conflicts related to obligations the Investment Committee, our Investment Adviser or its affiliates have to other clients.

The members of the Investment Committee serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do, or of investment funds managed by our Investment Adviser or its affiliates. Similarly, our Investment Adviser or its affiliates may have other clients with similar, different or competing investment objectives. In serving in these multiple capacities, the members of the Investment Committee and personnel of our Investment Adviser or its affiliates may have obligations to other clients or investors in those entities, the fulfillment of which could conflict with our best interests or the best interests of our stockholders. For example, the members of the Investment Committee have, and will continue to have, management responsibilities for other investment funds, accounts or other investment vehicles managed or sponsored by our Investment Adviser and its affiliates, including entities that may raise additional capital from time to time. The allocation of time and focus by members of the Investment Committee and personnel of our Investment Adviser and its affiliates to these other investment funds, accounts and investment vehicles could reduce the time that such individuals have to spend on our investing activities. These other investment funds, accounts or investment vehicles may have different fee and expense arrangements, including requirements to share or offset certain fees from portfolio companies, than those paid by us to the Investment Adviser, which can create an incentive for our Investment Adviser to favor such other investment funds, accounts or investment vehicles. Our investment objective overlaps or may overlap with the investment objectives of such affiliated investment funds, accounts or other investment vehicles. We can compete with these investment funds, accounts and investment vehicles for capital and investment opportunities. As a result, members of our Investment Committee and personnel of our Investment Adviser or its affiliates could face conflicts in the allocation of investment opportunities among us and other investment funds, accounts or other investment vehicles. Our Investment Adviser will seek to allocate investment opportunities among eligible accounts in a manner that is fair and equitable over time and consistent with its allocation policy. However, we cannot assure you that such opportunities will be allocated to us fairly or equitably in the short-term or over time or that there may not be inadvertent errors in our application of our Investment Advisor's allocation policy, and there can be no assurance that we will be able to participate in all investment opportunities that are suitable to us. Where we are able to co-invest consistent with the requirements of the 1940 Act, including the Exemptive Relief Order, if sufficient securities or loan amounts are available to satisfy our and each such account's proposed demand, we expect that the opportunity will be allocated in accordance with our Investment Adviser's pre-transaction determination. If there is an insufficient amount of an investment opportunity to satisfy our demand and that of other accounts sponsored or managed by our Investment Adviser or its affiliates, the allocation policy further provides that allocations among us and such other accounts will generally be made pro rata based on each account's available capital in the asset class being allocated, up to the amount proposed to be invested by each account. However, there can be no assurance that we will be able to participate in all suitable investment opportunities. Where we are unable to co-invest consistent with the requirements of the 1940 Act, our Investment Adviser's allocation policy provides for investments to be allocated on a rotational basis to assure that all clients have fair and equitable access to such investment opportunities.

The Investment Committee, our Investment Adviser or its affiliates may, from time to time, possess material non-public information, limiting our investment discretion.

Principals of our Investment Adviser and its affiliates and members of the Investment Committee may serve as directors of, or in a similar capacity with, companies in which we invest, the securities of which are purchased or sold on our behalf. If we obtain material nonpublic information with respect to such companies, or we become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us.

Our incentive fee structure may create incentives for our Investment Adviser that are not fully aligned with the interests of our stockholders and may induce our Investment Adviser to make speculative investments.

In the course of our investing activities, we pay management and incentive fees to our Investment Adviser. The incentive fee payable by us to our Investment Adviser may create an incentive for our Investment Adviser to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The management fee is based on our consolidated gross assets. As a result, investors in our common stock will invest on a “gross” basis and receive distributions on a “net” basis after expenses, resulting in a lower rate of return than one might achieve through direct investments. Because the management fee is based on our consolidated gross assets, our Investment Adviser benefits when we incur debt or use leverage. The use of leverage increases the likelihood of default, which disfavors the holders of our common stock.

Additionally, under the incentive fee structure, our Investment Adviser may benefit when capital gains are recognized and, because our Investment Adviser determines when a holding is sold, our Investment Adviser controls the timing of the recognition of such capital gains. Our board of directors is charged with protecting our interests by monitoring how our Investment Adviser addresses these and other conflicts of interest associated with its management services and compensation. While they are not expected to review or approve each investment or realization, our independent directors periodically review our Investment Adviser’s services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors consider whether such fees and our expenses (including those related to leverage) remain appropriate. As a result of this arrangement, our Investment Adviser or its affiliates may from time to time have interests that differ from those of our stockholders, giving rise to a conflict.

Unlike that portion of the incentive fee based on income, there is no Hurdle Rate applicable to the incentive fee based on net capital gains. As a result, our Investment Adviser may seek to invest more capital in investments that are likely to result in capital gains as compared to income producing securities. This practice could cause us to invest in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns.

In addition, under the terms of the Incentive Fee Cap and Deferral Mechanism, the amount of incentive fees earned by our Investment Adviser will depend, in part, upon the timing of capital gains or losses in our investment portfolio, as well as the timing of our recognition of income. Depending on the circumstances, there may be a lag of as long as 12 fiscal quarters between the occurrence of an event giving rise to an obligation to pay incentive fees to the Investment Adviser and the payment of such incentive fees. Therefore, investors who acquire shares of our common stock may pay indirectly to our Investment Adviser incentive fees in respect of income or capital gains that were received by or paid to us before such investor becomes a stockholder. As a result, such investors may not participate in the income or capital gains giving rise to such indirect expense.

The valuation process for certain of our portfolio holdings creates a conflict of interest.

We expect to make many portfolio investments in the form of securities that are not publicly traded. As a result, the Investment Adviser, as the Company's "valuation designee", subject to the oversight of our board of directors, determines the fair value of these securities in good faith under our valuation policies and procedures. In connection with that determination, our Investment Adviser's investment professionals provide our board of directors with portfolio company valuations based upon the most recent portfolio company financial statements available and projected financial results of each portfolio company. In addition, certain members of our board of directors have an indirect pecuniary interest in our Investment Adviser. The participation of our Investment Adviser's investment professionals in our valuation process, and the indirect pecuniary interest in our Investment Adviser by certain members of our board of directors, could result in a conflict of interest as the management fee paid to our Investment Adviser is based, in part, on our consolidated gross assets.

In addition, on December 3, 2020, the SEC announced that it adopted Rule 2a-5 under the 1940 Act, which established an updated regulatory framework for determining fair value in good faith for purposes of the 1940 Act. Effective September 8, 2022, the Board designated the Investment Adviser as the Company's valuation designee to perform the fair value determinations relating to all of our investments, subject to the oversight of the Board. The Investment Adviser as the valuation designee will:

- periodically assess and manage valuation risks;
- establish and apply fair value methodologies;
- test fair value methodologies;
- oversee and evaluate third-party pricing services;
- provide the Board with reporting required under Rule 2a-5 under the 1940 Act; and
- maintain recordkeeping requirements under Rule 2a-5. It is expected that the Company will have a limited ability to obtain accurate market quotations for purposes of valuing most of its investments, which may require the Investment Adviser to estimate in accordance with valuation policies established by the Board.

We have conflicts related to other arrangements with our Investment Adviser or its affiliates.

We have entered into a license agreement with an affiliate of H.I.G. Capital pursuant to which H.I.G. Capital has granted us a non-exclusive, royalty-free license to use the name "WhiteHorse". In addition, we pay to WhiteHorse Administration our allocable portion of overhead and other expenses incurred by WhiteHorse Administration in performing its obligations under the Administration Agreement, such as rent and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs. These arrangements create conflicts of interest that our board of directors must monitor.

Our Investment Adviser may be paid incentive compensation even if we incur a net loss, and we cannot recover any portion of the incentive fee previously paid.

Our Investment Adviser is entitled to incentive compensation for each fiscal quarter in an amount equal to a percentage of our Pre-Incentive Fee Net Investment Income, subject to the Hurdle Rate, a catch-up provision and the Incentive Fee Cap and Deferral Mechanism. Our Pre-Incentive Fee Net Investment Income excludes realized and unrealized capital losses that we may incur in the fiscal quarter, even if such capital losses result in a net loss for that quarter. Thus, we may be required to pay our Investment Adviser incentive compensation for a fiscal quarter even if we incur a net loss. In addition, if we pay the capital gains portion of the incentive fee and thereafter experience additional realized capital losses or unrealized capital depreciation, we will not be able to recover any portion of the incentive fee previously paid.

Our ability to enter into transactions with our affiliates is restricted, which may limit the scope of investments available to us.

We are prohibited under the 1940 Act from participating in certain transactions with our affiliates without the prior approval of our independent directors and, in some cases, of the SEC. The Exemptive Relief Order permits us to participate in negotiated investments with our affiliates that would otherwise be prohibited by the 1940 Act, subject to certain conditions. Any person that owns, directly or indirectly, five percent or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act, and we are generally prohibited from buying or selling any security from or to, or entering into certain "joint" transactions (which could include investments in the same portfolio company) with such affiliates, absent the prior approval of our independent directors. Our Investment Adviser and its affiliates, including persons that control, or are under common control with, us or our Investment Adviser, are also considered to be our affiliates under the 1940 Act.

We may invest alongside other clients of our Investment Adviser and its affiliates in certain circumstances where doing so is consistent with applicable law, the terms of our Exemptive Relief Order, SEC staff interpretations and/or exemptive relief issued by the SEC. For example, we may invest alongside such accounts consistent with guidance promulgated by the staff of the SEC permitting us and such other accounts to purchase interests in a single class of privately placed securities so long as certain conditions are met, including that our Investment Adviser, acting on our behalf and on behalf of other clients, negotiates no term other than price. We may also invest alongside our Investment Adviser's other clients as otherwise permissible under regulatory guidance, applicable regulations and the allocation policy of H.I.G. Capital and our Investment Adviser. Under this allocation policy, a fixed calculation, based on the type of investment, will be applied to determine the amount of each opportunity to be allocated to us. This allocation policy will be periodically approved by our Investment Adviser and reviewed by our independent directors. We expect that these determinations will be made similarly for other accounts sponsored or managed by our Investment Adviser and its affiliates. If sufficient securities or loan amounts are available to satisfy our and each such account's proposed demand, we expect that the opportunity will be allocated in accordance with our Investment Adviser's pre-transaction determination. Where there is an insufficient amount of an investment opportunity to satisfy us and other accounts sponsored or managed by our Investment Adviser or its affiliates, the allocation policy further provides that, except as may otherwise be provided by the Exemptive Relief Order, allocations among us and such other accounts will generally be made pro rata based on the amount that each such party would have invested if sufficient securities or loan amounts were available. However, we can offer no assurance that investment opportunities will be allocated to us fairly or equitably in the short-term or over time.

The Exemptive Relief Order permits greater flexibility to negotiate the terms of co-investments and requires our board of directors to determine that it would be advantageous for us to co-invest with other accounts sponsored or managed by our Investment Adviser or its affiliates in a manner consistent with our investment objective, positions, policies, strategies and restrictions, as well as regulatory requirements and other relevant factors. See "Related Party Transactions and Certain Relationships." We cannot assure you, however, that we will continue to develop opportunities that comply with such limitations.

In situations where co-investment with other accounts managed by our Investment Adviser or its affiliates is not permitted or appropriate, H.I.G. Capital and our Investment Adviser will need to decide which client will proceed with the investment. Our Investment Adviser's allocation policy provides, in such circumstances, for investments to be allocated on a rotational basis to assure that all clients of our Investment Adviser and its affiliates have fair and equitable access to such investment opportunities. Moreover, except in certain circumstances, we will be unable to invest in any issuer in which a fund managed by our Investment Adviser or its affiliates has previously invested. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates. These restrictions may limit the scope of investment opportunities that would otherwise be available to us.

Our portfolio investments will be recorded at fair value as determined in good faith by the Investment Adviser as the Company's valuation designee, subject to the oversight of our board of directors. As a result, there will be uncertainty as to the value of our portfolio investments.

Many of our portfolio investments will take the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable, and we value these securities at fair value as determined in good faith by the Investment Adviser as the Company's valuation designee, subject to the oversight of our board of directors, including to reflect significant events affecting the value of our securities. As discussed in more detail under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates," all of our investments (other than cash and cash equivalents) are classified as Level 3 under Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 820, *Fair Value Measurements and Disclosures*, or ASC Topic 820. This means that our portfolio valuations are based on unobservable inputs and our own assumptions about how market participants would price the asset or liability in question. Inputs into the determination of fair value of our portfolio investments require significant management judgment or estimation. Even if observable market data are available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. Consensus pricing is a methodology for the determination of fair value based on quotations from market makers. These quotations include a disclaimer that the market maker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimers materially reduces the reliability of such information. In addition, on December 3, 2020, the SEC announced that it adopted Rule 2a-5 under the 1940 Act, which established an updated regulatory framework for determining fair value in good faith for purposes of the 1940 Act.

We have retained the services of several independent service providers to periodically review the valuation of securities for which there is no market guided price or that are thinly traded. The types of factors that the Investment Adviser may take into account in determining the fair value of our investments generally include, as appropriate, comparison to publicly traded securities, including such factors as yield, maturity and measures of credit quality, the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. In addition, the determination of fair value and thus the amount of unrealized losses we may incur in any year, is, to a degree, subjective, in that it is based on unobservable inputs and certain assumptions. Our NAV could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

We adjust the valuation of our portfolio quarterly to reflect the Investment Adviser's determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded in our consolidated statements of operations as net change in unrealized appreciation or depreciation.

The lack of liquidity in our investments may adversely affect our business.

We generally make investments in private companies. Substantially all of these investments are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. In addition, we may face other restrictions on our ability to liquidate an investment in a portfolio company if we have material non-public information regarding such portfolio company.

Price declines and illiquidity in the corporate debt markets may adversely affect the fair value of our portfolio investments, reducing our NAV through increased net unrealized depreciation.

As a business development company, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by the valuation designee, subject to board oversight and certain other conditions, under our valuation policy and process. As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments:

• a comparison of the portfolio company's securities to publicly traded securities;

• the enterprise value of the portfolio company;

• the nature and realizable value of any collateral;

• the portfolio company's ability to make payments and its earnings;

• changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made in the future and other relevant factors.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we use the pricing indicated by the external event to corroborate our valuation. We record decreases in the market values or fair values of our investments as unrealized depreciation. Declines in prices and liquidity in the corporate debt markets may result in significant net unrealized depreciation in our portfolio. The effect of all of these factors on our portfolio may reduce our NAV by increasing net unrealized depreciation in our portfolio, and therefore creating a challenging environment in which to raise debt and equity capital. As a business development company, we are generally not able to issue additional shares of common stock at a price less than NAV without first obtaining approval for such issuance from our stockholders and our independent directors. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate payable on the debt securities and loans we acquire, the default rate on such securities, the level of our expenses, variations in, and the timing of the recognition of, realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.

We and our portfolio companies are subject to regulation at the local, state and federal level. We are also subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions, as well as interpretations or directives from the U.S. presidential administration and others in the executive branch, that affect our operations, including maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure proceedings and other trade practices. The Biden administration has enacted significant changes to the existing U.S. tax rules that include, among others, a minimum tax on book income and profits of certain multinational corporations, and there are a number of proposals in the U.S. Congress that would similarly modify the existing U.S. tax rules. If additional regulations are adopted, if existing laws, regulations or decisions change, or if we expand our business into additional jurisdictions, we may have to incur significant expenses in order to comply or we might have to restrict our operations. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we or our portfolio companies are permitted to make, any of which could harm us and our stockholders, potentially with retroactive effect.

Additionally, changes to or repeal of the laws and regulations governing our operations related to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth in this annual report on Form 10-K and may shift our investment focus from the areas of expertise of our Investment Adviser to other types of investments in which our Investment Adviser may have little or no expertise or experience. Any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment.

Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval.

Our board of directors has the authority to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval (except as required by the 1940 Act). However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a business development company. We cannot predict the effect that any changes to our current operating policies and strategies would have on our business, operating results and value of our stock. Nevertheless, the effects of any such changes may adversely affect our business and impact our ability to make distributions.

Additionally, changes to the laws and regulations governing our operations, including those associated with RICs, may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities or result in the imposition of corporate-level taxes on us. Such changes could result in material differences to our strategies and plans and may shift our investment focus from the areas of expertise of WhiteHorse Advisers to other types of investments in which WhiteHorse Advisers may have little or no expertise or experience. Any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment. If we invest in commodity interests in the future, WhiteHorse Advisers may determine not to use investment strategies that trigger additional regulation by the CFTC or may determine to operate subject to CFTC regulation, if applicable. If we or WhiteHorse Advisers were to operate subject to CFTC regulation, we may incur additional expenses and would be subject to additional regulation.

In addition, certain regulations applicable to debt securitizations implementing credit risk retention requirements in both the United States and in the European Union can adversely affect certain amendments to or new issuances by the Credit Facility and may prevent us from entering into certain securitization transactions. These risk retention rules may increase our cost of funds or may prevent us from completing future securitization transactions or certain amendments to our existing debt securitizations.

Over the last several years, there also has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non-bank financial sector will be subject to new regulation. While it cannot be known at this time whether any regulation will be implemented or what form it will take, increased regulation of no-bank credit extension could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business, financial condition and results of operations.

Provisions of the DGCL, our certificate of incorporation and bylaws, and our various debt instruments could deter takeover attempts and have an adverse effect on the price of our common stock and the rights of our common stockholders.

The DGCL contains provisions that may discourage, delay or make more difficult a change in control of us or the removal of our directors. Our certificate of incorporation and bylaws contain provisions that limit liability and provide for indemnification of our directors and officers. These provisions and others also may have the effect of deterring hostile takeovers or delaying changes in control or management. We are subject to Section 203 of the DGCL, the application of which is subject to any applicable requirements of the 1940 Act. This section generally prohibits us from engaging in mergers and other business combinations with stockholders that beneficially own 15% or more of our voting stock, or with their affiliates, unless our directors or stockholders approve the business combination in the prescribed manner. Our board of directors may adopt a resolution exempting from Section 203 of the DGCL any business combination between us and any other person, subject to prior approval of such business combination by our board of directors, including approval by a majority of our directors who are not “interested persons.” If the resolution exempting business combinations is repealed or our board of directors does not approve a business combination, Section 203 of the DGCL may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our certificate of incorporation classifying our board of directors in three classes serving staggered three-year terms, and provisions of our certificate of incorporation authorizing our board of directors to classify or reclassify shares of our preferred stock in one or more classes or series and to cause the issuance of additional shares of our stock. These provisions, as well as other provisions of our certificate of incorporation and bylaws, may delay, deter or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders. In addition, if we issue preferred stock, such securities would rank “senior” to common stock in our capital structure, resulting in preferred stockholders having separate voting rights, dividend and liquidation rights, and possibly other rights, preferences or privileges more favorable than those granted to holders of our common stock.

If we or one of our affiliates approved by the Lender is no longer the portfolio manager under the Credit Facility or if certain change of control events occur, then an event of default will occur under the Credit Facility which could have a material adverse effect on our business, financial condition and results of operations. A change of control under the Credit Facility occurs if (1) we or our affiliates, collectively, (i) cease to possess, directly or indirectly, the right to elect or appoint managers that at all times have a majority of the votes of the board of managers (or similar governing body) of WhiteHorse Credit or to direct the management policies and decisions of WhiteHorse Credit or (ii) cease, directly or indirectly, to own and control legally and beneficially all of the equity interests of WhiteHorse Credit or (2) WhiteHorse Advisers or its affiliates, collectively, cease to be our investment adviser. The occurrence of an event of default could result in us being unable to make distributions to our stockholders sufficient to maintain our ability to be subject to tax as a RIC, or at all, terminates the reinvestment period if then in effect, permits the facility agent on behalf of the Lender to take over management of WhiteHorse Credit’s portfolio and to direct the liquidation of its assets, all of which could have a material adverse effect on our business, financial condition and results of operations. For a description of the effects of a change in control event under our Note Purchase Agreements, see “Risks Relating to our Other Indebtedness — We may not be able to prepay Private Notes upon a change in control.”

Our Investment Adviser can resign on 60 days’ notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

Our Investment Adviser has the right, under the Investment Advisory Agreement, to resign at any time upon not less than 60 days’ written notice, whether we have found a replacement or not. If our Investment Adviser resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our Investment Adviser and its affiliates for such person or persons to serve as our investment adviser. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our business, financial condition, results of operations and cash flows.

Our Administrator can resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

Our Administrator has the right, under the Administration Agreement, to resign at any time upon 60 days' notice, whether we have found a replacement or not. If our Administrator resigns, we may not be able to find a new administrator or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and administrative activities is likely to suffer if we are unable to identify and reach an agreement with a service provider or individuals with the expertise possessed by our Administrator to serve as our replacement administrator. Even if we are able to retain a comparable service provider or individuals to perform such services, whether internal or external, their integration into our business and lack of familiarity with our operations may result in additional costs and time delays that may adversely affect our business, financial condition, results of operations and cash flows.

Efforts to comply with Section 404 of the Sarbanes-Oxley Act involve significant expenditures, and non-compliance with Section 404 of the Sarbanes-Oxley Act may adversely affect us and the market price of our common stock.

Under current SEC rules, we are required to report on our internal control over financial reporting pursuant to Section 404(a) of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, and related rules and regulations of the SEC. We are required to review on an annual basis our internal control over financial reporting, and on a quarterly and annual basis to evaluate and disclose changes in our internal control over financial reporting.

As a result, we incur additional expenses that may negatively impact our financial performance and our ability to make distributions. This process also results in a diversion of management's time and attention. We may not be able to ensure that the process is effective or that our internal control over financial reporting is or will be effective in a timely manner. In the event that we are unable to maintain or achieve compliance with Section 404 of the Sarbanes-Oxley Act and related rules, we and the market price of our common stock may be adversely affected.

Our Investment Adviser's liability is limited under the Investment Advisory Agreement, and we have agreed to indemnify our Investment Adviser against certain liabilities, which may lead our Investment Adviser to act in a riskier manner on our behalf than it would when acting for its own account.

Under the Investment Advisory Agreement, our Investment Adviser does not assume any responsibility to us, other than the obligation to render the services called for under those agreements, and it is not responsible for any action of our board of directors in following or declining to follow our Investment Adviser's advice or recommendations. Our Investment Adviser maintains a contractual and fiduciary relationship with us. Under the terms of the Investment Advisory Agreement, our Investment Adviser, its officers, members, personnel, agents, any person controlling or controlled by our Investment Adviser are not liable to us, any subsidiary of ours, our directors, our stockholders or any subsidiary's stockholders or partners for acts or omissions performed in accordance with and pursuant to the Investment Advisory Agreement, except those resulting from acts constituting gross negligence, willful misconduct, bad faith or reckless disregard of our Investment Adviser's duties under the Investment Advisory Agreement. In addition, we have agreed to indemnify our Investment Adviser and each of its officers, directors, members, managers and employees from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted on our behalf pursuant to authority granted by the Investment Advisory Agreement, except where attributable to gross negligence, willful misconduct, bad faith or reckless disregard of such person's duties under the Investment Advisory Agreement and the sub-collateral management agreement. These protections may lead our Investment Adviser to act in a riskier manner when acting on our behalf than it would when acting for its own account.

Risks Relating to our Investments

Our investments may be risky, and you could lose all or part of your investment.

We invest primarily in (1) first lien senior secured loans, (2) second lien senior secured loans, (3) "one-stop" or "unitranche" senior secured loans, (4) mezzanine loans and (5) to a lesser extent, selected equity co-investments in lower middle market companies. We invest primarily in securities that are rated below investment grade by rating agencies or that may be rated below investment grade if they were so rated. Below investment grade securities, which are often referred to as "junk" bonds, are viewed as speculative investments because of concerns with respect to the issuer's capacity to pay interest and repay principal.

Secured Loans. When we extend first lien senior secured, second lien senior secured and unitranche loans, we generally take a security interest in the available assets of these portfolio companies, including the equity interests of their subsidiaries. We expect this security interest to help mitigate the risk that we will not be repaid. However, there is a risk that the collateral securing our loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. Also, in the case of first lien senior secured loans, our lien may be subordinated to claims of other creditors and, in the case of second lien senior secured loans, our liens will be subordinated to claims of certain other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that we will receive principal and interest payments according to the loan's terms, or at all, or that we will be able to collect on the loan should we be forced to enforce our remedies.

"Unitranche" Loans. We also invest in "unitranche" senior secured loans, which are a combination of senior secured and subordinated financing in the same facility, generally in a first-lien position. Unitranche secured loans provide all of the debt needed to finance a leveraged buyout or other corporate transaction, both senior and subordinated, but generally in a first lien position, while the borrower generally pays a blended, uniform interest rate rather than different rates for different tranches. Unitranche secured debt generally requires payments of both principal and interest throughout the life of the loan. Generally, we expect these securities to carry a blended yield that is between senior secured and subordinated debt interest rates. Unitranche secured loans provide a number of advantages for borrowers, including the following: simplified documentation, greater certainty of execution and reduced decision-making complexity throughout the life of the loan. In addition, we may receive additional returns from any warrants we may receive in connection with these investments. In some cases, a portion of the total interest may accrue or be paid in kind. Because unitranche secured loans combine characteristics of senior and subordinated financing, unitranche secured loans have risks similar to the risks associated with senior secured, including first lien loans and second lien loans, and subordinated debt in varying degrees according to the combination of loan characteristics of the unitranche loan.

Mezzanine Loans. Our mezzanine investments generally are subordinated to senior loans and will generally be unsecured. This may result in an above average amount of risk and volatility or a loss of principal. These investments may involve additional risks that could adversely affect our investment returns. To the extent interest payments associated with such debt are deferred, such debt may be subject to greater fluctuations in valuations, and such debt could subject us and our stockholders to non-cash income as described above under “Risks Relating to Our Business and Structure — We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.” Since, generally, we will not receive any substantial repayments of principal prior to the maturity of our mezzanine debt investments, such investments are riskier than amortizing loans.

Equity Investments. We may make selected equity investments. Our goal is ultimately to dispose of direct equity investments (and equity received upon exercising warrants) and realize gains upon our disposition of such interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

Warrants. When we invest in first lien, second lien, unitranche or mezzanine loans, we may acquire warrants to purchase equity securities. We may not be able to sell warrants we receive from borrowers, or the equity securities (including those received upon exercise of warrants) for a significant period of time due to legal or contractual restrictions on resale or the absence of a liquid secondary market. The value of the warrants that we receive is dependent on the value of the equity securities for which the warrants can be exercised. If the value of the equity securities underlying a warrant does not increase above the exercise price during the life of the warrant, the warrant may be permitted to expire unexercised and the warrant would then have no value.

We are subject to risks associated with lower middle market companies.

Investing in lower middle market companies involves a number of significant risks, including:

• these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment;

• they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors’ actions and changing market conditions, as well as general economic downturns;

• they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;

• generally little public information exists about these companies, and we are required to rely on our Investment Adviser to obtain adequate information to evaluate the potential returns from investing in these companies;

• they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and our Investment Adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies; and

• they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited by the 1940 Act with respect to the proportion of our assets that may be invested in securities of a single issuer.

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. To the extent that we assume large positions in the securities of a small number of issuers, our NAV may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond the asset diversification requirements associated with our qualification as a RIC under the Code and the requirements under the documents governing the Credit Facility or other agreements, we do not have fixed guidelines for diversification, and our investments are and could be concentrated in relatively few portfolio companies. Although we are classified as a non-diversified investment company within the meaning of the 1940 Act, we maintain the flexibility to operate as a diversified investment company and may do so for an extended period of time.

Our portfolio may be concentrated in a limited number of portfolio companies and industries, which would subject us to a risk of significant loss if any of these companies defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry.

Our portfolio may be concentrated in a limited number of portfolio companies and industries. As a result, the aggregate returns we realize may be significantly and adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment. Additionally, while we are not targeting any specific industries, our investments may be concentrated in relatively few industries. As a result, a downturn in any particular industry in which we are invested could also significantly impact the aggregate returns we realize.

Our investments in the health care sector face considerable uncertainties including substantial regulatory challenges.

As of December 31, 2022, our investments in portfolio companies that operate in the health care sector represented 8.5% of our total portfolio, at fair value. Our investments in the health care sector are subject to substantial risks, including the risk that the laws and regulations governing the business of health care companies, and interpretations thereof, may change frequently. Substantial latitude is given to the agencies administering those laws and regulations. Current or future laws and regulations could force our portfolio companies engaged in health care to change their policies related to how they operate, restrict revenue, change costs, change reserve levels and change business practices.

Companies engaged in health care often must obtain and maintain regulatory approvals to market certain products, change prices for certain regulated products and consummate some acquisitions and divestitures. Delays in obtaining or failing to obtain or maintain such approvals could reduce revenue or increase costs. Local, state and federal policy changes, such as the government's expanding role in health care and federal health care reform initiatives involving alternative assessments and tax increases specific to the health care industry or products, could fundamentally change the dynamics of the health care industry. In addition, insurance company and other reimbursement rates may be subject to change, often with little notice, and decreases in such rates could materially adversely affect the value of the health care companies in our portfolio.

We may hold the debt securities and loans of leveraged companies that may, due to the significant volatility of such companies, enter into bankruptcy proceedings.

Leveraged companies may experience bankruptcy or similar financial distress. The bankruptcy process has a number of significant inherent risks. Many events in a bankruptcy proceeding are the product of contested matters and adversary proceedings and are beyond the control of the creditors. A bankruptcy filing by a portfolio company may adversely and permanently affect such portfolio company. If the proceeding is converted to a liquidation, the value of the issuer may not equal the liquidation value that was believed to exist at the time of our investment. The duration of a bankruptcy proceeding is also difficult to predict, and a creditor's return on investment can be adversely affected by delays until a plan of reorganization or liquidation ultimately becomes effective. The administrative costs in connection with a bankruptcy proceeding are frequently high and would be paid out of the debtor's estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, our influence with respect to the class of securities or other obligations we own may be lost by increases in the number and amount of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain claims that have priority by law (for example, claims for taxes) may be substantial, eroding the value of any recovery by holders of other securities of the bankrupt entity.

Depending on the facts and circumstances of our investments and the extent of our involvement in the management of a portfolio company, upon the bankruptcy of a portfolio company, a bankruptcy court may recharacterize our debt investments as equity interests and subordinate all or a portion of our claim to that of other creditors. This could occur even though we may have structured our investment as senior debt.

Our portfolio companies may experience financial distress, and our investments in such portfolio companies if they are restructured.

Our portfolio companies may experience financial distress from time to time. The debt investments of these companies may not produce income, may require us to bear certain expenses to protect our investment and may subject us to uncertainty as to when, in what manner and for what value such distressed debt will eventually be satisfied, including through liquidation, reorganization or bankruptcy. If an exchange offer is made or plan of reorganization is adopted with respect to the debt securities we currently hold, there can be no assurance that the securities or other assets received by us in connection with such exchange offer or plan of reorganization will have a value or income potential similar to what we anticipated when our original investment was made or even at the time of restructuring. In addition, we may receive equity securities in exchange for the debt investment that we currently hold, which may require significantly more of our management's time and attention or carry restrictions on their disposition.

Our portfolio companies may be unable to repay or refinance outstanding principal on their loans at or prior to maturity, and rising interest rates may make it more difficult for portfolio companies to make periodic payments on their loans.

Our portfolio companies may be unable to repay or refinance outstanding principal on their loans at or prior to maturity. This risk and the risk of default is increased to the extent that the loan documents do not require the portfolio companies to pay down the outstanding principal of such debt prior to maturity. In addition, if general interest rates rise, there is a risk that our portfolio companies will be unable to pay escalating interest amounts, which could result in a default under their loan documents with us. Rising interest rates could also cause portfolio companies to shift cash from other productive uses to the payment of interest, which may have a material adverse effect on their business and operations and could, over time, lead to increased defaults. Any failure of one or more portfolio companies to repay or refinance its debt at or prior to maturity or the inability of one or more portfolio companies to make ongoing payments following an increase in contractual interest rates could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, rising interest rates could also cause portfolio companies to refinance into fixed interest rate loans, which may adversely impact our selections to invest in stronger portfolio companies.

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Our portfolio companies are susceptible to economic slowdowns or recessions and may be unable to repay our loans during such periods. Therefore, our non-performing assets are likely to increase and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our investments and harm our operating results, which could have an adverse effect on our financial condition.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets, which could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, lenders in certain cases can be subject to lender liability claims for actions taken by them when they become too involved in the borrower's business or exercise control over a borrower. It is possible that we could become subject to a lender's liability claim, including as a result of actions taken if we render significant managerial assistance to the borrower. Furthermore, if one of our portfolio companies were to file for bankruptcy protection, even though we may have structured our investment as senior secured debt, depending on the facts and circumstances, including the extent to which we provided managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt holding and subordinate all or a portion of our claim to claims of other creditors.

We may be subject to risks associated with syndicated loans.

From time to time, we may acquire interests in syndicated loans. Under the documentation for syndicated loans, a financial institution or other entity typically is designated as the administrative agent and/or collateral agent. This agent is granted a lien on any collateral on behalf of the other lenders and distributes payments on the indebtedness as they are received. The agent is the party responsible for administering and enforcing the loan and generally may take actions only in accordance with the instructions of a majority or two-thirds in commitments and/or principal amount of the associated indebtedness. In most cases, we do not expect to hold a sufficient amount of the indebtedness to be able to compel any actions by the agent. Consequently, we would only be able to direct such actions if instructions from us were made in conjunction with other holders of associated indebtedness that together with us compose the requisite percentage of the related indebtedness then entitled to take action. Conversely, if holders of the required amount of the associated indebtedness other than us desire to take certain actions, such actions may be taken even if we did not support such actions. Furthermore, if an investment is subordinated to one or more senior loans made to the applicable obligor, our ability to exercise such rights may be subordinated to the exercise of such rights by the senior lenders. Accordingly, we may be precluded from directing such actions unless we act together with other holders of the indebtedness. If we are unable to direct such actions, we cannot assure you that the actions taken will be in our best interests.

If an investment is a syndicated revolving loan or delayed drawdown loan, other lenders may fail to satisfy their full contractual funding commitments for such loan, which could create a breach of contract, result in a lawsuit by the obligor against the lenders and adversely affect the fair market value, or FMV, of our investment.

There is a risk that a loan agent in respect of one of our loans may become bankrupt or insolvent. Such an event would delay, and possibly impair, any enforcement actions undertaken by holders of the associated indebtedness, including attempts to realize upon the collateral securing the associated indebtedness and/or direct the agent to take actions against the related obligor or the collateral securing the associated indebtedness and actions to realize on proceeds of payments made by obligors that are in the possession or control of any other financial institution. In addition, we may be unable to remove the agent in circumstances in which removal would be in our best interests. Moreover, agented loans typically allow for the agent to resign with certain advance notice.

We may not realize gains from our equity investments.

When we invest in loans, we may also invest in the equity securities of the borrower or acquire warrants or other equity securities as well. In addition, we may invest directly in the equity securities of portfolio companies.

Our goal is ultimately to dispose of such equity interests and realize gains upon our disposition of such interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value.

Accordingly, we may not realize gains from our equity interests, and any gains that we do realize on the disposition of such equity interests may not be sufficient to offset any other losses we experience.

Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio, and our ability to make follow-on investments in certain portfolio companies may be restricted.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments, in order to:

• increase or maintain in whole or in part our equity ownership percentage;

• exercise warrants, options or convertible securities that we acquired in the original or a subsequent financing; or

• attempt to preserve or enhance the value of our investment.

We have the discretion to make any follow-on investments, subject to the availability of capital resources, the limitations of the 1940 Act, the requirements associated with our status as a RIC and contractual requirements imposed on us under our debt instruments. We may elect not to make follow-on investments or otherwise lack sufficient funds to make those investments. The failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful portfolio company. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we do not want to increase our exposure to the portfolio company, because we prefer other opportunities or because we are inhibited by compliance with business development company requirements, our contractual requirements or the desire to maintain our tax status.

Because we generally do not hold controlling equity interests in our portfolio companies, we will not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

We do not currently anticipate taking controlling equity positions in our portfolio companies. In addition, we may not be in a position to control any portfolio company by investing in its debt securities or loans. As a result, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and the stockholders and management of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity for the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company, and we may therefore suffer a decrease in the value of our investments.

Defaults by our portfolio companies will harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets. This could trigger cross-defaults under other agreements and jeopardize such portfolio company's ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company. Any such diversion of cash flow or any event of default could prevent us from making distributions to our stockholders in amounts sufficient to maintain our ability to be subject to tax as a RIC, or at all, and could have a material adverse effect on our business, financial condition and results of operations.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We generally intend to invest a portion of our capital in first lien and second lien, unitranche loans and, to a lesser extent, in mezzanine loans and equity securities of U.S. lower middle market companies. The portfolio companies usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying senior creditors, the portfolio company may not have sufficient assets to use for repaying its obligation to us in full, or at all. In the case of debt ranking equally with debt securities in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Additionally, certain loans that we make to portfolio companies may be secured on a second-priority basis by the same collateral securing senior secured debt of such companies. The first-priority liens on the collateral secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first-priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before us.

In addition, the value of the collateral in the event of liquidation depends on market and economic conditions, the availability of buyers and other factors. There can be no assurances that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second-priority liens after payment in full of all obligations secured by the first-priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second-priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, only have an unsecured claim against the portfolio company's remaining assets, if any.

The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more inter-creditor agreements that we enter into with the holders of such senior debt. Under a typical inter-creditor agreement, at any time that obligations that have the benefit of the first-priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first-priority liens:

• the ability to cause the commencement of enforcement proceedings against the collateral;

• the ability to control the conduct of such proceedings;

• the approval of amendments to collateral documents;

• releases of liens on the collateral; and

• waivers of past defaults under collateral documents.

We may not have the ability to control or direct such actions, even if our rights are adversely affected. We may also make unsecured loans to portfolio companies, meaning that such loans will not benefit from any security interest over the assets of such companies. Liens on such portfolio companies' assets, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

Our portfolio companies may prepay loans, which prepayment may reduce our yields if capital returned cannot be invested in transactions with equal or greater expected yields.

The loans in our investment portfolio can generally be prepaid at any time, some of which have no premium to par. It is not clear at this time when each loan may be prepaid. Whether a loan is prepaid will depend both on the continued positive performance of the portfolio company and the existence of favorable financing market conditions that allow such company the ability to replace existing financing with less expensive capital. As market conditions change frequently, it is unknown when, and if, this may be possible for each portfolio company. In the case of some of these loans, having the loan prepaid may reduce the achievable yield for us if the capital returned cannot be invested in transactions with equal or greater expected yields, which could have a material adverse effect on our business, financial condition and results of operations.

The disposition of our investments may result in contingent liabilities.

We currently expect that a significant portion of our investments will involve private securities. In connection with the disposition of an investment in private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to certain potential liabilities. These arrangements may result in contingent liabilities that ultimately yield funding obligations that must be satisfied through our return of certain distributions previously made to us.

Investments in securities of foreign companies, if any, may involve significant risks in addition to the risks inherent in U.S. investments.

We may make investments in securities of foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

In addition, any investments that we make that are denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. We have employed certain hedging techniques to minimize these risks, but we cannot assure you that such strategies will be effective.

We may invest through joint ventures, partnerships or other special purpose vehicles and our investments through these vehicles may entail greater risks, and investments in which we have a non-controlling interest may involve risks specific to third-party management of those investments.

We may co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring jointly-controlled or non-controlling interests in certain investments in conjunction with participation by one or more third parties in such investment. Such joint venture partners or third party managers may include former H.I.G. Capital personnel or associated persons. For example, on January 14, 2019, we entered into an agreement with the State Teachers Retirement System of Ohio, a public pension fund established under Ohio law, to create WHF STRS Ohio Senior Loan Fund, LLC, a joint venture, which invests primarily in senior secured first and second lien term loans. As co-investors, we may have interests or objectives that are inconsistent with those of the third-party partners or co-venturers. Although we may not have full control over these investments and therefore, may have a limited ability to protect its position therein, we expect that we will negotiate appropriate rights to protect our interests. Nevertheless, such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or co-venturer may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with ours, or may be in a position to take (or block) action in a manner contrary to the our investment objectives or the increased possibility of default by, diminished liquidity or insolvency of, the third party, due to a sustained or general economic downturn. Third-party partners or co-venturers may opt to liquidate an investment at a time during which such liquidation is not optimal for us. In addition, we may in certain circumstances be liable for the actions of its third-party partners or co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Risks Relating to the Credit Facility

Our interests in WhiteHorse Credit are subordinated.

We own 100% of the equity interests in WhiteHorse Credit and consolidate the financial statements of WhiteHorse Credit in our consolidated financial statements. We treat the indebtedness of WhiteHorse Credit as our leverage for purposes of compliance with the 1940 Act. Our equity interests in WhiteHorse Credit are subordinated in priority of payment to its obligations to its debt holders and its service providers. All of these persons have claims superior to our claims as equity interest holder in any liquidation of WhiteHorse Credit.

Credit or market value deterioration in our portfolio companies will harm our operating results.

A payment default on a loan to a portfolio company or a default leading to the acceleration of debt of a portfolio company could cause the loan to such portfolio company held by us to become, or to be deemed to be, a defaulted obligation under the Credit Facility. This, in turn, could result in a coverage test under the Credit Facility not being met and the diversion of distributions of assets held by WhiteHorse Credit to pay down debt under the Credit Facility rather than to make distributions. Such a portfolio company default could also lead to an event of default and acceleration under the Credit Facility and liquidation by the related lender of the assets securing the Credit Facility. Any such diversion of cash flow or any event of default could result in our being unable to make distributions to our stockholders in amounts sufficient to maintain our ability to be subject to tax as a RIC, or at all, and could have a material adverse effect on our business, financial condition and results of operations.

We may not receive cash from WhiteHorse Credit.

We expect to receive cash from WhiteHorse Credit as distributions on our equity interests in WhiteHorse Credit. We will receive distributions on our equity interests in WhiteHorse Credit only to the extent cash is available and permitted to be distributed under the Credit Facility. WhiteHorse Credit may not receive sufficient cash to make distributions, in which case we would not be entitled to receive distributions from WhiteHorse Credit and, as a result, we would be unable to make distributions to our stockholders in amounts sufficient to maintain our status as a RIC, or at all. Limitations under the Credit Facility will impair our ability to sell investments owned by WhiteHorse Credit, and we may not be able to sell such investments. These limitations include prior satisfaction of certain coverage tests and collateral quality tests, the minimum price at which we may sell such investments and the amount of investments we may sell within a certain timeframe.

Under the Credit Facility, there are two coverage tests that WhiteHorse Credit must meet on specified compliance dates in order to permit WhiteHorse Credit to make new borrowings under the Credit Facility and to make distributions to us in the ordinary course — a borrowing base test and a market value test. The borrowing base test compares, at any given time, the aggregate outstanding amount of all Lender advances under the Credit Facility less the amount of principal proceeds in respect of the collateral on deposit in the accounts to the NAV of the collateral, as set forth in the credit agreement and related documentation. To meet the borrowing base test, this ratio must be less than or equal to 50%, as set forth in the credit agreement and related documentation. To meet the market value test, the value of WhiteHorse Credit's portfolio investments must exceed a minimum of 165% of the aggregate outstanding amount of all Lender advances as set forth in the credit agreement and related documentation. If either of these coverage tests is not met on a compliance date, then WhiteHorse Credit may sell portfolio investments or apply cash until such coverage tests are satisfied. If we fail to receive cash from WhiteHorse Credit, we may be unable to make distributions to our stockholders in amounts sufficient to maintain our ability to be subject to tax as a RIC, or at all.

We may experience an event of default and acceleration under the Credit Facility, which would have a material adverse effect on us.

There are several circumstances under which an event of default may occur under the Credit Facility, some of which relate to the performance of the assets of WhiteHorse Credit or the performance by WhiteHorse Credit of its obligations under the Credit Facility. The Credit Facility also includes customary events of default for credit facilities of this nature, including breaches of representations, warranties or covenants by WhiteHorse Finance or WhiteHorse Credit, the occurrence of a change in control, or failure to maintain certain ratios required under the Credit Facility. The occurrence of an event of default could, among other consequences, (a) prevent us from making distributions to our stockholders sufficient to maintain our ability to be subject to tax as a RIC, or at all, (b) terminate the reinvestment period under the Credit Facility, if it is then in effect, and (c) permit the facility agent to assume the management of WhiteHorse Credit's portfolio and to direct the liquidation of its assets. Any of these developments could or would have a material adverse effect on our business, financial condition and results of operations. Upon the occurrence of an event of default, the Lender may exercise customary remedies, including declaring all amounts due and payable under the Credit Facility, blocking distributions in respect of the equity of WhiteHorse Credit or selling assets, including selling assets at a lower price than what might otherwise be achieved in an orderly liquidation.

The ability of WhiteHorse Credit to purchase and sell investments is limited.

The Credit Facility restricts the portfolio manager's ability to purchase and sell investments for WhiteHorse Credit. As a result, the portfolio manager may be unable to purchase or sell investments or take other actions that might be in our best interests, which could impair our performance and result in losses. During the reinvestment period, WhiteHorse Credit will have the ability to borrow funds for the acquisition of investments that meet the eligibility criteria set forth in the Credit Facility. Such funds may be repaid and re-borrowed during the reinvestment period, subject to compliance with the terms of the Credit Facility.

We may lose the ability to manage WhiteHorse Credit even if we continue to own its equity.

If an event of default occurs under the Credit Facility or if we resign or are terminated for cause as portfolio manager under the loan agreement, we may no longer manage the WhiteHorse Credit portfolio investments even though we are required to continue to own the equity interests in WhiteHorse Credit. If an agent for the Lender or the successor portfolio manager does not manage WhiteHorse Credit's portfolio in the same manner that we would have, our performance may not meet expectations and may result in losses.

Risks Relating to our Other Indebtedness

The Private Notes and the 4.000% 2026 Notes are unsecured and therefore effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future.

The 6.000% 2023 Notes mature on August 7, 2023 and bear interest at an annual rate of 6.00%.The 5.375% 2025 Notes mature on October 20, 2025 and bear interest at an annual rate of 5.375%. The 5.375% 2026 Notes mature on December 4, 2026 and bear interest at an annual rate of 5.375%. The 5.625% 2027 Notes mature on December 4, 2027 and bear interest at an annual rate of 5.625%. The 4.250% 2028 Notes mature on December 6, 2028 and bear interest at an annual rate of 4.25%. The 4.000% 2026 Notes mature on December 15, 2026 and bear interest at an annual rate of 4.00%. The Private Notes and the 4.000% 2026 Notes are not secured by any of our assets or any of the assets of our subsidiaries and rank equally in right of payment with all of our existing and future unsubordinated, unsecured senior indebtedness. As a result, the Private Notes and the 4.000% 2026 Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred and may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Private Notes and the 4.000% 2026 Notes.

The Private Notes and the 4.000% 2026 Notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The Private Notes and the 4.000% 2026 Notes are obligations exclusively of WhiteHorse Finance, Inc. and not of any of our subsidiaries. None of our subsidiaries currently is or acts as a guarantor of the Private Notes and the 4.000% 2026 Notes, although any subsidiary that guarantees or otherwise becomes liable at any time for any indebtedness under a material credit facility in the future (other than the Credit Facility or any replacement of the Credit Facility) will be required to guarantee the Private Notes and 4.000% 2026 Notes. Such guaranty must rank equally in right of payment with all other unsecured and unsubordinated indebtedness of us and our subsidiaries.

Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors (including holders of preferred stock, if any, of our subsidiaries) will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the Private Notes and the 4.000% 2026 Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the Private Notes and the 4.000% 2026 Notes are structurally subordinated to all indebtedness and other liabilities (including trade payables) of our subsidiaries and any subsidiaries that we may in the future acquire or establish. In addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the Private Notes and the 4.000% 2026 Notes.

We are subject to the risk of an event of default and acceleration under our unsecured debt agreements, which would have a material adverse effect on us.

The 6.000% 2023 Notes, the 5.375% 2025 Notes, the 5.375% 2026 Notes, the 5.625% 2027 Notes and the 4.250% 2028 Notes will mature on August 7, 2023 October 20, 2025, December 4, 2026, December 4, 2027, and December 6, 2028, respectively, unless redeemed, purchased or prepaid prior to such date by us or our affiliates in accordance with their terms. The 4.000% 2026 Notes will mature on December 15, 2026, unless redeemed prior to such date by us or our affiliates in accordance with their terms. There are several circumstances under which an event of default may occur under the Note Purchase Agreements for the Private Notes or the indenture for the

4.000% 2026 Notes, such as failure to make scheduled principal or interest payments and certain events of bankruptcy, insolvency or reorganization.

Upon the occurrence of an event of default, our lenders may exercise customary remedies, including declaring all amounts immediately due and payable. Any of these developments would have a material adverse effect on our business, financial condition and results of operations.

The indenture for the 4.000% 2026 Notes contains limited protection for holders of the 4.000% 2026 Notes.

The indenture for the 4.000% 2026 Notes offers limited protection to holders of the 4.000% 2026 Notes. The terms of the applicable indenture for the 4.000% 2026 Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on your investment in the 4.000% 2026 Notes. In particular, the terms of the applicable indenture pursuant to which the 4.000% 2026 Notes were issued do not place any restrictions on our or our subsidiaries' ability to:

• issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the 4.000% 2026 Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the 4.000% 2026 Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore would rank structurally senior to the 4.000% 2026 Notes and (4) securities, indebtedness or other obligations issued or incurred by our subsidiaries that would be senior in right of payment to our equity interests in our subsidiaries and therefore would rank structurally senior in right of payment to the 4.000% 2026 Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of the asset coverage requirement under Section 18(a)(1)(A), as modified by Section 61(a)(1) of the 1940 Act or any successor provisions;

• pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the 4.000% 2026 Notes;

• sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);

• create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;

• make investments; or

• create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

In addition, the indenture does not require us to offer to purchase the 4.000% 2026 Notes in connection with a change of control or any other event, except in limited circumstances.

Furthermore, the terms of the indenture for the 4.000% 2026 Notes do not protect holders of the 4.000% 2026 Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow or liquidity, except in limited circumstances as set forth in the indenture and as required under the 1940 Act.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the 4.000% 2026 Notes may have important consequences for you as a holder of the 4.000% 2026 Notes, including making it more difficult for us to satisfy our obligations with respect to the 4.000% 2026 Notes or negatively affecting the trading value of the 4.000% 2026 Notes.

Certain of our current debt instruments include more protections for their holders than the indenture and the 4.000% 2026 Notes. In addition, other debt we issue or incur in the future could contain more protections for its holders than the applicable indenture for the 4.000% 2026 Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the 4.000% 2026 Notes.

We may not be able to prepay the Private Notes upon a change in control.

The Note Purchase Agreement governing the respective Private Notes requires us to offer to prepay all of the issued and outstanding Private Notes upon a change in control and election by the holders, which could have a material adverse effect on our business, financial condition and results of operations. A change in control under each Note Purchase Agreement occurs upon (i) the direct or indirect transfer or other disposition of all of the property or assets held by us and our subsidiaries, subject to certain exceptions (ii) the consummation of a transaction which results in a “person” or “group” (as those terms are used in Section 13(d)(3) of the Securities Exchange Act of 1984, as amended, or the Exchange Act) becoming the beneficial owner of more than 50% of our outstanding voting stock or (iii) the approval by our stockholders of any plan or proposal relating to the liquidation of the Company.

Upon a change in control event, holders of each of the Private Notes may require us to prepay for cash some or all of the respective Private Notes at a prepayment price equal to 100% of the aggregate principal amount of the 6.000% 2023 Notes, 5.375% 2025 Notes, 5.375% 2026 Notes, 5.625% 2027 Notes and 4.250% 2028 Notes being prepaid, plus accrued and unpaid interest to, but not including, the date of prepayment. If a change in control were to occur, we may not have sufficient funds to prepay any such accelerated indebtedness.

We may choose to prepay the Private Notes and the 4.000% 2026 Notes when prevailing interest rates are relatively low.

At any time on or after February 7, 2023, April 20, 2025, June 4, 2026, June 4, 2027 and March 6, 2028 (each a Prepayment Date), the 6.000% 2023 Notes, 5.375% 2025 Notes, 5.375% 2026 Notes, 5.625% 2027 Notes and 4.250% 2028 Notes may be prepaid, respectively, at our option, at 100% of the principal amount, together with accrued and unpaid interest to the Prepayment Date. Prior to each respective Prepayment Date, we may prepay all or any principal amount of the respective Private Notes, together with accrued and unpaid interest, subject to a make-whole premium.

The 4.000% 2026 Notes may be redeemed, at our option, in whole or in part, at a redemption of the greater of 100% of the principal amount of the 4.000% 2026 Notes to be redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of accrued and unpaid interest to the redemption date) on the 4.000% 2026 Notes to be redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) using the applicable treasury rate plus 50 basis points, plus, in each case, accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to the date fixed for redemption.

We may choose to prepay the Private Notes and redeem the 4.000% 2026 Notes from time to time, especially when prevailing interest rates are lower than the rate borne by the respective Private Notes and the 4.000% 2026 Notes. If prevailing rates are lower at the time of prepayment, holders would not be able to reinvest the proceeds in a comparable security at an effective interest rate as high as the interest rate on the Private Notes being repaid and the 4.000% 2026 Notes being redeemed. Our prepayment and redemption right may adversely impact holders’ ability to sell the Private Notes and 4.000% 2026 Notes as the applicable prepayment date and redemption date approaches. If we choose to prepay the Private Notes prior to their respective dates of maturity and/or redeem the 4.000% 2026 Notes prior to the date of maturity on December 15, 2026, we will need to obtain sufficient liquidity, through available cash, refinancings of our existing indebtedness or otherwise, to repay the principal or redemption price, together with any accrued and unpaid interest and applicable make-whole premiums, on the Private Notes and the 4.000% 2026 Notes.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Private Notes and the 4.000% 2026 Notes.

Any default under the agreements governing our indebtedness, including a default under the Credit Facility, any indenture or under other indebtedness to which we may be a party that is not waived by the required lenders or holders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the Private Notes and the 4.000% 2026 Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be immediately due and payable, together with accrued and unpaid interest, the lenders under the Credit Facility or other debt we may incur in the future could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek to obtain waivers from the required lenders under the agreements relating to the Credit Facility, or other debt that we may incur in the future to avoid being in default. If we breach our covenants under the Credit Facility or other debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default and our lenders or debt holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations, including the lenders under the Credit Facility, could proceed against the collateral securing the debt. Because the Credit Facility has, and any future debt will likely have, customary cross-default provisions, if the indebtedness thereunder or under any future credit facility is accelerated, we may be unable to repay or finance the amounts due.

FATCA withholding may apply to payments to certain foreign entities.

Payments made under the Private Notes and the 4.000% 2026 Notes to a foreign financial institution or non-financial foreign entity (including such an institution or entity acting as an intermediary) may be subject to a U.S. withholding tax of 30% under the Foreign Account Tax Compliance Act provisions of the Code, or FATCA. This tax may apply to certain payments of interest unless the foreign financial institution or non-financial foreign entity complies with certain information reporting, withholding, identification, certification and related requirements imposed by FATCA. Holders should consult their tax advisors regarding FATCA and how it may affect an investment in the Private Notes and the 4.000% 2026 Notes.

The trading market or market value of any publicly issued debt securities may fluctuate.

Our publicly issued debt securities, if any, may or may not have an established trading market. We cannot assure you that a trading market for our publicly issued debt securities will ever develop or be maintained if developed. In addition to our creditworthiness, many factors may materially adversely affect the trading market for, and market value of, our publicly issued debt securities. These factors include the following:

• the time remaining to the maturity of these debt securities;

• the outstanding principal amount of debt securities with terms identical to these debt securities;

• the ratings assigned by national statistical ratings agencies, if any;

• the general economic environment;

• the supply of debt securities trading in the secondary market, if any;

• the redemption or repayment features, if any, of these debt securities;

• the level, direction and volatility of market interest rates generally;

• market rates of interest higher or lower than rates borne by the debt securities; and

•the length and duration of the COVID-19 pandemic in the United States and worldwide and the magnitude of the economic impact of such pandemic.

You should also be aware that there may be a limited number of buyers when you decide to sell your debt securities. This too may materially adversely affect the market value of the debt securities or the trading market for the debt securities.

Terms relating to redemption may materially adversely affect your return on any debt securities that we may issue.

If your debt securities are redeemable at our option, we may choose to redeem your debt securities at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In addition, if your debt securities are subject to mandatory redemption, we may be required to redeem your debt securities also at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In this circumstance, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as your debt securities being redeemed.

Our credit ratings may not reflect all risks of an investment in our debt securities.

Our credit ratings are an assessment by third parties of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our debt securities. Our credit ratings, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed above on the market value of or trading market for the publicly issued debt securities.

Risks Relating to an Investment in our Common Stock

We may obtain the approval of our stockholders to issue shares of our common stock at prices below the then-current NAV per share of our common stock. If we receive such approval from stockholders in the future, we may issue shares of our common stock at a price below the then current NAV per share of common stock. Any such issuance could materially dilute your interest in our common stock and reduce our NAV per share.

We may seek to obtain the approval of our stockholders, and they may approve a proposal that authorizes us, to issue shares of our common stock at prices below the then-current NAV per share of our common stock in one or more offerings for a twelve-month period. Such approval would allow us to access the capital markets in a way that we are typically unable to do as a result of restrictions that, absent stockholder approval, apply to business development companies under the 1940 Act.

Any sale or other issuance of shares of our common stock at a price below NAV per share will result in an immediate dilution to your interest in our common stock and a reduction of our NAV per share. This dilution would occur as a result of a proportionately greater decrease in a stockholder's interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. Because the number of future shares of common stock that may be issued below our NAV per share and the price and timing of such issuances are not currently known, we cannot predict the actual dilutive effect of any such issuance. We also cannot determine the resulting reduction in our NAV per share of any such issuance at this time. We caution you that such effects may be material, and we undertake to describe all the material risks and dilutive effects of any offering that we make at a price below our then-current NAV in the future in a prospectus supplement issued in connection with any such offering.

Investing in our common stock may involve an above average degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Our investments in portfolio companies involve higher levels of risk, and therefore, an investment in our shares may not be suitable for someone with lower risk tolerance. In addition, our common stock is intended for long-term investors and should not be treated as a trading vehicle. Our shares may trade at a price that is less than the offering price. This risk may be greater for investors who sell their shares in a relatively short period of time after completion of an offering.

Shares of closed-end investment companies, including business development companies, often trade at a discount to their NAV.

Shares of closed-end investment companies, including business development companies, may trade at a discount from NAV. This characteristic of closed-end investment companies and business development companies is separate and distinct from the risk that our NAV per share may decline. We cannot predict whether our common stock will trade at, above or below NAV.

There is a risk that investors in our equity securities may not receive distributions or that our distributions may not grow over time and a portion of our distributions may be a return of capital.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. If the amount of any distribution exceeds the sum of our investment company taxable income, determined without regard to any deduction for distributions paid, and net capital gains, if any, then all or a portion of such distribution could constitute a return of capital to stockholders rather than dividend income for tax purposes. A return of capital is a return to investors of a portion of their original investment in the company rather than income or capital gains. A return of capital will have the effect of reducing a stockholder's basis in its shares of common stock, which may, if such stockholder sells or otherwise disposes such stock at a price greater than its then-current basis, result in a higher taxable gain to such stockholder at the time of sale.

Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this annual report on Form 10-K. Due to the asset coverage test applicable to us under the 1940 Act as a business development company, we may be limited in our ability to make distributions. If we declare a dividend and if more stockholders opt to receive cash distributions rather than participate in our distribution reinvestment plan, we may be forced to sell some of our investments in order to make cash dividend payments. In addition, after the reinvestment period under the Credit Facility, asset sales proceeds, if any (including any realized gains), must be used to pay down any outstanding debt and certain other amounts prior to distributing cash from WhiteHorse Credit to us. Also, if certain coverage tests are not met under the Credit Facility, the Private Notes or the 4.000% 2026 Notes or if an event of default and acceleration occurs under the Credit Facility, the Private Notes or the 4.000% 2026 Notes, then income and capital gains which would otherwise be distributable by us to our stockholders will be diverted to pay down debt or other amounts due under the Credit Facility, the Private Notes or the 4.000% 2026 Notes, as applicable. All distributions will be paid at the discretion of our board of directors and will depend on our earnings, our financial condition, maintenance of our ability to be subject to tax as a RIC, compliance with applicable business development company regulations and such other factors as our board of directors may deem relevant from time to time. We cannot assure investors that we will pay distributions to our stockholders in the future.

FATCA withholding may apply to payments to certain foreign entities.

Withholding of U.S. tax at a 30% rate is currently required on payments of dividends paid to certain non-U.S. entities that fail to comply with certain information reporting, identification, certification, and related requirements imposed by FATCA. Stockholders and persons intended to hold common stock should consult their tax advisors regarding FATCA and how it may affect an investment in our stock.

Our stockholders could experience dilution in their ownership percentage if they do not participate in our distribution reinvestment plan.

All distributions declared in cash payable to stockholders that are participants in our distribution reinvestment plan are automatically reinvested in shares of our common stock. As a result, our stockholders that do not participate in our distribution reinvestment plan could experience dilution in their ownership percentage of our common stock over time if we issue additional shares of our common stock.

Our stockholders may receive shares of our common stock as dividends, which could result in adverse tax consequences to them.

In order to satisfy the Annual Distribution Requirement, we may declare a large portion of a dividend in shares of our common stock instead of in cash. Historically, we have not declared any portion of our dividends in shares of our common stock. As long as at least 20% of such dividend is paid in cash and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, a stockholder generally would be subject to tax on 100% of the fair market value of the dividend on the date the dividend is received by the stockholder in the same manner as a cash dividend, even though most of the dividend was paid in shares of our common stock.

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.

Sales of substantial amounts of our common stock, including by any selling stockholders, adoption of an at the market issuance program, or the availability of such common stock for sale, whether or not actually sold, could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so.

If we issue preferred stock, debt securities or convertible debt securities, the NAV and market value of our common stock may become more volatile.

We cannot assure you that the issuance of preferred stock and/or debt securities would result in a higher yield or return to the holders of our common stock. The issuance of preferred stock, debt securities or convertible debt would likely cause the NAV and market value of our common stock to become more volatile. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of our common stock would be reduced. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to exceed the net rate of return on our portfolio, the use of leverage would result in a lower rate of return to the holders of common stock than if we had not issued the preferred stock or debt securities. Any decline in the NAV of our investment would be borne entirely by the holders of our common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in NAV to the holders of our common stock than if we were not leveraged through the issuance of preferred stock. This decline in NAV would also tend to cause a greater decline in the market price for our common stock.

There is also a risk that, in the event of a sharp decline in the value of our net assets, we would be in danger of failing to maintain required asset coverage ratios which may be required by the preferred stock, debt securities, convertible debt or of a downgrade in the ratings of the preferred stock, debt securities, convertible debt or our current investment income might not be sufficient to meet the dividend requirements on the preferred stock or the interest payments on the debt securities. In order to counteract such an event, we might need to liquidate investments in order to fund redemption of some or all of the preferred stock, debt securities or convertible debt. In addition, we would pay (and the holders of our common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, debt securities, convertible debt or any combination of these securities. Holders of preferred stock, debt securities or convertible debt may have different interests than holders of common stock and may at times have disproportionate influence over our affairs.

Your interest in us may be diluted if you do not fully exercise your subscription rights in any rights offering. In addition, if the subscription price is less than our NAV per share, then you will experience an immediate dilution of the aggregate NAV of your shares.

In the event we issue subscription rights, stockholders who do not fully exercise their subscription rights should expect that they will, at the completion of a rights offering, own a smaller proportional interest in us than would otherwise be the case if they fully exercised their rights. We cannot state precisely the amount of any such dilution in share ownership because we do not know at this time what proportion of the shares will be purchased as a result of such rights offering.

In addition, if the subscription price is less than the NAV per share of our common stock, then our stockholders would experience an immediate dilution of the aggregate NAV of their shares as a result of the offering. The amount of any decrease in NAV is not predictable because it is not known at this time what the subscription price and NAV per share will be on the expiration date of a rights offering or what proportion of the shares will be purchased as a result of such rights offering. Such dilution could be substantial.

These dilutive effects may be exacerbated if we were to conduct multiple subscription rights offerings, particularly if such offerings were to occur over a short period of time. In addition, subscription rights offerings and the prospect of future subscription rights offerings may create downward pressure on the secondary market price of our common stock due to the potential for the issuance of shares at a price below our NAV, without a corresponding change to our NAV.

Risks Relating to Our Offerings

The market price of our securities may fluctuate significantly.

The market price and liquidity of the market for our securities may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

• significant volatility in the market price and trading volume of securities of business development companies or other companies in our sector, which are not necessarily related to the operating performance of the companies;

• changes in regulatory policies, accounting pronouncements or tax guidelines, particularly with respect to RICs and business development companies;

• loss of our qualification or ability to be subject to tax as a RIC or qualification as a business development company;

• changes in earnings or variations in operating results;

• changes in the value of our portfolio investments;

• changes in accounting guidelines governing valuation of our investments;

• any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;

• departure of WhiteHorse Advisers' or any of its affiliates' key personnel;

• operating performance of companies comparable to us;

• general economic trends and other external factors; and

• loss of a major funding source or an event of default under a material financing contract.

See "Risks Relating to an Investment in our Common Stock" above for additional risks you should carefully consider before deciding to invest in shares of our common stock.

We are a holding company and depend on payments from our subsidiaries in order to make payments on any debt securities that we may issue as well as to pay dividends on our common stock. Any debt securities that we issue will be structurally subordinated to the obligations of our subsidiaries.

We are a holding company and fund a majority of our investments through wholly-owned subsidiaries, and a majority of the assets that we hold directly are the equity interests in such subsidiaries. We depend upon the cash flow from our subsidiaries and the receipt of funds from them, any of which may be subject to restriction or limitations based on the organizational documents of the subsidiaries and the agreements governing the debt of any such subsidiary. In addition, because we are a holding company, any debt securities that we issue will be structurally subordinated to the obligations of our subsidiaries. In the event that one of our subsidiaries becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, its assets will be used first to satisfy the claims of its creditors. Consequently, any claim by us or our creditors, including holders of any debt securities that we may issue, against any subsidiary will be structurally subordinated to all of the claims of the creditors of such subsidiary. We cannot assure security holders that they will receive any payments required to be made under the terms of any debt securities that we may issue, dividends or other distributions.

Holders of preferred stock that we issue, if any, would have the right to elect members of the board of directors and have class voting rights on certain matters.

The 1940 Act requires that holders of shares of preferred stock must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock are in arrears by two years or more, until such arrearage is eliminated. In addition, certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock, including changes in fundamental investment restrictions and conversion to open-end status and, accordingly, preferred stockholders could veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies, might impair our ability to maintain our ability to be subject to tax as a RIC.

General Risk Factors

Global economic, political and market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability.

The current worldwide financial market situation, as well as growing social and political tensions in the United States and around the world, may contribute to increased market volatility, may have long-term effects on the United States and worldwide financial markets, and may cause economic uncertainties or deterioration in the United States and worldwide through economic sanctions and otherwise. The fiscal, trade and foreign policies of foreign nations, such as China, North Korea and Iran, may have a severe impact on the worldwide and U.S. financial markets. In addition, the policies of the U.S. administration may impact, among other things, the U.S. and global economy and international trade and relation, among other areas, and the impact of such policies on us, are unclear at present. We do not know how long the financial markets will be affected by these events and cannot predict the effects of these or similar events in the future on the U.S. economy and securities markets or on our investments. We monitor developments and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so.

Changes to U.S. tariff and import/export regulations may affect our portfolio companies, and may negatively impact our business, results of operations or financial condition.

There has been ongoing discussion and commentary regarding potential significant changes to U.S. trade policies, treaties and tariffs, creating uncertainty about the future relationship between the United States and other countries. These developments, or the perception that any of them could occur, may have material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade. Any of these factors could dampen economic activity and limit our portfolio companies' access to suppliers or customers, resulting in a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us.

We are currently operating in a period of severe capital markets disruptions and economic uncertainty which could impair our portfolio companies' financial positions and operating results and affect the industries in which we invest and, in turn, harm our operating results.

The U.S. and global markets have, from time to time, experienced periods of disruption due to events such as terrorist attacks; acts of war; natural disasters, such as earthquakes, tsunamis, fires, floods or hurricanes; and outbreaks of epidemic, pandemic or contagious diseases. Such events have created, and continue to create, economic and political uncertainties and have contributed to recent global economic instability. In particular, the U.S. capital markets have recently experienced, and continue to experience, extreme volatility and disruption as a result of the COVID-19 pandemic, inflation, higher interest rates, the Russia-Ukraine war and the possibility of an economic recession. These events are having an adverse impact on the ability of lenders to originate loans, the volume and type of loans originated, the ability of borrowers to make payments on their loans and the volume and type waivers given to borrowers and remedies in the event of a default, each of which could have an adverse impact on the quantity and quality of loans available to us. Unfavorable economic conditions could also increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us, which could have a material adverse effect on our business, financial condition and results of operations. See "— Continued uncertainty surrounding geopolitical and economic conditions could have a material adverse effect on our business, results of operations and financial condition."

Equity capital may be particularly difficult to raise during periods of extreme volatile market conditions because, as a business development company, we are generally not able to issue additional shares of our common stock at a price below NAV without obtaining approval for such issuance from our stockholders and our board of directors. Volatility and dislocation in the capital markets can also create a challenging environment in which to raise or access debt capital. If sustained for a prolonged period of time, the current market conditions could result in difficulties refinancing or extending the maturity of our existing indebtedness or obtaining additional indebtedness with comparable terms. The debt capital that will be available to us in the future, if at all, may be at increased costs and on less favorable terms and conditions than what we currently experience.

In addition, significant changes or volatility in the capital markets may also have an adverse effect on the valuations of our investments. We also face an increased risk of investor, creditor or portfolio company disputes, litigation and governmental and regulatory scrutiny as a result of the effects of these events on economic and market conditions. Although governmental authorities worldwide have implemented measures to stabilize the markets and foster economic growth, the ultimate success of these measures remain unknown at this time and they may not adequately address the market dislocation.

Events beyond our control, including public health crises, could adversely impact our portfolio companies and our results of our operations.

Periods of market volatility have occurred and may in the future occur in response to pandemics or other events that are beyond our control. These types of events have adversely affected and could continue to adversely affect our operating results and the operating results of our portfolio companies. The COVID-19 pandemic and the resulting economic dislocations have had and continue to have adverse consequences for the business operations and financial performance of some of our portfolio companies, which directly impacts the valuation of our investments. We continue to closely monitor the developments of COVID-19 and assess the potential impact on our business and the business of our portfolio companies.

Although it is impossible to predict the consequences of these governmental actions, it is clear that these types of events are negatively impacting and will continue to negatively impact us and our portfolio companies in the future. The effects of public health crises, such as the COVID-19 pandemic, may materially and adversely affect (i) the value of our investments and the performance of us and our portfolio companies, (ii) the ability of our portfolio companies to continue to satisfy loan covenants or make timely payments under loans provided by us, which may require us to restructure our investments or write down the value of our investments, (iii) our ability to repay debt obligations to our lenders on time or at all, or (iv) our ability to source, manage and achieve our investment objectives, all of which could adversely impact our portfolio companies and our results of operations.

Cybersecurity risks and cyber incidents may adversely affect our business or those of our portfolio companies by causing a disruption to our operations, a compromise or corruption of confidential information and/or damage to business relationships, or those of our portfolio companies, all of which could negatively impact our business, results of operations or financial condition.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to, use, alteration or destruction of our information systems for purposes of misappropriating assets, obtaining ransom payments, stealing confidential information, corrupting data or causing operational disruption, or may involve phishing. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen information, misappropriation of assets, increased cybersecurity protection and insurance costs, litigation and damage to our business relationships. This could result in significant losses, reputational damage, litigation, regulatory fines or penalties, or otherwise adversely affect our business, financial condition or results of operations. In addition, we may be required to expend significant additional resources to modify our protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks. The costs related to cybersecurity incidents may not be fully insured or indemnified. As our and our portfolio companies' reliance on technology has increased, so have the risks posed to our information systems, both internal and those provided by our Investment Adviser and third-party service providers, and the information systems of our portfolio companies. We, our Investment Adviser and its affiliates have implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, may be ineffective and do not guarantee that a cyber incident will not occur or that our financial results, operations or confidential information will not be negatively impacted by such an incident.

Third parties with which we do business (including, but not limited to, service providers, such as accountants, custodians, transfer agents and administrators, and the issuers of securities in which we invest) may also be sources or targets of cybersecurity or other technological risks. We outsource certain functions and these relationships allow for the storage and processing of our information and assets, as well as certain investor, counterparty, employee and borrower information. While we engage in actions to reduce our exposure resulting from outsourcing, we cannot control the cybersecurity plans and systems put in place by these third parties and ongoing threats may result in unauthorized access, loss, exposure or destruction of data, or other cybersecurity incidents, with increased costs and other consequences, including those described above. Privacy and information security laws and regulation changes, and compliance with those changes, may also result in cost increases due to system changes and the development of new administrative processes.

We are highly dependent on information systems and systems failures or interruption could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends and other distributions.

We depend on the communications and information systems of our Investment Adviser and its affiliates as well as certain third-party service providers. As our reliance on these systems has increased, so have the risks posed to these communications and information systems. Any failure or interruption in these systems, including due to (i) electrical or telecommunication outages, (ii) natural disasters such as earthquakes, tornadoes and hurricanes, (iii) disease pandemics, (iv) events arising from local or larger state political or social matters, including terrorist activities, and (v) cyberattacks could cause disruptions in our activities.

We and our Investment Adviser could be the target of litigation.

We and WhiteHorse Advisers could become the target of securities class action litigation or other similar claims if our common stock price fluctuates significantly or for other reasons. The proceedings could continue without resolution for long periods of time and the outcome of any such proceedings could materially adversely affect our business, financial condition, and/or operating results. Any litigation or other similar claims could consume substantial amounts of our management’s time and attention, and that time and attention and the devotion of associated resources could, at times, be disproportionate to the amounts at stake. Litigation and other claims are subject to inherent uncertainties, and a material adverse impact on our financial statements could occur for the period in which the effect of an unfavorable final outcome in litigation or other similar claims becomes probable and reasonably estimable. In addition, we could incur expenses associated with defending ourselves against litigation and other similar claims, and these expenses could be material to our earnings in future periods.

We are subject to risks related to corporate social responsibility.

There is increased public scrutiny related to environmental, social and governance (“ESG”) activities of public companies. We risk damage to our brand and reputation if we do not act responsibly in a number of key areas, including diversity and inclusion, environmental stewardship, support for local communities, corporate governance and transparency and considering ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand, the cost of our operations and relationships with investors, all of which could negatively affect our business and results of operations. Additionally, new regulatory initiatives related to ESG could adversely affect our business.

Continued uncertainty surrounding geopolitical and economic conditions could have a material adverse effect on our business, results of operations and financial condition.

International security issues and adverse developments in respect thereof such as the current political tension between Russia, Ukraine and potentially western security alliances could materially adversely affect global trade and economic activity. In February 2022, Russia invaded Ukraine. In response, countries worldwide, including the United States, have imposed sanctions against Russia and on Russian businesses and individuals, including those in the banking, import and export sectors. Because Russia is a major exporter of oil and natural gas, the invasion and related sanctions have reduced the supply, and increased the price, of energy, which is accelerating inflation, has exacerbated and may continue to exacerbate ongoing supply chain issues. There is also the risk of retaliatory actions by Russia against countries which have enacted sanctions, including cyberattacks against financial and governmental institutions, which could result in business disruptions and further economic turbulence. Although the Company has no direct exposure to Russia or Ukraine, the broader consequences of the invasion may have a material adverse impact on the Company's portfolio and the value of your investment in the Company. Because this is an uncertain and evolving situation, its full impact is unknown at this time.

This invasion has led to disruptions in local, regional, national, and global markets and economies affected by the sanctions, and it is not possible to predict how long the invasion and related sanctions will last. These disruptions caused by the invasion have included, and continue to include, political, social, and economic disruptions and uncertainties and material increases in certain commodity prices that may affect our business operations or the business operations of our portfolio companies. The invasion of Ukraine and any retaliatory measures that have already been, or may in the future be taken by the U.S. and NATO have also created global security concerns that could have a lasting impact on regional and global economies.

In addition to the increase geopolitical risk in Ukraine, economic conditions across the world face continued uncertainty due to inflation, higher interest rates, global supply chain challenges, concerns of an economic recession and heightened volatility in key emerging market economies. New or continued economic deterioration will renew concerns about sovereign debt sustainability, interdependencies among financial institutions and sovereigns, and political and other risks, particularly as many global central banks implement differing monetary policy. Continued uncertainty in the external environment has led to increased concern around the near- to medium-term outlook for economic progress in the regions in which we operate, or may in the future operate, including Europe and Asia.

Continuing uncertainties and challenging conditions in the global economy and in the countries in which we operate, or may in the future operate, may adversely impact our business, financial condition and results of operations.

The current macroeconomic environment is highly volatile, and continuing instability in global markets, including ongoing trade negotiations, uncertainty over inflation and energy price fluctuations, have contributed to a challenging global economic environment. Future developments are dependent upon a number of political and economic factors, including the additional borrowing incurred by countries since the start of the pandemic and the potential for low growth expectations as social restrictions are lifted. As a result, we cannot predict how long challenging conditions will exist or the extent to which the markets in which we operate, or may in the future operate, may deteriorate.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our executive offices are located at 1450 Brickell Avenue, 31st Floor, Miami, Florida 33131 and are provided by our administrator in accordance with the terms of the Administration Agreement. We believe that our office facilities are suitable and adequate for our business as it is contemplated to be conducted.

Item 3. Legal Proceedings

Although we may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise, each of WhiteHorse Finance, WhiteHorse Advisers and WhiteHorse Administration is currently not a party to any material legal proceeding.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price Range of Common Stock

Our common stock began trading on December 5, 2012 and is currently traded on the Nasdaq Global Select Market under the symbol "WHF." As of February 24, 2023, we had 12 stockholders of record, which did not include stockholders for whom shares are held in nominee or "street" name. The following table sets forth, for each fiscal quarter since January 1, 2019, the NAV per share of our common stock, the high and low closing sales price for our common stock, such closing sales price as a premium or discount to our NAV per share and quarterly distributions declared per share.

Period	NAV(1)	Closing Sales Price High	Closing Sales Price Low	Premium (Discount) of High Sales Price to NAV(2)	(Discount) of Low Sales Price to NAV(2)	Distributions Declared Per Share(3)
Fiscal year ending December 31, 2023						
First Quarter (through February 24, 2023)	*	$ 13.88	$ 12.63	*	*	$ 0.425
Fiscal year ended December 31, 2022						
Fourth Quarter	$ 14.30	$ 13.73	$ 10.57	(4.0)%	(26.1)%	$ 0.405
Third Quarter	14.76	15.19	10.86	2.9	(26.4)	0.355
Second Quarter	14.95	15.50	12.35	3.7	(17.4)	0.355
First Quarter	14.99	15.73	14.60	4.9	(2.6)	0.355
Fiscal year ended December 31, 2021						
Fourth Quarter	$ 15.10	$ 16.22	$ 14.61	7.4 %	(3.2)%	$ 0.490
Third Quarter	15.46	16.02	14.90	3.6	(3.6)	0.355
Second Quarter	15.42	16.72	14.60	8.4	(5.3)	0.355
First Quarter	15.27	16.08	13.10	5.3	(14.2)	0.355

(1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAV shown is based on outstanding shares at the end of the period.
(2) Calculated as of the respective high or low closing sales price divided by the quarter end NAV.
(3) Unless otherwise noted, the distributions were declared from net investment income and long-term capital gains and did not include a return of capital.

Shares of business development companies may trade at a market price both above and below the NAV that is attributable to those shares. Our shares have historically traded above and below our NAV. The possibility that our shares of common stock will trade at a discount from NAV or at a premium that is unsustainable over the long term is separate and distinct from the risk that our NAV will decrease. It is not possible to predict whether our shares will trade at, above or below our NAV in the future.

Distributions

We intend to continue making quarterly distributions to our stockholders. The timing and amount of our quarterly distributions, if any, are determined by our board of directors. We have elected to be treated as a RIC under Subchapter M of the Code and intend to maintain such treatment. To maintain our ability to be subject to tax as a RIC, we must meet the Annual Distribution Requirement.

We maintain an "opt out" distribution reinvestment plan for our common stockholders. If we declare a dividend or other distribution, then stockholders' cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically “opt out” of the distribution reinvestment plan so as to receive cash distributions. As a result, stockholders that do not participate in the distribution reinvestment plan may experience dilution over time. Stockholders who do not elect to receive distributions in shares of common stock may experience accretion to the NAV of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or dilution would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

Sale of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Stock Performance Graph

This graph compares the stockholder return on our common stock from December 5, 2012 (initial public offering) to December 31, 2022 with that of the Nasdaq Financial 100 and the Standard & Poor’s 500 Stock Indices. This graph assumes that on December 5, 2012, $100 was invested in our common stock, the Nasdaq Financial 100 and the Standard & Poor’s 500 Stock Indices. The stock price information reflected in the graph is based upon market closing prices, which for our common stock was $13.90 on December 5, 2012. The graph also assumes the reinvestment of all cash dividends prior to any tax effect. The graph and other information furnished under this Part II Item 5 of this annual report on Form 10-K shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act. The stock price performance included in the below graph is not necessarily indicative of future stock performance.

Fees and Expenses

The following table is being provided to update, as of December 31, 2022, certain information in our registration statement of Form N-2 (File No. 333-231247), most recently declared effective by the SEC on August 2, 2022. This table will assist you in understanding the various costs and expenses that an investor in shares of our common stock will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary from actual results. The following table should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown. Except where the context suggests otherwise, whenever reference to fees or expenses paid by "you" or "us" or that "we" will pay, stockholders will indirectly bear such fees or expenses as investors in us.

Stockholder transaction expenses:		
Sales load (as a percentage of offering price)		— %(1)
Offering expenses (as a percentage of offering price)		— %(2)
Distribution reinvestment plan fees (per sales transaction fee)	$	15 Transaction Fee (3)
Total stockholder transaction expenses (as a percentage of offering price)		— %
Annual expenses (as a percentage of net assets attributable to common stock):		
Base management fees		4.69 %(4)
Incentive fees payable under Investment Advisory Agreement (20% of Pre-Incentive Fee Net Investment Income and 20% of realized capital gains)		2.12 %(5)
Interest payments on borrowed funds		6.60 %(6)
Acquired fund fees and expenses		3.65 %(7)
Other expenses		1.71 %(8)
Total annual expenses		**18.77 %**

(1) In the event that the securities to which any applicable prospectus relates are sold to or through underwriters or agents, a corresponding prospectus supplement will disclose the applicable sales load.

(2) In the event that we conduct an offering of our securities, including each underwritten offering by any of the selling stockholders identified under "Selling Stockholders," the related prospectus supplement will disclose the estimated amount of total offering expenses (which may include offering expenses borne by third parties on our behalf), the offering price and the offering expenses borne by us as a percentage of the offering price.

(3) The expenses of the distribution reinvestment plan, which consist primarily of the expenses of American Stock Transfer & Trust Company, LLC, our plan administrator, are included in "Other expenses." If a participant elects by written notice to the plan administrator prior to termination of his or her account to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a $15.00 transaction fee plus a $0.10 per share brokerage commission from the proceeds. See "Distribution Reinvestment Plan."

(4) Our base management fee under the Investment Advisory Agreement is calculated at an annual rate of 2.0% based on our gross assets, including assets purchased with borrowed funds; provided, however, our base management fee shall be calculated at an annual rate of 1.25% of our gross assets, including cash and cash equivalents and assets purchased with borrowed funds, that exceed the product of (i) 200% and (ii) the value of our total net assets. Our base management fee is payable quarterly in arrears. The SEC requires that the "Management fees" percentage be calculated as a percentage of net assets attributable to common stockholders, rather than total assets, including assets that have been funded with borrowed monies, because common stockholders bear all of this cost.

(5) The incentive fee referenced in the table above is based on actual amounts of the income-based component of the incentive fee incurred during the year ended December 31, 2022 and the actual amount of the capital gains-based incentive fee recorded during this same period. The incentive fee consists of two components that are independent of each other (except as provided in the Incentive Fee Cap and Deferral Mechanism described below), with the result that one component may be payable even if the other is not.

We have structured the calculation of these incentive fees, which we refer to as the “Income and Capital Gain Incentive Fee Calculations,” to include a fee limitation such that no incentive fee will be paid to our Investment Adviser for any fiscal quarter if, after such payment, the cumulative incentive fees paid to our Investment Adviser for the period that includes such fiscal quarter and the 11 full preceding fiscal quarters, which we refer to in this prospectus as the Incentive Fee Look-back Period, would exceed 20.0% of our Cumulative Pre-Incentive Fee Net Return during the applicable Incentive Fee Look-back Period. The deferral component of the Incentive Fee Cap and Deferral Mechanism may cause incentive fees that accrued during one fiscal quarter to be paid to our Investment Adviser at any time during the 11 full fiscal quarters following such initial full fiscal quarter.

We accomplish this limitation by subjecting each incentive fee payable to a cap, which we refer to in this prospectus to as the “Incentive Fee Cap.” The Incentive Fee Cap in any quarter is equal to (a) 20.0% of Cumulative Pre-Incentive Fee Net Return during the Incentive Fee Look-back Period less (b) cumulative incentive fees of any kind paid to our Investment Adviser by us during the Incentive Fee Look-back Period. To the extent the Incentive Fee Cap is zero or a negative value in any quarter, we will pay no incentive fee to our Investment Adviser in that quarter. We will only pay incentive fees to the extent allowed by the Incentive Fee Cap and Deferral Mechanism. To the extent that the payment of incentive fees is limited by the Incentive Fee Cap and Deferral Mechanism, the payment of such fees may be deferred and paid up to three years after their date of deferment subject to applicable limitations included in the Investment Advisory Agreement.

The first component of the incentive fee, which is income-based and payable quarterly in arrears, equals 20% of the amount, if any, that our “Pre-Incentive Fee Net Investment Income” exceeds a 1.75% quarterly (7.00% annualized) hurdle rate, or the Hurdle Rate, subject to a “catch-up” provision measured at the end of each calendar quarter and the Incentive Fee Cap and Deferral Mechanism described below. The operation of the first component of the incentive fee for each quarter is as follows:

- no incentive fee is payable to our Investment Adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle Rate of 1.75% (7.00% annualized);

- 100% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle Rate but is less than 2.1875% in any calendar quarter (8.75% annualized) is payable to our Investment Adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle Rate but is less than 2.1875%) as the “catch-up.” The effect of the “catch-up” provision is that, if such Pre-Incentive Fee Net Investment Income exceeds 2.1875% in any calendar quarter, our Investment Adviser will receive 20% of such Pre-Incentive Fee Net Investment Income as if the Hurdle Rate did not apply; and

- 20% of the amount of such Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to our Investment Adviser (once the Hurdle Rate is reached and the catch-up is achieved).

The portion of such incentive fee that is attributable to deferred interest (such as payment-in-kind, or PIK, interest or original issue discount) will be paid to the Investment Adviser, together with any other interest accrued on the loan from the date of deferral to the date of payment, only if and to the extent we actually receive such interest in cash, and any accrual thereof will be reversed if and to the extent such interest is reversed in connection with any write-off or similar treatment of the investment giving rise to any deferred interest accrual. Any reversal of such amounts would reduce net income for the quarter by the net amount of the reversal (after taking into account the reversal of incentive fees payable) and would result in a reduction and possibly elimination of the incentive fees for such quarter. For the avoidance of doubt, no incentive will be paid to the Investment Adviser on amounts accrued and not paid in respect of deferred interest.

There is no accumulation of amounts on the Hurdle Rate from quarter to quarter and, accordingly, there is no clawback of amounts previously paid if subsequent quarters are below the quarterly Hurdle Rate and there is no delay of payment if prior quarters are below the quarterly Hurdle Rate. Since the Hurdle Rate is fixed, as interest rates rise, it will be easier for our Investment Adviser to surpass the Hurdle Rate and receive an incentive fee based on Pre-Incentive Fee Net Investment Income.

The second component, which is capital gains-based, is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date) and equals 20% of our cumulative aggregate realized capital gains through the end of such year, computed net of our aggregate cumulative realized capital losses and aggregate cumulative unrealized capital depreciation through the end of such year, less the aggregate amount of any previously paid capital gains incentive fees and subject to the Incentive Fee Cap and Deferral Mechanism described above. The capital-gains component of the incentive fee excludes any portion of realized gains (losses) that are associated with the reversal of any portion of unrealized appreciation/depreciation attributable to periods prior to January 1, 2013. The capital gains component of the incentive fee is not subject to any minimum return to stockholders.

As described above, we will not pay any incentive fee at any time when, after such payment, the cumulative incentive fees paid to date would exceed 20% of the Cumulative Pre-Incentive Fee Net Return during the Incentive Fee Look-back Period.

(6) Our stockholders bear directly or indirectly the costs of borrowings under the Credit Facility and other debt instruments. Our actual borrowing costs as a percentage of net assets attributable to common stock on our outstanding indebtedness as of December 31, 2022, which consisted of $255.1 million of indebtedness outstanding under the Credit Facility, $75.0 million of indebtedness outstanding in 4.000% 2026 Notes and $115.0 million of indebtedness outstanding in Private Notes, was 6.60%. As of December 31, 2022, the weighted average interest rate for total outstanding debt was 6.12%. Assuming we meet certain disclosure requirements and obtain certain approvals required by the SBCAA, we expect to use leverage to finance a portion of our investments in the future, consistent with the newly enacted rules and regulations under the 1940 Act.

(7) Our stockholders also indirectly bear 66.67% of the expenses of our investment in STRS JV. No management fee is charged by the Advisor in connection to STRS JV. For this chart, STRS JV fees and operating expenses are based on our share of the actual fees and operating expenses of STRS JV for the year ended December 31, 2022. Expenses for STRS JV may fluctuate over time and may be substantially higher or lower in the future.

(8) Includes our overhead expenses, including payments under the Administration Agreement, based on our allocable portion of overhead and other expenses incurred by WhiteHorse Administration in performing its obligations under the Administration Agreement, and income and excise taxes. “Other expenses” are based on actual amounts incurred during the year ended December 31, 2022.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses remain at the levels set forth in the table above. This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

Stockholders would pay the following expenses on a $1,000 common stock investment:	**1 year**	**3 years**	**5 years**	**10 years**
Assuming a 5% annual return (none of which is subject to the incentive fee)	$ 157	$ 418	$ 621	$ 956

The above table is designed to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Advisory Agreement, which, assuming a 5% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the example. This illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher.

If the 5% annual return were derived entirely from capital gains, you would pay expenses on a $1,000 investment as follows:

Stockholders would pay the following expenses on a $1,000 common stock investment:	1 year	3 years	5 years	10 years
Assuming a 5% annual return resulting entirely from net realized capital gains (which is subject to the incentive fee based on capital gains)	$ 167	$ 444	$ 661	$ 1,017

The example assumes reinvestment of all dividends and other distributions at NAV. Under certain circumstances, reinvestment of dividends and distributions under our distribution reinvestment plan may occur at a price per share that differs from NAV. Participants in our distribution reinvestment plan will receive a number of shares of our common stock determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the distribution. See “Distribution Reinvestment Plan” for additional information regarding our distribution reinvestment plan.

Item 6. Reserved

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The information contained in this section should be read in conjunction with our Consolidated Financial Statements and Supplementary Data appearing elsewhere in this annual report on Form 10-K.

Forward-Looking Statements

Some of the statements in this annual report on Form 10-K constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained in this annual report on Form 10-K involve risks and uncertainties, including statements as to:

- our future operating results;
- our ability to consummate new investments and the impact of such investments;
- the ability of our portfolio companies to achieve their objectives;
- our contractual arrangements and relationships with third parties;
- 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 our assets, including changes from the impact of the ongoing war between Russia and Ukraine and the prolonged lockdowns in China due to the ongoing COVID-19 pandemic;
- the elevating levels of inflation, and the potential impact of inflation on our portfolio companies and on the industries in which we invest;

- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the impact of increased competition;
- the ability of our investment adviser to locate suitable investments for us and to monitor our investments;
- our expected financings and investments and the rate at which our investments are refunded by portfolio companies;
- our ability to pay dividends or make distributions;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our prospective portfolio companies; and
- the impact of future acquisitions and divestitures.

We use words such as "may," "might," "will," "intends," "should," "could," "can," "would," "expects," "believes," "estimates," "anticipates," "predicts," "potential," "plan" and similar expressions to identify forward-looking statements. Our actual results could differ materially from those projected in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" and elsewhere in this annual report on Form 10-K.

We have based the forward-looking statements included in this annual report on Form 10-K on information available to us on the date of this annual report on Form 10-K, and we assume no obligation to update any such forward-looking statements. Although we undertake 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 we may make directly to you or through reports that we may file with the SEC in the future, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

You should understand that under Sections 27A(b)(2)(B) and (D) of the Securities Act of 1933, as amended, or the Securities Act, and Sections 21E(b) (2)(B) and (D) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended, do not apply to statements made in connection with this annual report on Form 10-K or any periodic reports we file under the Exchange Act.

Overview

We are an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, for tax purposes, we elected to be treated as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code.

We were formed on December 28, 2011 and commenced operations on January 1, 2012. We were originally capitalized with approximately $176.3 million of contributed assets from H.I.G. Bayside Debt & LBO Fund II, L.P. and H.I.G. Bayside Loan Opportunity Fund II, L.P., each of which is an affiliate of H.I.G. Capital, L.L.C., or H.I.G. Capital. These assets were contributed as of January 1, 2012 in exchange for 11,752,383 units in WhiteHorse Finance, LLC. On December 4, 2012, we converted from a Delaware LLC into a Delaware corporation and elected to be treated as a business development company under the 1940 Act.

On December 4, 2012, we priced our initial public offering, or the IPO, selling 6,666,667 shares. Concurrent with the IPO, certain of our directors and officers, the managers of H.I.G. WhiteHorse Advisers, LLC ("WhiteHorse Advisers" or the "Investment Adviser") and their immediate family members or entities owned by, or family trusts for the benefit of, such persons, purchased an additional 472,673 shares through a private placement exempt from registration under the Securities Act. Our shares of common stock are listed on the Nasdaq Global Select Market under the symbol “WHF.”

We are a direct lender targeting debt investments in privately held, lower middle market companies located in the United States. We define the lower middle market as those companies with enterprise values between $50 million and $350 million. Our investment objective is to generate attractive risk-adjusted returns primarily by originating and investing in senior secured loans, including first lien and second lien facilities, to performing lower middle market companies across a broad range of industries. Such loans typically carry a floating interest index rate such as the London Interbank Offered Rate, or LIBOR, or the Secured Overnight Financing Rate, or SOFR, plus a spread and typically have a term of three to six years. While we focus principally on originating senior secured loans to lower middle market companies, we may also opportunistically make investments at other levels of a company’s capital structure, including mezzanine loans or equity interests, and in companies outside of the lower middle market, to the extent we believe the investment presents an opportunity to achieve an attractive risk-adjusted return. We also may receive warrants to purchase common stock in connection with our debt investments. We expect to generate current income through the receipt of interest payments, as well as origination and other fees, capital appreciation and dividends.

Our investment activities are managed by WhiteHorse Advisers and are supervised by our board of directors, a majority of whom are independent of us, WhiteHorse Advisers and its affiliates. Under the Investment Advisory Agreement, we have agreed to pay WhiteHorse Advisers an annual base management fee based on our average consolidated gross assets as well as an incentive fee based on our investment performance. Under our Administration Agreement, we have agreed to reimburse WhiteHorse Administration for our allocable portion (subject to the review and approval of our independent directors) of overhead and other expenses incurred by WhiteHorse Administration in performing its obligations under the Administration Agreement.

Reference Rate Reform

In July 2017, the head of the United Kingdom Financial Conduct Authority, or the FCA, announced that it will phase out the use of LIBOR by 2021. On March 2021, the FCA and the IBA announced that (i) 1-week and 2-month U.S. dollar LIBOR and non-U.S. LIBOR will cease at the end of 2021 and (ii) the remaining U.S. dollar LIBOR tenors will cease after June 30, 2023, effectively extending the LIBOR transition period to June 30, 2023. In light of feedback received, the FCA has proposed that the 1-, 3- and 6-month U.S. dollar LIBOR tenors continue to be published on a synthetic basis through September 2024. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate.

To identify a successor rate for U.S. dollar LIBOR, the Federal Reserve System, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, identified SOFR as its preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. As of December 31, 2022, SOFR is utilized as the floating benchmark rate on approximately 41 floating rate debt investments to our portfolio companies. As of December 31, 2022, SOFR is utilized as the floating benchmark rate on the Credit Facility for USD denominated borrowings above $285.0 million. We expect any new credit facilities that we enter into subsequent to December 31, 2022 will reference a benchmark interest rate other than LIBOR, such as SOFR.

Other jurisdictions have also proposed their own alternative to LIBOR, including the Sterling Overnight Index Average for Sterling markets, the Euro Short Term Rate for Euros and Tokyo Overnight Average Rate for Japanese Yens. Although SOFR appears to be the preferred replacement rate for U.S. dollar LIBOR, at this time, it is not possible to predict whether any of these alternative reference rates will attain market traction as a LIBOR replacement tool or the effect of any such changes as the establishment of alternative reference rates or other reforms to LIBOR may be enacted in the United States, United Kingdom or elsewhere. As such, the potential effect on how markets will respond to the transition to SOFR, or other reference rates, is uncertain.

Refer to “Part I. Item 1A. Risk Factors — Risks Relating to our Business and Structure — Since we are using debt to finance our investments, and we may use additional debt or preferred stock financing going forward, changes in interest rates may affect our cost of capital, net investment income, value of our common stock and our rate of return on invested capital.” of this Annual Report on Form 10-K.

Revenues

We generate revenue in the form of interest payable on the debt securities that we hold and capital gains and distributions, if any, on the portfolio company investments that we originate or acquire. Our debt investments, whether in the form of senior secured loans or mezzanine loans, typically have terms of three to six years and bear interest at a fixed or floating rate based on a spread over LIBOR, SOFR or an equivalent index rate. Interest on debt securities is generally payable monthly or quarterly, with the amortization of principal generally being deferred for several years from the date of the initial investment. In some cases, we may also defer payments of interest for the first few years after our investment. The principal amount of the debt securities and any accrued but unpaid interest generally becomes due at the maturity date. In addition, we generate revenue in the form of commitment, origination, structuring or diligence fees, fees for providing managerial assistance and possibly consulting fees. We capitalize loan origination fees, original issue discount and market discount, and we then amortize such amounts as interest income. Upon the prepayment of a loan or debt security, we record any unamortized loan origination fees as interest income. We record prepayment premiums on loans and debt securities as fee income when earned. Dividend income is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Expenses

Our primary operating expenses include (1) investment advisory fees to WhiteHorse Advisers; (2) the allocable portion of overhead under the Administration Agreement; (3) the interest expense on our outstanding debt; and (4) other operating costs as detailed below. Our investment advisory fees compensate our investment adviser for its work in identifying, evaluating, negotiating, consummating and monitoring our investments.

We bear all other costs and expenses of our operations and transactions, including:

- our organization;
- calculating our NAV and NAV per share (including the costs and expenses of independent valuation firms);
- fees and expenses, including travel expenses, incurred by WhiteHorse Advisers or payable to third parties in performing due diligence on prospective portfolio companies, monitoring our investments and, if necessary, enforcing our rights;
- the costs of all future offerings of common shares and other securities, and other incurrences of debt;
- the base management fee and any incentive fee;
- distributions on our shares;
- transfer agent and custody fees and expenses;
- amounts payable to third parties relating to, or associated with, evaluating, making and disposing of investments;
- brokerage fees and commissions;
- registration fees;
- listing fees;

- taxes;
- independent directors' fees and expenses;
- costs associated with our reporting and compliance obligations under the 1940 Act and applicable U.S. federal and state securities laws;
- the costs of any reports, proxy statements or other notices to our stockholders, including printing costs;
- costs of holding stockholder meetings;
- our fidelity bond;
- directors and officers/errors and omissions liability insurance and any other insurance premiums;
- litigation, indemnification and other non-recurring or extraordinary expenses;
- direct costs and expenses of administration and operation, including audit and legal costs;
- fees and expenses associated with marketing efforts, including deal sourcing and marketing to financial sponsors;
- dues, fees and charges of any trade association of which we are a member; and
- all other expenses reasonably incurred by us or WhiteHorse Administration in connection with administering our business, including rent and our allocable portion of the costs and expenses of our chief financial officer and chief compliance officer along with their respective staffs.

WhiteHorse Advisers or WhiteHorse Administration may pay for certain expenses that we incur, which are subject to reimbursement by us.

Recent Developments

For the period January 1, 2023 through March 3, 2023, we contributed three additional assets, which included three existing issuers of senior secured debt facilities to the STRS JV.

In February 2023, we increased our capital commitment to the STRS JV in the amount of an additional $15 million, which brings our total capital commitment to the STRS JV to $115 million, comprised of $92 million of subordinated notes and $23 million of LLC equity interests, and STRS Ohio increased its capital commitment to the STRS JV in the amount of an additional $10 million, which brings its total capital commitment to the STRS JV to $60 million, comprised of $48 million of subordinated notes and $12 million of LLC equity interests. In connection with these increases in capital commitments, our and STRS Ohio's amended economic ownership in the STRS JV is approximately 65.71% and 34.29%, respectively.

Subsequent to December 31, 2022, the Company received financial information related to its investment in Playmonster Group LLC. Based on this information, the Company expects to place the first lien secured term loan investment on non-accrual status during the first quarter. This conclusion remains subject to change if additional information becomes available.

Consolidated Results of Operations

Comparison of the Years Ended December 31, 2022 and December 31, 2021

Set forth below are the consolidated results of operations for the years ended December 31, 2022 and 2021. For information regarding the consolidated results of operations for the year ended December 31, 2020, see the Company's Form 10-K for the fiscal year ended December 31, 2021 as filed with the SEC on March 4, 2022.

The consolidated results of operations described below may not be indicative of the results we report in future periods. Net investment income and net increase in net assets can vary substantially from period to period due to various reasons, including the level of new investments and the recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, period to period comparisons of net increases in net assets resulting from operations may not be meaningful.

Consolidated operating results for the years ended December 31, 2022 and 2021 are as follows:

	Year ended December 31,		2022 vs. 2021
($ in thousands)	**2022**	**2021**	**Variance**
Total investment income	$ 87,527	$ 72,143	$ 15,384
Total expenses	50,269	43,352	6,917
Net investment income	**37,258**	**28,791**	**8,467**
Net realized gains/(losses) on investments and foreign currency transactions	(14,268)	8,815	(23,083)
Net change in unrealized gains/(losses) on investments and foreign currency transactions	(7,307)	(7,512)	205
Net increase in net assets resulting from operations	**$ 15,683**	**$ 30,094**	**$ (14,411)**

Net Investment Income

Net investment income for the years ended December 31, 2022 and 2021 totaled $37.3 million and $28.8 million, respectively. Net investment income increased by $8.5 million for the year ended December 31, 2022 from the year ended December 31, 2021, as described below under "Investment Income" and "Operating Expenses".

Investment Income

Investment income increased by $15.4 million for the years ended December 31, 2022 and 2021 primarily attributable to a larger investment portfolio and an increase in base rates. Investment income generated from our STRS JV subordinated notes and equity investments increased by $5.1 million as a result of a larger investment portfolio, higher interest income earned from investments in portfolio companies and the increased economic interest to 66.67% from 60.0%, starting in February 2022. Investment income from non-recurring fee income increased by $0.9 million. We expect to generate some level of non-recurring fee income during most quarters from prepayments, amendments and other sources. This was offset by lower dividend income from our investment in Arcole Holding Corporation by $0.8 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021.

Operating Expenses

The following table summarizes our expenses for the years ended December 31, 2022 and 2021:

	Year ended December 31,		2022 vs. 2021
($ in thousands)	**2022**	**2021**	**Variance**
Interest expense	$ 21,940	$ 16,594	$ 5,346
Base management fees	15,600	13,975	1,625
Performance-based incentive fees	7,059	7,524	(465)
Administrative service fees	683	683	—
General and administrative expenses	3,963	3,572	391
Total expenses, before excise tax	49,245	42,348	6,897
Excise tax	1,024	1,004	20
Total expenses, including excise tax	$ 50,269	$ 43,352	$ 6,917

Interest expense increased $5.3 million for the year ended December 31, 2022 from the year ended December 31, 2021, primarily due to a higher borrowing base and higher weighted average interest rates. For the year ended December 31, 2022, the weighted average outstanding borrowings were $454.4 million at a weighted average interest rate of 4.35%. For the year ended December 31, 2021, the weighted average outstanding borrowings were $379.3 million at a weighted average interest rate of 3.70%.

Base management fees increased by $1.6 million for the year ended December 31, 2022 from the year ended December 31, 2021, primarily due to higher gross assets.

Performance-based incentive fees decreased by $0.5 million for the year ended December 31, 2022 from the year ended December 31, 2021, was mainly attributable to lower capital gains incentive fee of $2.1 million, offset by a higher net investment income incentive fee of $1.6 million.

General and administrative increased $0.4 million for the year ended December 31, 2022 from the year ended December 31, 2021, primarily due to higher professional fees.

Excise Tax Expense

We have elected to be treated as a RIC under Subchapter M of the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. In order to be subject to tax as a RIC, we are required to meet certain source of income and asset diversification requirements, as well as timely distribute to our stockholders dividends for U.S. federal income tax purposes of an amount generally at least equal to 90% of investment company taxable income, as defined by the Code, and determined without regard to any deduction for dividends paid for each tax year. We have made and intend to continue to make the requisite distributions to our stockholders that will generally relieve us from U.S. federal income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to retain taxable income in excess of current year distributions into the next tax year in an amount less than what would trigger payments of U.S. federal income tax under Subchapter M of the Code. We may then be required to incur a 4% excise tax on such income. To the extent that we determine that our estimated current year annual taxable income may exceed estimated current year distributions, we accrue excise tax, if any, on estimated excess taxable income as taxable income is earned.

For both years ended December 31, 2022 and 2021, we accrued a net federal excise tax expense of $1.0 million.

Net Realized and Unrealized Gains (Losses) on Investments

The following shows the breakdown of net realized gains and losses on investments for the years ended December 31, 2022 and 2021:

	Year ended	
($ in millions)	**December 31, 2022**	**December 31, 2021**
AG Kings Holdings Inc.[(1)]	$ 0.6	$ 8.0
BW Gas & Convenience Holdings, LLC	—	0.2
Cennox, Inc.	0.1	—
Escalon Services Inc.	1.6	—
Geo Logic Systems Ltd.	—	0.2
Grupo HIMA San Pablo, Inc.	(18.3)	—
Lab Logistics, LLC	0.2	—
Manchester Acquisition Sub LLC (d/b/a Draslovka Holding AS)	0.1	—
Meta Buyer LLC (d/b/a Metagenics, Inc.)	—	(0.3)
RCS Capital Corporation[(2)]	1.7	0.6
RLJ Pro-Vac, Inc.	0.1	—
Vero Parent, Inc.	—	0.5
Vessco Holdings, LLC	(0.1)	(0.6)
Other[(3)]	0.1	—
Total net realized gains/(losses) on investments	**$ (13.9)**	**$ 8.6**

(1) Escrow receivable amounts were recognized in connection with realization events.
(2) Amount represents a recovery from a previously realized equity investment.
(3) Includes various investments with aggregate realized gains or losses less than $50,000.

The following shows the breakdown in the changes in unrealized appreciation and depreciation on investments for the year ended December 31, 2022 and 2021:

	Year ended	
($ in millions)	**December 31, 2022**	**December 31, 2021**
Gross unrealized appreciation on investments[(1)]	$ 2.3	$ 11.4
Gross unrealized depreciation on investments	(20.3)	(10.4)
Reversal of prior period net unrealized (appreciation) depreciation upon a realization	8.8	(8.6)
Total unrealized appreciation (depreciation) on investments	**$ (9.2)**	**$ (7.6)**

(1) The year ended December 31, 2022 and 2021 includes unrealized appreciation from the AG Kings Holdings Inc. escrow receivable of $0.9 million and $0.5 million, respectively.

Financial Condition, Off-Balance Sheet Arrangements, Liquidity and Capital Resources

As a business development company, we distribute substantially all of our net income to our stockholders. We generate cash primarily from offerings of securities, borrowings under the Credit Facility, and cash flows from operations, including interest earned from the temporary investment of cash in U.S. government securities and other high-quality debt investments that mature in one year or less. We expect to fund a portion of our investments through future borrowings. In the future, we may obtain borrowings under other credit facilities and from issuances of senior securities to the extent permitted by the 1940 Act. We may also borrow funds to the extent we determine that additional capital would allow us to take advantage of additional investment opportunities, if the market for debt financing presents attractively priced debt financing opportunities or if our board of directors determines that leveraging our portfolio would be in our best interest and the best interests of our stockholders.

Our board of directors may decide to issue common stock, such as through at-the-market offerings, direct placements or otherwise, to finance our operations rather than issuing debt or other senior securities. Any decision to sell shares below the then-current net asset value per share of our common stock is subject to stockholder approval and a determination by our board of directors that such issuance and sale is in our and our stockholders' best interests. Any sale or other issuance of shares of our common stock at a price below net asset value per share results in immediate dilution to our stockholders' interests in our common stock and a reduction in our net asset value per share. If we were to issue additional shares of our common stock during the next 12 months, we do not intend to issue shares below the then-current net asset value per share.

Restricted cash and cash equivalents include amounts that are collected and held by the trustee appointed as custodian of the assets securing the Credit Facility. Restricted cash is held by the trustee for the payment of interest expense and principal on the outstanding borrowings or reinvestment into new assets. Restricted cash that represents interest or fee income is transferred to unrestricted cash accounts by the trustee generally once a quarter after the payment of operating expenses and amounts due under the Credit Facility.

We may become a party to financial instruments with off-balance sheet risk in the normal course of our business to meet the financial needs of our portfolio companies. These instruments may include commitments to extend credit and involve elements of liquidity and credit risk in excess of the amount recognized on the consolidated statements of assets and liabilities. As of December 31, 2022 and December 31, 2021, we had commitments to fund approximately $56.2 million and $53.1 million, respectively, of revolving lines of credit or delayed draw facilities to our portfolio companies. We reasonably believe that we have sufficient assets to adequately cover and allow us to satisfy our outstanding unfunded commitments.

Senior Securities
(In Thousands)

Information about our senior securities is shown in the following tables as of December 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013 and 2012. The report of our independent registered public accounting firm, Crowe LLP, on the senior securities table as of December 31, 2022, 2021, 2020, 2019 and 2018 is attached as an exhibit to this report. The "— " indicates information that the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding[1]	Asset Coverage per Unit[2]	Involuntary Liquidating Preference per Unit[3]	Average Market Value per Unit[4]
Credit Facility[5]				
Fiscal 2022	$ 255,145	$ 1,754	$ —	N/A
Fiscal 2021	291,637	1,735	—	N/A
Fiscal 2020	265,246	1,813	—	N/A
Fiscal 2019	238,917	2,047	—	N/A
Fiscal 2018	115,000	2,792	—	N/A
Fiscal 2017	155,000	2,576	—	N/A
Fiscal 2016	155,000	2,368	—	N/A
Fiscal 2015	102,000	2,305	—	N/A
Fiscal 2014	105,500	2,183	—	N/A
Fiscal 2013	25,000	3,064	—	N/A
Fiscal 2012	51,250	2,622	—	N/A
6.000% 2023 Notes				
Fiscal 2022	$ 30,000	$ 1,754	$ —	N/A
Fiscal 2021	30,000	1,735	—	N/A
Fiscal 2020	30,000	1,813	—	N/A
Fiscal 2019	30,000	2,047	—	N/A
Fiscal 2018	30,000	2,792	—	N/A
5.375% 2025 Notes				
Fiscal 2022	$ 40,000	$ 1,754	$ —	N/A
Fiscal 2021	40,000	1,735	—	N/A
Fiscal 2020	40,000	1,813	—	N/A
5.375% 2026 Notes				
Fiscal 2022	$ 10,000	$ 1,754	$ —	N/A
Fiscal 2021	10,000	1,735	—	N/A
Fiscal 2020	10,000	1,813	—	N/A
5.625% 2027 Notes				
Fiscal 2022	$ 10,000	$ 1,754	$ —	N/A
Fiscal 2021	10,000	1,735	—	N/A

Class and Year	Total Amount Outstanding[1]	Asset Coverage per Unit[2]	Involuntary Liquidating Preference per Unit[3]	Average Market Value per Unit[4]
Fiscal 2020	10,000	1,813	—	N/A
4.250% 2028 Notes				
Fiscal 2022	$ 25,000	$ 1,754	$ —	N/A
Fiscal 2021	25,000	1,735	—	N/A
4.000% 2026 Notes				
Fiscal 2022	$ 75,000	$ 1,754	$ —	N/A
Fiscal 2021	75,000	1,735	—	N/A
2025 Public Notes[6]				
Fiscal 2020	$ 35,000	$ 1,813	$ —	1,029
Fiscal 2019	35,000	2,047	—	1,049
Fiscal 2018	35,000	2,792	—	982
2020 Notes[7]				
Fiscal 2017	$ 30,000	$ 2,576	$ —	1,026
Fiscal 2016	30,000	2,368	—	1,005
Fiscal 2015	30,000	2,305	—	1,010
Fiscal 2014	30,000	2,183	—	1,006
Fiscal 2013	30,000	3,064	—	982
Unsecured Term Loan[8]				
Fiscal 2015	$ 55,000	$ 2,305	$ —	N/A
Fiscal 2014	55,000	2,183	—	N/A
Fiscal 2013	55,000	3,064	—	N/A
Fiscal 2012	90,000	2,622	—	N/A

(1) Total amount of each class of senior securities outstanding at the end of the period presented (in thousands), exclusive of debt issuance costs.

(2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by total senior securities representing indebtedness. This asset coverage ratio is multiplied by $1,000 to determine the Asset Coverage Per Unit (including for the 2020 Notes, which were issued in $25 increments).

(3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.

(4) Not applicable, except for with respect to the 2020 Notes and 2025 Notes, as other senior securities are not registered for public trading on a stock exchange. The average market value per unit for the 2020 Notes and 2025 Notes is based on the average daily prices two weeks prior to the fiscal year end of such notes and is expressed per $1,000 of indebtedness.

(5) On September 27, 2012, WhiteHorse Finance Warehouse, LLC entered into a $150,000 revolving credit and security agreement with Natixis, New York Branch, acting as facility agent- (the "Natixis Credit Facility"). On December 23, 2015, WhiteHorse Credit entered into the Credit Facility, and we drew $102.0 million on the Credit Facility and used the proceeds to repay the Natixis Credit Facility in full.

(6) On December 17, 2021, we redeemed 100% of the $35 million aggregate principal amount of the 2025 Notes outstanding and delisted the 2025 Notes from the Nasdaq Global Select Market.

(7) On August 9, 2018, we redeemed 100% of the $30 million aggregate principal amount of the 2020 Notes outstanding and delisted the 2020 Notes from the Nasdaq Global Select Market.

(8) On June 30, 2016, we repaid in full the outstanding balance of $55.0 million due under the Unsecured Term Loan.

Comparison of the Years Ended December 31, 2022 and December 31, 2021

Set forth below are our liquidity and capital resources for the years ended December 31, 2022 and 2021. For information regarding our liquidity and capital resources for the year ended December 31, 2020, see the Company's Form 10-K for the fiscal year ended December 31, 2021, as filed with the SEC on March 4, 2022.

Our operating activities provided cash and cash equivalents of $72.0 million during the year ended December 31, 2022, primarily from the net proceeds received from realizations and repayments on our investments, partially offset by acquisition of investments and cash used from the net change in working capital. Our financing activities used cash and cash equivalents of $68.5 million during the year ended December 31, 2022, primarily due to repayments on the Credit Facility and the payment of distributions to stockholders.

Our operating activities used cash and cash equivalents of $90.2 million during the year ended December 31, 2021, primarily for acquisition of investments and cash used from the net change in working capital, partially offset by net proceeds received from realizations and repayments on our investments. Our financing activities provided cash and cash equivalents of $97.0 million during the year ended December 31, 2021, primarily due to issuance of $100.0 million of unsecured notes and proceeds of $37.5 million from the sales of common stock, offset by repayments of debt and the payment of distributions to stockholders.

As of December 31, 2022, we had cash and cash equivalent resources of $26.3 million, including $16.8 million of restricted cash. As of December 31, 2022, we had approximately $79.9 million undrawn and available to be drawn under the Credit Facility based on the collateral and portfolio quality requirements stipulated in the related credit agreement.

As of December 31, 2021, we had cash and cash equivalent resources of $22.5 million, including $10.3 million of restricted cash. As of December 31, 2021, we had approximately $43.4 million undrawn and available to be drawn under the Credit Facility based on the collateral and portfolio quality requirements stipulated in the related credit agreement.

STRS JV

In January 2019, we and STRS Ohio formed a joint venture, STRS JV, that invests primarily in senior secured loans, including first lien and second lien facilities, to performing lower middle market companies across a broad range of industries that typically carry a floating interest index rate based on LIBOR, SOFR, or an equivalent index rate and have a term of three to six years. STRS JV invests in portfolio companies in the same industries in which we may directly invest. STRS JV was formed as a Delaware LLC and is not consolidated by either us or STRS Ohio for financial reporting purposes. On July 19, 2019 STRS JV formally launched operations. As of December 31, 2022, STRS JV had total assets of $305.3 million. As of December 31, 2021, STRS JV had total assets of $273.5 million.

We provide capital to STRS JV in the form of limited liability company, or LLC equity interests, and subordinated notes. As of December 31, 2022, we and STRS Ohio owned 66.67% and 33.33%, respectively, of the LLC equity interests of STRS JV. As of December 31, 2022, we had commitments to fund equity interests and subordinated notes in STRS JV of $20 million and $80 million, respectively, both of which were fully funded.

As of December 31, 2021, we and STRS Ohio owned 60% and 40%, respectively, of the LLC equity interests of STRS JV. As of December 31, 2021, we had commitments to fund equity interests and subordinated notes in STRS JV of $15 million and $60 million, respectively, both of which were fully funded.

STRS JV is managed by a four-person board of managers, two of whom are selected by us and two of whom are selected by STRS Ohio. All material decisions with respect to STRS JV, including those involving its investment portfolio, require unanimous approval of a quorum of the board of managers. Quorum is defined as (i) the presence of two members of the board of managers; provided that at least one individual is present that was elected, designated or appointed by each member; (ii) the presence of three members of the board of managers; provided that the individual that was elected, designated or appointed by the member with only one individual present is entitled to cast two votes on each matter; or (iii) the presence of four members of the board of managers; provided that two individuals are present that were elected, designated or appointed by each member.

Below is a summary of STRS JV's portfolio as of December 31, 2022 and December 31, 2021:

($ in thousands)	As of December 31, 2022	As of December 31, 2021
Total investments[1]	$ 284,259	$ 259,510
Weighted average effective yield on total portfolio[1]	11.3 %	7.9 %
Number of portfolio companies in STRS JV	28	28
Largest portfolio company investment[2]	19,113	22,967
Total of five largest portfolio company investments[2]	77,635	83,057

(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 investment.
(2) At fair value.

Investments consisted of the following:

	As of December 31, 2022		As of December 31, 2021	
($ in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
First lien secured loans	$ 287,940	$ 284,259	$ 260,472	$ 259,510
Total	$ 287,940	$ 284,259	$ 260,472	$ 259,510

The following table shows the portfolio composition by industry grouping at fair value:

Industry ($ in thousands)	As of December 31, 2022		As of December 31, 2021	
Advertising	$ 11,703	4.1 %	$ —	— %
Air Freight & Logistics	3,545	1.2	—	—
Application Software	13,375	4.7	13,518	5.2
Building Products	14,132	5.0	16,603	6.4
Construction & Engineering	8,432	3.0	13,975	5.4
Data Processing & Outsourced Services	14,536	5.1	16,160	6.2
Diversified Support Services	11,729	4.1	10,489	4.0
Electronic Equipment & Instruments	13,187	4.6	6,687	2.6
Environmental & Facilities Services	20,708	7.3	6,872	2.6
Household Appliances	7,885	2.8	—	—
Industrial Machinery	14,999	5.3	6,815	2.6
Internet & Direct Marketing Retail	19,113	6.7	15,353	5.9
Investment Banking & Brokerage	5,545	2.0	10,054	3.9
IT Consulting & Other Services	33,461	11.8	40,697	15.7
Leisure Products	—	—	8,930	3.4
Packaged Foods & Meats	12,069	4.2	25,606	9.9
Paper Packaging	8,059	2.8	—	—
Personal Products	3,949	1.4	4,273	1.8
Pharmaceuticals	14,712	5.2	15,061	5.8
Real Estate Operating Companies	11,121	3.9	4,780	1.8
Real Estate Services	8,548	3.0	—	—
Research & Consulting Services	8,686	3.1	8,901	3.4
Systems Software	—	—	9,898	3.8
Technology Hardware, Storage & Peripherals	14,884	5.2	14,725	5.7
Trading Companies & Distributors	9,881	3.5	10,113	3.9
Total	**$ 284,259**	**100.0 %**	**$ 259,510**	**100.0 %**

See Note 4 to our consolidated financial statements for further discussion on STRS JV's portfolio and selected balance sheet information as of December 31, 2022 and December 31, 2021 and selected statement of operations information for the years ended December 31, 2022 and 2021.

Capital Raises

On October 25, 2021, we completed an offering of 1,900,000 shares of our common stock at a public offering price of $15.81 per share, inclusive of underwriting discounts and commissions. In connection with the offering, we granted the underwriters an overallotment option to purchase up to an additional 285,000 shares of our common stock. The issuance of 1,900,000 shares resulted in net proceeds to us of $29.4 million, inclusive of underwriting discounts and commissions and before offering expenses. On November 3, 2021, we raised an additional $4.3 million from the issuance of an additional 282,300 shares pursuant to the underwriters' exercise of the overallotment option to purchase additional shares. WhiteHorse Advisers agreed to bear a portion of the underwriting discounts and commissions in connection with the offering, such that the issuance of the 2,182,300 shares (which includes the additional shares issued pursuant to the overallotment option) resulted in net proceeds to us of $33.7 million before offering expenses, which was at or above our NAV per share at the time of the offering and the overallotment option.

At-the-Market Offering

On March 15, 2021, we entered into an equity distribution agreement, or the Equity Distribution Agreement, with WhiteHorse Advisers, WhiteHorse Administration and Raymond James & Associates, Inc., as the sales agent, or the Sales Agent, in connection with the sale of shares of our common stock, par value $0.001 per share, with an aggregate offering price of up to $35.0 million. The Equity Distribution Agreement provides that we may offer and sell shares of our common stock from time to time through the Sales Agent in amounts and at times to be determined by us, or the ATM Offering. Actual sales will depend on a variety of factors to be determined by us from time to time, including market conditions and the trading price of our common stock. We expect to use all or substantially all of the net proceeds from the ATM Offering to invest in portfolio companies in accordance with our investment objective and strategies and for general corporate purposes. As of December 31, 2022, gross proceeds of $4.4 million have been raised from the ATM Offering.

Credit Facility

On December 23, 2015, our wholly owned subsidiary WhiteHorse Credit I, LLC, or WhiteHorse Credit, entered into a revolving credit and security agreement with JPMorgan Chase Bank, National Association ("JPMorgan"), as administrative agent and lender (the "Credit Facility").

On December 21, 2020, the terms of the Credit Facility were amended to, among other things, (i) increase the minimum funding amount from $175.0 million to $200.0 million, (ii) increase the size of the facility from $250.0 million to $285.0 million, (iii) retain an accordion feature which allows for the expansion of the borrowing limit up to $350.0 million and (iv) provide for the implementation of certain changes relating to the transition away from LIBOR in the market.

On April 28, 2021, the terms of the Credit Facility were amended and restated to, among other things, enable WhiteHorse Credit to borrow in British Pounds or Euros.

On July 15, 2021, the terms of the Credit Facility were amended to, among other things, allow WhiteHorse Credit to reduce the applicable margins for interest rates to 2.35%, extend the non-call period from November 22, 2021 to November 22, 2022, extend the end of the reinvestment period from November 22, 2023 to November 22, 2024 and extend the scheduled termination date from November 22, 2024, to November 22, 2025.

On October 4, 2021, the terms of the Credit Facility were amended to, among other things, establish a temporary upsize to the borrowing capacity under the Credit Facility, which allowed WhiteHorse Credit to borrow up to $335.0 million for a three-month period beginning on October 4, 2021.

On January 4, 2022, the terms of the Credit Facility were amended to, among other things, continue to establish a temporary upsize to the borrowing capacity under the Credit Facility, which allowed WhiteHorse Credit to borrow up to $335.0 million for a four-month period that originally began on October 4, 2021.

On February 4, 2022, the terms of the Credit Facility were further amended to, among other things (i) increase WhiteHorse Credit's availability under the Credit Facility from $285.0 million to $310.0 million (the "$25 Million Increase"), (ii) increase the minimum funding amount from $200.0 million to $217.0 million, (iii) extend an additional temporary increase of $25.0 million in availability under the Credit Facility, allowing WhiteHorse Credit to borrow up to $335.0 million through April 4, 2022 (the "$25 Million Temporary Increase"), and (iv) apply an annual interest rate equal to applicable SOFR plus 2.50% to any borrowings under the $25 Million Increase in the Credit Facility and the $25 Million Temporary Increase in availability under the Credit Facility.

On March 30, 2022, the terms of the Credit Facility were further amended to, among other things: (i) increase WhiteHorse Credit's availability under the Credit Facility from $310.0 million to $335.0 million; (ii) retain an accordion feature which allows for the expansion of the borrowing limit up to $375.0 million; and (iii) increase the minimum funding amount from $217.0 million to $234.5 million.

As of December 31, 2022, the Credit Facility provided for borrowings in an aggregate principal amount up to $335.0 million with an accordion feature which allows for the expansion of the borrowing limit up to $375.0 million, subject to consent from the Lender and other customary conditions. As of December 31, 2022, the required minimum outstanding borrowings under the Credit Facility were $234.5 million.

Under the Credit Facility, there are two coverage tests that WhiteHorse Credit must meet on specified compliance dates in order to permit WhiteHorse Credit to make new borrowings and to make distributions in the ordinary course: (i) a borrowing base test and (ii) a market value test. The borrowing base test compares, at any given time, the aggregate outstanding amount of all Lender advances under the Credit Facility less the amount of principal proceeds in respect of the collateral on deposit in the accounts to the net asset value of the collateral, as set forth in the credit agreement, as amended and restated from time to time, in connection therewith (the "Amended Loan Agreement"), and related documentation. To meet the borrowing base test, this ratio must be less than or equal to 60%, as set forth in the Amended Loan Agreement and related documentation. To meet the market value test, the value of WhiteHorse Credit's portfolio investments must exceed a minimum of 167.5% of the aggregate outstanding amount of all Lender advances as set forth in the Amended Loan Agreement and related documentation.

Advances under the Credit Facility are based on the three-month LIBOR for USD denominated borrowings plus an annual spread of 2.35% on outstanding USD denominated borrowings up to $285.0 million and SOFR plus 2.50% on USD denominated borrowings above $285.0 million. The Credit Facility bears interest at EURIBOR, for EUR denominated borrowings, CDOR for CAD denominated borrowings, Sterling Overnight Index Average, for GBP denominated, plus a spread of 2.35% on outstanding borrowings. Interest is payable quarterly in arrears. WhiteHorse Credit is required to pay a non-usage fee which accrues at 0.75% per annum on the average daily unused amount of the financing commitments, to the extent the aggregate principal amount available under the Credit Facility has not been borrowed. WhiteHorse Credit paid an upfront fee and incurred certain other customary costs and expenses in connection with obtaining the Credit Facility. Any amounts borrowed under the Credit Facility will mature, and all accrued and unpaid interest thereunder will be due and payable, on November 22, 2025.

The Credit Facility and the related documents require WhiteHorse Finance and WhiteHorse Credit to, among other things, agree to make certain customary representations and to comply with customary affirmative and negative covenants. The Credit Facility also includes customary events of default for credit facilities of this nature, including breaches of representations, warranties or covenants by WhiteHorse Finance or WhiteHorse Credit, the occurrence of a change in control, or failure to maintain certain required ratios.

If we fail to perform our obligations under the Amended Loan Agreement or the related agreements, an event of default may occur, which could cause the Lender to accelerate all of the outstanding debt and other obligations under the Credit Facility or to exercise other remedies under the Amended Loan Agreement. Any such developments could have a material adverse effect on our financial condition and results of operations.

If any of our contractual obligations discussed above is terminated, our costs under new agreements that we enter into may increase. In addition, we will likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under our Investment Advisory Agreement and our Administration Agreement. Any new investment management agreement would also be subject to approval by our stockholders.

As of December 31, 2022, there was $255.1 million in outstanding borrowings under the Credit Facility and, based on collateral and portfolio requirements stipulated in the Credit Facility agreement, approximately $79.9 million was available to be drawn on such date. The Credit Facility is secured by all of the assets of WhiteHorse Credit, which included loans with a fair value of $624.1 million as of December 31, 2022.

As of December 31, 2021, there was $291.6 million in outstanding borrowings under the Credit Facility and, based on collateral and portfolio requirements stipulated in the Credit Facility agreement, approximately $43.4 million was available to be drawn on such date. The Credit Facility is secured by all of the assets of WhiteHorse Credit, which included loans with a fair value of $719.5 million as of December 31, 2021.

6.000% 2023 Notes

On July 13, 2018, we entered into the 2023 Note Purchase Agreement to sell in a private offering $30 million of aggregate principal amount of unsecured notes to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act. Interest on the 6.000% 2023 Notes is payable semiannually on February 7 and August 7, at a fixed, annual rate of 6.000%. This interest rate is subject to increase (up to 6.50%) in the event that, subject to certain exceptions, the 6.000% 2023 Notes cease to have an investment grade rating. The 6.000% 2023 Notes mature on August 7, 2023, unless redeemed, purchased or prepaid prior to such date by us or our affiliates in accordance with their terms. The 6.000% 2023 Notes are general unsecured obligations that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness that we may issue. The closing of the transaction occurred on August 7, 2018. We used the net proceeds from this offering, together with cash on hand, to redeem existing debt.

5.375% 2025 Notes

On October 20, 2020, we entered into the 2025 Note Purchase Agreement to sell in a private offering $40 million of aggregate principal amount of unsecured notes to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act. Interest on the 5.375% 2025 Notes is payable semiannually on April 20 and October 20, at a fixed, annual rate of 5.375%. This interest rate is subject to increase (up to 6.375%) in the event that, subject to certain exceptions, the 5.375% 2025 Notes cease to have an investment grade rating. The 5.375% 2025 Notes mature on October 20, 2025, unless redeemed, purchased or prepaid prior to such date by us or our affiliates in accordance with their terms. The 5.375% 2025 Notes are general unsecured obligations that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness that we may issue. The closing of the transaction occurred on October 20, 2020. We used the net proceeds from this offering to redeem existing debt.

5.375% 2026 Notes

On December 4, 2020, we entered into the 2026 Note Purchase Agreement to sell in a private offering $10 million of aggregate principal amount of unsecured notes to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act. Interest on the 5.375% 2026 Notes is payable semiannually on June 4 and December 4, at a fixed, annual rate of 5.375%. This interest rate is subject to increase (up to 6.375%) in the event that, subject to certain exceptions, the 5.375% 2026 Notes cease to have an investment grade rating. The 5.375% 2026 Notes mature on December 4, 2026, unless redeemed, purchased or prepaid prior to such date by us or our affiliates in accordance with their terms. The 5.375% 2026 Notes are general unsecured obligations that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness that we may issue. The closing of the transaction occurred on December 4, 2020. We used the net proceeds from this offering to redeem existing debt.

5.625% 2027 Notes

On December 4, 2020, we entered into the 2027 Note Purchase Agreement to sell in a private offering $10 million of aggregate principal amount of unsecured notes to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act. Interest on the 5.625% 2027 Notes is payable semiannually on June 4 and December 4, at a fixed, annual rate of 5.625%. This interest rate is subject to increase (up to 6.625%) in the event that, subject to certain exceptions, the 5.625% 2027 Notes cease to have an investment grade rating. The 5.625% 2027 Notes mature on December 4, 2027, unless redeemed, purchased or prepaid prior to such date by us or our affiliates in accordance with their terms. The 5.625% 2027 Notes are general unsecured obligations that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness that we may issue. The closing of the transaction occurred on December 4, 2020. We used the net proceeds from this offering to redeem existing debt.

4.000% 2026 Notes

On November 24, 2021, we completed a public offering of $75 million of aggregate principal amount of unsecured notes, the net proceeds of which were used to fund investments in debt and equity securities and repay outstanding indebtedness under the Credit Facility. Interest on the 4.000% 2026 Notes is paid semiannually on June 15, and December 15, at a fixed, annual rate of 4.00%. The 4.000% 2026 Notes will mature on December 15, 2026 and may be redeemed in whole or in part at any time prior to September 15, 2026, at par plus a "make-whole" premium, and thereafter at par. The 4.000% 2026 Notes will rank equally in right of payment with our other outstanding and future unsecured, unsubordinated indebtedness, including the 6.000% 2023 Notes, the 5.375% 2025 Notes, the 5.375% 2026 Notes, the 5.625% 2027 Notes and the 4.250% 2028 Notes. The 4.000% 2026 Notes will effectively rank behind all of our existing and future secured indebtedness (including indebtedness that is initially unsecured in respect of which we subsequently grant security) in right of payment, to the extent of the value of the assets securing such indebtedness, including our Credit Facility.

4.250% 2028 Notes

On December 6, 2021, we entered into the 2028 Note Purchase Agreement to sell in a private offering $25 million of aggregate principal amount of unsecured notes to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act. Interest on the 4.250% 2028 Notes is payable semiannually on June 6 and December 6, at a fixed, annual rate of 4.25%. This interest rate is subject to increase (up to 5.25%) in the event that, subject to certain exceptions, the 4.250% 2028 Notes cease to have an investment grade rating. The 4.250% 2028 Notes mature on December 6, 2028, unless redeemed, purchased or prepaid prior to such date by us or our affiliates in accordance with their terms. The 4.250% 2028 Notes are general unsecured obligations that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness that we may issue. The closing of the transaction occurred on December 6, 2021. We used the net proceeds from this offering to redeem existing debt.

2025 Public Notes

On November 13, 2018, we completed a public offering of $35 million of aggregate principal amount of unsecured notes, the net proceeds of which were used to fund investments in debt and equity securities and repay outstanding indebtedness under the Credit Facility. Interest on the 2025 Public Notes was paid quarterly on February 28, May 31, August 31 and November 30 each year, at a fixed, annual rate of 6.50%. The 2025 Public Notes had a maturity date of November 30, 2025 and were redeemable in whole or in part at any time, or from time to time, at our option on or after November 30, 2021. The 2025 Public Notes were redeemed on December 17, 2021 and were de-listed from the Nasdaq Global Select Market where they were trading under the symbol "WHFBZ."

Portfolio Investments and Yield

As of December 31, 2022, our investment portfolio consisted primarily of senior secured loans across 115 positions in 72 companies with an aggregate fair value of $760.2 million. As of December 31, 2022, the majority of our portfolio was comprised of senior secured loans to lower middle market borrowers and nearly all of those loans were variable-rate investments, primarily indexed to either SOFR or LIBOR, with fixed-rate loan investments representing 0.4% based on fair value. As of December 31, 2022, our portfolio had an average investment size of $5.8 million based on fair value and average debt investment size of $7.0 million, with investment sizes ranging from zero to $22.9 million and a weighted average effective yield of 12.2% (and a weighted average effective yield on income-producing debt investments of 12.6%).

As of December 31, 2021, our investment portfolio consisted primarily of senior secured loans across 127 positions in 76 companies with an aggregate fair value of $819.2 million. As of December 31, 2021, the majority of our portfolio was comprised of senior secured loans to lower middle market borrowers and nearly all of those loans were variable-rate investments, primarily indexed to LIBOR, with four fixed-rate loan investments representing 0.4% based on fair value. As of December 31, 2021, our portfolio had an average investment size of $5.9 million based on fair value and average debt investment size of $6.8 million, with investment sizes ranging from zero to $24.0 million and a weighted average effective yield of 9.0% (and a weighted average effective yield on income-producing debt investments of 9.1%).

For the year ended December 31, 2022, we invested $280.1 million in new and existing portfolio companies, offset by repayments and sales of $323.1 million. Proceeds from sales totaled $121.9 million while repayments included $11.7 million of scheduled repayments and $189.5 million of unscheduled repayments.

For the year ended December 31, 2021, we invested $544.2 million in new and existing portfolio companies, offset by repayments and sales of $423.6 million. Proceeds from sales totaled $157.4 million while repayments included $10.6 million of scheduled repayments and $255.6 million of unscheduled repayments.

We actively monitor and manage our portfolio with regard to individual company performance as well as general market conditions. Investment decisions on new originations generally include an analysis of the impact of the new loan on our broader portfolio, including a "top-down" assessment of portfolio diversification and risk exposure. This assessment includes a review of portfolio concentration by issuer, industry, geography and type of credit as well as an evaluation of our portfolio's exposure to macroeconomic factors and cyclical trends.

We believe that consistent, active monitoring of individual companies and the broader market is integral to portfolio management and a critical component of our investment process. Our investment adviser uses several methods to evaluate and monitor the performance and fair value of our investments, which may include the following:

- frequent discussions with management and sponsors, including board observation rights where possible;
- comparing/analyzing financial performance to the portfolio company's business plan, as well as our internal projections developed at underwriting;
- tracking portfolio company compliance with covenants as well as other metrics identified at initial investment stage, such as acquisitions, divestitures, product development and specified management hires; and
- periodic review by the investment committee of each asset in the portfolio and more rigorous monitoring of "watch list" positions.

As part of the monitoring process, our investment adviser regularly assesses the risk profile of each of our investments and, on a quarterly basis, grades each investment on a risk scale of 1 to 5. This risk rating system is intended to identify and assess risks relative to when we initially made the investment and could be impacted by such factors as company-specific performance, changes in collateral, changes in potential exit opportunities or macroeconomic conditions.

All investments are initially assigned a rating of 2, as this grade represents a company that is meeting initial expectations with regard to performance and outlook. A rating may be improved to a 1 if, in the opinion of our investment adviser, a portfolio company's risk of loss has been reduced relative to initial expectations. An investment will be assigned a rating of 3 if the risk of loss has increased relative to initial expectations and will be assigned a rating of 4 if our investment principal is at a material risk of not being fully repaid. A rating of 5 indicates an investment is in payment default and has significant risk of not receiving full repayment.

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale at fair value:

	As of December 31, 2022		As of December 31, 2021	
Investment Performance Rating ($ in millions)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
1	$ 65.2	8.6 %	$ 125.8	15.4 %
2	503.5	66.2	611.9	74.7
3	168.6	22.2	73.2	8.9
4	22.9	3.0	8.3	1.0
5	—	—	—	—
Total Portfolio	**$ 760.2**	**100.0** %	**$ 819.2**	**100.0** %

Distributions

In order to maintain our status as a RIC and to avoid the imposition of corporate-level tax on income, we must distribute dividends to our stockholders each taxable year of an amount generally at least equal to the sum of 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses out of the assets legally available for distribution. In order to avoid the imposition of certain excise taxes imposed on RICs, we must distribute dividends in respect of each calendar year of an amount at least equal to the sum of (1) 98% of our ordinary income (taking into account certain deferrals and elections) for the calendar year, (2) 98.2% of our capital gains in excess of capital losses, or capital gain net income, adjusted for certain ordinary losses, for the one-year period ending on October 31 of the calendar year and (3) any ordinary income and capital gain net income for preceding years that were not distributed during such years on which we incurred no U.S. federal income tax.

The timing and amount of our quarterly distributions, if any, are determined by our board of directors. While we intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution, we may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of our distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage requirements applicable to us as a business development company under the 1940 Act. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including the possible loss of our ability to be subject to tax as a RIC. We cannot assure stockholders that they will receive any distributions.

During the year ended December 31, 2022 we declared distributions of $1.470 per share for total distributions of $34.2 million. During the year ended December 31, 2021 we declared distributions of $1.555 per share for total distributions of $33.4 million. We monitor available net investment income to determine if a return of capital for taxation purposes may occur for the fiscal year.

To the extent our taxable earnings fall below the total amount of our distributions for a fiscal year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. Notices to stockholders will be provided in accordance with Section 19(a) of the 1940 Act. For the years ended December 31, 2022 and 2021, distributions to stockholders did not include a return of capital, but did include approximately zero and $1.4 million, respectively, relating to long-term capital gains, for tax purposes. The specific tax characteristics of the distribution are reported to stockholders subject to tax reporting on Form 1099-DIV after the end of each calendar year and in our periodic reports with the SEC. Stockholders should read any written disclosure accompanying a distribution payment carefully and should not assume that the source of any distribution is our ordinary income or gains.

In addition, in order to satisfy the annual distribution requirement applicable to RICs, we may declare a significant portion of our dividends in shares of our common stock instead of in cash. As long as a portion of such dividend is paid in cash (which portion may be as low as 20% of such dividend under published guidance from the Internal Revenue Service) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, a stockholder generally would be subject to tax on 100% of the fair market value of the dividend on the date the dividend is received by the stockholder in the same manner as a cash dividend, even though most of the dividend was paid in shares of our common stock.

We have adopted an "opt out" dividend reinvestment plan, or the DRIP, for our common stockholders. As a result, if we declare a distribution, then stockholders' cash distributions will be automatically reinvested in additional shares of our common stock unless a stockholder specifically "opts out" of our DRIP. If a stockholder opts out, that stockholder receives cash distributions. Although distributions paid in the form of additional shares of our common stock will generally be subject to U.S. federal, state and local taxes in the same manner as cash distributions, stockholders participating in our DRIP will not receive any corresponding cash distributions with which to pay any such applicable taxes.

Related Party Transactions

We have entered into a number of business relationships with affiliated or related parties, including the following:

- WhiteHorse Advisers manages our day-to-day operations and provides investment management services to us pursuant to the Investment Advisory Agreement.
- WhiteHorse Administration and certain of its affiliates provide us with the office facilities and administrative services, including access to the resources necessary for us to perform our obligations towards certain portfolio companies, pursuant to the Administration Agreement.
- We have entered into a license agreement with an affiliate of H.I.G. Capital pursuant to which we have been granted a non-exclusive, royalty-free license to use the "WhiteHorse" name.

We entered into the Investment Advisory Agreement with WhiteHorse Advisers in accordance with the 1940 Act on December 4, 2012, which was most recently amended on November 1, 2018. Under the Investment Advisory Agreement, WhiteHorse Advisers manages our day-to-day investment operations and provides us with access to personnel and an investment committee and certain other resources so that we may fulfill our obligation to act as a portfolio manager of WhiteHorse Credit under the Credit Facility. Payments under the Investment Advisory Agreement in future periods will be equal to (1) a management fee equal to 2.0% of the value of our consolidated gross assets; provided, however, that the management fee on consolidated gross assets financed using leverage over 200% asset coverage (in other words, over 1.0x debt to equity) will be equal to 1.25% and (2) an incentive fee based on our performance. See "Investment Advisory Agreement" in Note 7 to the consolidated financial statements.

We also entered into the Administration Agreement with WhiteHorse Administration on December 4, 2012. Pursuant to the Administration Agreement, WhiteHorse Administration furnishes us with office facilities and administrative services necessary to conduct our day-to-day operations. WhiteHorse Administration also furnishes us with resources necessary for us to act as portfolio manager to WhiteHorse Credit under the Credit Facility. If requested to provide managerial assistance to our portfolio companies, WhiteHorse Administration will be paid an additional amount based on the services provided, which amount will not, in any case, exceed the amount we receive from the portfolio companies for such services. Payments under the Administration Agreement will be based upon our allocable portion of WhiteHorse Administration's overhead expenses in performing its obligations under the Administration Agreement, including rent and our allocable portion of the costs of our chief financial officer and chief compliance officer along with their respective staffs.

WhiteHorse Advisers, WhiteHorse Administration or their respective affiliates may have other clients with similar, different or competing investment objectives. In serving in these multiple capacities, WhiteHorse Advisers, WhiteHorse Administration or their respective affiliates may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interests of us or our stockholders. Such persons may face conflicts in the allocation of investment opportunities among us and other investment funds or accounts advised by or affiliated with WhiteHorse Advisers or WhiteHorse Administration. WhiteHorse Advisers or its affiliates will seek to allocate investment opportunities among eligible accounts in a manner that is fair and equitable over time and consistent with its allocation policy. However, we can offer no assurance that such opportunities will be allocated to us fairly or equitably in the short-term or over time.

We depend on the communications and information systems and policies of WhiteHorse Advisers and its affiliates as well as certain third-party service providers to monitor and prevent cybersecurity incidents. Our board of directors and management periodically review and assess the effectiveness of such communications and information systems and policies.

Critical Accounting Policies and Estimates

The preparation of our financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. We have identified the following as critical accounting policies and estimates.

Principles of Consolidation

Under the investment company financial accounting guidance, as formally codified in Accounting Standards Codification, or ASC, Topic 946, Financial Services - Investment Companies, we are precluded from consolidating any entity other than another investment company. As provided under ASC Topic 946, we generally consolidate any investment company when we own 100% of its partners' or members' capital or equity units. We own a 100% equity interest in each of WhiteHorse Credit, WHF PMA Holdco Blocker, LLC, WHF American Craft Blocker, LLC, WhiteHorse RCKC Holdings, LLC and WhiteHorse Finance Holdings, LLC, which are investment companies for accounting purposes. As such, we have consolidated the accounts of WhiteHorse Credit, WHF PMA Holdco Blocker, LLC, WHF American Craft Blocker, LLC, WhiteHorse RCKC Holdings LLC and WhiteHorse Finance Holdings, LLC into our financial statements. As a result of this consolidation, the amount outstanding under the Credit Facility is treated as our indebtedness.

Valuation of Portfolio Investments

We value our investments in accordance with ASC Topic 820 - *Fair Value Measurements and Disclosures*. ASC Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about assets and liabilities measured at fair value. ASC Topic 820's definition of fair value focuses on exit price in the principal, or most advantageous, market and prioritizes the use of market-based inputs over entity-specific inputs within a measurement of fair value.

In addition, on December 3, 2020, the SEC announced that it adopted Rule 2a-5 under the 1940 Act, which establishes an updated regulatory framework for determining fair value in good faith for purposes of the 1940 Act. The new rule clarifies how fund boards can satisfy their fair valuation obligations in light of recent market developments. The rule permits boards to designate the fund's investment adviser to perform fair value determinations, subject to board oversight and certain other conditions. Effective September 8, 2022, the Board designated the Investment Adviser as the Company's valuation designee to perform the fair value determinations relating to all of our investments, subject to the oversight of the Board.

Our portfolio consists primarily of debt investments. These investments are valued at their bid quotations obtained from unaffiliated market makers or other financial institutions that trade in similar investments or based on prices provided by independent third party pricing services. For investments where there are no available bid quotations, fair value is derived using proprietary models that consider the analyses of independent valuation agents as well as credit risk, liquidity, market credit spreads and other applicable factors for similar transactions.

Due to the nature of our strategy, our portfolio includes relatively illiquid investments that are privately held. Valuations of privately held investments are inherently uncertain, may fluctuate over short periods of time and may be based on estimates. The determination of fair value may differ materially from the values that would have been used if a ready market for these investments existed. Our net asset value could be materially affected if the determinations regarding the fair value of our investments were materially higher or lower than the values that we ultimately realize upon the disposal of such investments.

The Investment Adviser, as the valuation designee, is ultimately responsible for determining the fair value of the portfolio investments that are not publicly traded, whose market prices are not readily available on a quarterly basis in good faith or any other situation where portfolio investments require a fair value determination. The Investment Adviser has retained one or more independent valuation firms to review the valuation of each portfolio investment that does not have a readily available market quotation at least once during each 12-month period. Independent valuation firms retained by the Investment Adviser provide a valuation review on approximately 25% of our investments for which market quotations are not readily available each quarter to ensure that the fair value of each investment for which a market quote is not readily available is reviewed by an independent valuation firm at least once during each 12-month period. However, the Investment Adviser does not intend to have de minimis investments of less than 1.5% of our total assets (up to an aggregate of 10% of our total assets) independently reviewed.

The valuation process is conducted at the end of each fiscal quarter, with a portion of our valuations of portfolio companies without market quotations subject to review by one or more independent valuation firms each quarter. When an external event occurs with respect to one of our portfolio companies, such as when a purchase transaction, public offering or subsequent equity sale occurs, we expect to use the pricing indicated by such external event to corroborate our valuation.

With respect to investments for which market quotations are not readily available, our Investment Adviser undertakes a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process begins with each portfolio company or investment being initially valued by investment professionals of our Investment Adviser responsible for credit monitoring in accordance with our valuation procedures.
- Preliminary valuation conclusions are then documented and discussed with our investment committee and our Investment Adviser.
- The valuation committee, comprised of a number of representatives from different functions of the Investment Adviser, reviews these preliminary valuations, and on a quarterly basis, reviews the bases of the valuations by our Investment Adviser and the independent valuation firms.
- At least once annually, the valuation for each portfolio investment is reviewed by an independent valuation firm.

- Our Board, through the Audit Committee, performs oversight of the fair valuation process in accordance with Rule 2a-5.

Fair value of publicly traded instruments is generally based on quoted market prices. Fair value of non-publicly traded instruments, and of publicly traded instruments for which quoted market prices are not readily available, may be determined based on other relevant factors, including without limitation, quotations from unaffiliated market makers or independent third party pricing services, the price activity of equivalent instruments and valuation pricing models. For those investments valued using quotations, the bid price is generally used unless we determine that it is not representative of an exit price.

Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity. Our fair value analysis includes an analysis of the value of any unfunded loan commitments. Financial investments recorded at fair value in the consolidated financial statements are categorized for disclosure purposes based upon the level of judgment associated with the inputs used to measure their value. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the investment as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active public markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about what market participants would use in pricing an asset or liability.

Investments for which fair value is determined using inputs defined above as Level 3 are fair valued using the income and market approaches, which may include the discounted cash flow method, reference to performance statistics of industry comparables, relative comparable yield analysis and, in certain cases, third party valuations performed by independent valuation firms. The valuation methods can reference various factors and use various inputs such as assumed growth rates, capitalization rates and discount rates, loan-to-value ratios, liquidation value, relative capital structure priority, market comparables, compliance with applicable loan, covenant and interest coverage performance, book value, market derived multiples, reserve valuation, assessment of credit ratings of an underlying borrower, review of ongoing performance, review of financial projections as compared to actual performance, review of interest rate and yield risk. Such factors may be given different weighting depending on our assessment of the underlying investment, and we may analyze apparently comparable investments in different ways.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the financial instrument.

Fair value for each investment is derived using a combination of valuation methodologies that, in the judgment of the investment committee of the investment adviser are most relevant to such investment, including being based on one or more of the following: (i) market prices obtained from market makers for which the investment committee has deemed there to be enough breadth (number of quotes) and depth (firm bids) to be indicative of fair value, (ii) the price paid or realized in a completed transaction or binding offer received in an arm's-length transaction, (iii) a discounted cash flow analysis, (iv) the guideline public company method, (v) the similar transaction method or (vi) the option pricing method.

Investment Transactions and Related Investment Income and Expense

We record our investment transactions on a trade date basis, which is the date when we have determined that all material terms have been defined for the transactions. These transactions could possibly settle on a subsequent date depending on the transaction type. All related revenue and expenses attributable to these transactions are reflected on our consolidated statements of operations commencing on the trade date unless otherwise specified by the transaction documents. Realized gains and losses on investment transactions are recorded on the specific identification method.

We accrue interest income if we expect that ultimately we will be able to collect it. Generally, when an interest payment default occurs on a loan in our portfolio, or if our management otherwise believes that the issuer of the loan will not be able to service the loan and other obligations, we place the loan on non-accrual status and will cease recognizing interest income on that loan until all principal and interest is current through payment or until a restructuring occurs, such that the interest income is deemed to be collectible. However, we remain contractually entitled to this interest. We may make exceptions to this policy if the loan has sufficient collateral value and is in the process of collection. Accrued interest is written off when it becomes probable that such interest will not be collected and the amount of uncollectible interest can be reasonably estimated. Any original issue discount, as well as any other market purchase discount or premium on debt investments, are accreted or amortized to interest income or expense, respectively, over the maturity periods of the investments. Dividend income is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Interest expense is recorded on an accrual basis. Certain expenses related to legal and tax consultation, due diligence, rating fees, valuation expenses and independent collateral appraisals may arise when we make certain investments. These expenses are recognized in the consolidated statements of operations as they are incurred.

Loan Origination, Facility, Commitment and Amendment Fees

We may receive fees in addition to interest income from the loans during the life of the investment. We may receive origination fees upon the origination of an investment. We defer these origination fees and deduct them from the cost basis of the investment and subsequently accrete them into income over the term of the loan. We may receive facility, commitment and amendment fees, which are paid to us on an ongoing basis. We accrue facility fees, sometimes referred to as asset management fees, as a percentage periodic fee on the base amount (either the funded facility amount or the committed principal amount). Commitment fees are based upon the undrawn portion committed by us and we record them on an accrual basis. Amendment fees are paid in connection with loan amendments and waivers and we account for them upon completion of the amendments or waivers, generally when such fees are receivable. We include any such fees in fee income on the consolidated statements of operations.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements, which discusses recent accounting pronouncements applicable to us, if any.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. During the period covered by our financial statements, many of the loans in our portfolio had floating interest rates, and we expect that many of our loans to portfolio companies in the future will also have floating interest rates. These loans are usually based on a floating rate based on LIBOR or SOFR that resets quarterly to the applicable LIBOR or SOFR. Interest rate fluctuations may have a substantial negative impact on our investments, the value of our common stock and our rate of return on invested capital. Since we plan to use debt to finance investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

Assuming that the consolidated statement of assets and liabilities as of December 31, 2022 was to remain constant and that we took no actions to alter our existing interest rate sensitivity, the following table shows the annualized impact of hypothetical base rate changes in interest rates (dollars in thousands).

Basis Point Increase (Decrease)	Increase (Decrease) in Interest Income	Increase (Decrease) in Interest Expense	Net Increase (Decrease)[1]
(300)	$ (22,496)	$ (7,654)	$ (14,842)
(200)	(15,114)	(5,103)	(10,011)
(100)	(7,557)	(2,551)	(5,006)
100	7,557	2,551	5,006
200	15,114	5,103	10,011
300	22,670	7,654	15,016

(1) Excludes the impact of incentive fees. See “Item 8. Consolidated Financial Statements and Supplementary Data—Notes to the Consolidated Financial Statements—Note 7 - Related Party Transactions" for further information.

As of December 31, 2022, nearly all of the performing floating rate investments in our portfolio had interest rate floors. Variable-rate investments subject to a floor generally reset periodically to the applicable floor and, in the case of investments in our portfolio, quarterly to a floor based on LIBOR or SOFR, only if the floor exceeds the index. Under these loans, we do not benefit from increases in interest rates until such rates exceed the floor and thereafter benefit from market rates above any such floor.

For a discussion of the risks associated with the discontinuation of LIBOR, see “Item 1A. Risk Factors — Risks Relating to Our Business and Structure — Since we are using debt to finance our investments, and we may use additional debt or preferred stock financing going forward, changes in interest rates may affect our cost of capital, net investment income, value of our common stock and our rate of return on invested capital”.

Although management believes that this analysis is indicative of our existing sensitivity to interest rate changes, it does not adjust for changes in the credit markets, the size, credit quality or composition of the assets in our portfolio and other business developments, including borrowing, that could affect net increase in net assets resulting from operations or net income. It also does not adjust for the effect of the time-lag between a change in the relevant interest rate index and the rate adjustment under the applicable loan. Accordingly, we can offer no assurances that actual results would not differ materially from the statement above.

We may in the future hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts to the extent permitted under the 1940 Act and applicable commodities laws. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to the investments in our portfolio with fixed interest rates.

We may enter into foreign currency forward contracts from time to time to facilitate settlement of purchases and sales of investments denominated in foreign currencies and to hedge economically the impact that an adverse change in foreign exchange rates would have on the value of our investments denominated in foreign currencies. We currently utilize forward foreign currency exchange contracts to protect ourselves against fluctuations in exchange rates. As of December 31, 2022, there were foreign currency forward contracts outstanding with an unrealized loss of $3,000. During the year ended December 31, 2022, we recognized no realized gains or losses in the consolidated statements of operations relating to forward currency exchange contracts. During the year ended December 31, 2021, we recognized no unrealized gains or losses in the consolidated statements of operations relating to forward currency exchange contracts. During the year ended December 31, 2021, we recognized a realized loss of $3,000 in the statement of operations relating to forward currency exchange contracts held during the year. See Note 3 to our Notes to consolidated financial statements.

Item 8. Consolidated Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and the Board of Directors
of WhiteHorse Finance, Inc.
Miami, Florida

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of assets and liabilities, including the consolidated schedules of investments, of WhiteHorse Finance, Inc. (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in net assets, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes and the consolidated financial highlights for each of the five years in the period ended December 31, 2022 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations, the changes in its net assets and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances. These procedures include confirmation of investments owned as of December 31, 2022 and 2021, by correspondence with the custodian, loan agent, borrower and other auditing procedures where replies were not received. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Level 3 Investments

As described in Notes 1, 2, 4 and 5 to the consolidated financial statements, the Company invests in senior secured loans, including first lien and second lien facilities, and may make investments at other levels of an investee's capital structure, including mezzanine loans or equity investments, and may receive warrants to purchase common stock in connection with its debt investments. With few exceptions, these investments are classified as Level 3 investments. Level 3 investments represent approximately $740.1 million of the $760.2 million of investments held as of December 31, 2022. Management determines the fair value of the Company's Level 3 investments by applying the methodologies outlined in Note 5 to the consolidated financial statements, using significant unobservable inputs and assumptions. Determining the fair value of these investments requires management to make judgments about the valuation methodologies to apply (i.e., market approach or income approach) and significant unobservable inputs and assumptions including, among others, discount rates, market quotes, and exit multiples.

We identified the valuation of Level 3 investments as a critical audit matter given the significant judgments made by management to estimate the fair value of certain debt and equity positions. This required a high degree of auditor judgment and extensive audit effort, including the involvement of auditor employed valuation specialists, who possess specialized skill and knowledge, to evaluate the appropriateness of the valuation methodologies and significant unobservable inputs and assumptions.

Our audit procedures related to the valuation of Level 3 investments included, among others:

- Obtaining an understanding, evaluating the design, and testing the operating effectiveness of controls over the Company's investment valuation process, including those over the valuation methodologies and significant unobservable inputs and assumptions applied.
- Selecting a sample of investments and, with assistance of auditor employed valuation specialists, evaluating the appropriateness of the methodology applied and reasonableness of significant unobservable inputs and assumptions, including comparable company multiples and discount rates. In several instances we developed independent fair value estimates which we compared against management's conclusion.
- Evaluating subsequent events, retrospective review, and other available information, considering whether this information corroborated or contradicted the Company's conclusions.

/s/ Crowe LLP

Crowe LLP

As a result of affiliated fund relationships, we have served as the Company's auditor since 2006.

Costa Mesa, California
March 3, 2023

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

	December 31, 2022	December 31, 2021
Assets		
Investments, at fair value		
Non-controlled/non-affiliate company investments	$ 650,535	$ 736,727
Non-controlled affiliate company investments	9,533	6,874
Controlled affiliate company investments	100,160	75,607
Total investments, at fair value (amortized cost $782,429 and $831,960, respectively)	760,228	819,208
Cash and cash equivalents	9,508	12,185
Restricted cash and cash equivalents	14,683	9,814
Restricted foreign currency (cost of $2,066 and $464, respectively)	2,073	469
Interest and dividend receivable	7,814	7,521
Amounts receivable on unsettled investment transactions	283	—
Escrow receivable	711	515
Prepaid expenses and other receivables	1,174	1,307
Total assets	$ 796,474	$ 851,019
Liabilities		
Debt (net of unamortized debt issuance costs of $4,718 and $5,679, respectively)	$ 440,427	$ 475,958
Distributions payable	8,251	8,222
Management fees payable	3,860	3,766
Incentive fees payable	5,618	7,958
Interest payable	2,774	2,087
Accounts payable and accrued expenses	2,329	2,438
Advances received from unfunded credit facilities	825	839
Unrealized depreciation on foreign currency forward contracts	3	—
Total liabilities	$ 464,087	$ 501,268
Commitments and contingencies (See Note 8)		
Net assets		
Common stock, 23,243,088 and 23,162,667 shares issued and outstanding, par value $0.001 per share, respectively, and 100,000,000 shares authorized	23	23
Paid-in capital in excess of par	339,240	339,161
Accumulated earnings (losses)	(6,876)	10,567
Total net assets	332,387	349,751
Total liabilities and total net assets	$ 796,474	$ 851,019
Number of shares outstanding	23,243,088	23,162,667
Net asset value per share	$ 14.30	$ 15.10

See notes to the consolidated financial statements

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

	Year ended December 31, 2022	2021	2020
Investment income			
From non-controlled/non-affiliate company investments			
Interest income	$ 69,731	$ 59,845	$ 54,039
Fee income	3,474	2,621	1,988
Dividend income	300	273	133
From non-controlled affiliate company investments			
Interest income	339	—	—
Dividend income	321	1,190	1,183
From controlled affiliate company investments			
Interest income	6,385	3,307	2,595
Dividend income	6,977	4,907	1,761
Total investment income	87,527	72,143	61,699
Expenses			
Interest expense	21,940	16,594	13,125
Base management fees	15,600	13,975	12,464
Performance-based incentive fees	7,059	7,524	7,619
Administrative service fees	683	683	683
General and administrative expenses	3,963	3,572	2,909
Total expenses	49,245	42,348	36,800
Net investment income before excise tax	38,282	29,795	24,899
Excise tax	1,024	1,004	742
Net investment income after excise tax	37,258	28,791	24,157
Realized and unrealized gains (losses) on investments and foreign currency transactions			
Net realized gains (losses)			
Non-controlled/non-affiliate company investments	(15,683)	7,994	4,118
Non-controlled affiliate company investments	1,725	562	—
Foreign currency transactions	(310)	262	70
Foreign currency forward contracts	—	(3)	(25)
Net realized gains (losses)	(14,268)	8,815	4,163
Net change in unrealized appreciation (depreciation)			
Non-controlled/non-affiliate company investments	(3,505)	(9,501)	4,685
Non-controlled affiliate company investments	(5,239)	1,187	(878)
Controlled affiliate company investments	(447)	708	(464)
Translation of assets and liabilities in foreign currencies	1,887	94	22
Foreign currency forward contracts	(3)	—	—
Net change in unrealized appreciation (depreciation)	(7,307)	(7,512)	3,365
Net realized and unrealized gains (losses) on investments and foreign currency transactions	(21,575)	1,303	7,528
Net increase in net assets resulting from operations	$ 15,683	$ 30,094	$ 31,685
Per Common Share Data			
Basic and diluted earnings per common share	$ 0.68	$ 1.42	$ 1.55
Dividends and distributions declared per common share	$ 1.47	$ 1.56	$ 1.55
Basic and diluted weighted average common shares outstanding	23,229,552	21,150,168	20,546,032

See notes to the consolidated financial statements

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

	Common Stock Shares	Common Stock Par amount	Paid-in Capital in Excess of Par	Accumulated Earnings (Losses)	Total Net Assets
Balance at December 31, 2019	**20,546,032**	**$ 21**	**$ 300,744**	**$ 12,190**	**$ 312,955**
Net investment income after excise tax	—	—	—	24,157	24,157
Net realized gains (losses) on investments and foreign currency transactions	—	—	—	4,163	4,163
Net change in unrealized appreciation (depreciation) on investments and foreign currency transactions	—	—	—	3,365	3,365
Distributions declared	—	—	—	(31,743)	(31,743)
Tax reclassification of stockholders' equity	—	—	(742)	742	—
Balance at December 31, 2020	**20,546,032**	**$ 21**	**$ 300,002**	**$ 12,874**	**$ 312,897**
Stock issued in connection with public offering	2,182,300	2	33,578	—	33,580
Stock issued in connection with at-the-market offering	259,682	—	3,905	—	3,905
Stock issued in connection with dividend reinvestment plan	174,653	—	2,680	—	2,680
Net increase in net assets resulting from operations:					
Net investment income after excise tax	—	—	—	28,791	28,791
Net realized gains (losses) on investments and foreign currency transactions	—	—	—	8,815	8,815
Net change in unrealized appreciation (depreciation) on investments and foreign currency transactions	—	—	—	(7,512)	(7,512)
Distributions declared	—	—	—	(33,405)	(33,405)
Tax reclassification of stockholders' equity	—	—	(1,004)	1,004	—
Balance at December 31, 2021	**23,162,667**	**$ 23**	**$ 339,161**	**$ 10,567**	**$ 349,751**
Stock issued in connection with at-the-market offering	16,678	—	125	—	125
Stock issued in connection with dividend reinvestment plan	63,743	—	978	—	978
Net increase in net assets resulting from operations:					
Net investment income after excise tax	—	—	—	37,258	37,258
Net realized gains (losses) on investments and foreign currency transactions	—	—	—	(14,268)	(14,268)
Net change in unrealized appreciation (depreciation) on investments and foreign currency transactions	—	—	—	(7,307)	(7,307)
Distributions declared	—	—	—	(34,150)	(34,150)
Tax reclassification of stockholders' equity	—	—	(1,024)	1,024	—
Balance at December 31, 2022	**23,243,088**	**$ 23**	**$ 339,240**	**$ (6,876)**	**$ 332,387**

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Years ended December 31, 2022	2021	2020
Cash flows from operating activities			
Net increase in net assets resulting from operations	$ 15,683	$ 30,094	$ 31,685
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by / (used in) operating activities:			
Paid-in-kind income	(2,355)	(1,164)	(1,210)
Net realized (gains) losses on investments	13,958	(8,556)	(4,118)
Net unrealized depreciation (appreciation) on investments	9,191	7,606	(3,343)
Net unrealized (appreciation) depreciation on translation of assets and liabilities in foreign currencies	(1,887)	(94)	(22)
Net unrealized (appreciation) depreciation on foreign currency forward contracts	3	—	—
Accretion of discount	(5,626)	(6,821)	(3,434)
Amortization of deferred financing costs	1,541	2,146	1,055
Acquisition of investments	(280,089)	(544,165)	(302,729)
Proceeds from principal payments and sales of portfolio investments	239,622	306,387	133,419
Proceeds from sales of portfolio investments to STRS JV	83,459	117,246	80,369
Net changes in operating assets and liabilities:			
Interest and dividend receivable	(293)	(989)	(522)
Escrow receivable	619	480	—
Prepaid expenses and other receivables	133	(246)	6,560
Amounts receivable on unsettled investment transactions	(283)	4,717	(4,357)
Amounts payable on unsettled investment transactions	—	(497)	497
Management fees payable	94	412	294
Incentive fees payable	(2,340)	1,841	887
Accounts payable and accrued expenses	(109)	726	(52)
Interest payable	687	217	196
Advances received from unfunded credit facilities	(14)	467	229
Net cash provided by / (used in) operating activities	71,994	(90,193)	(64,596)
Cash flows from financing activities			
Proceeds from notes issued	—	100,000	60,000
Proceeds from issuance of common stock, net of offering costs	125	37,486	—
Borrowings	140,527	357,795	236,045
Repayments of debt	(175,417)	(366,011)	(209,895)
Deferred financing costs	(580)	(2,459)	(1,427)
Distributions paid to common stockholders, net of distributions reinvested	(33,143)	(29,797)	(31,743)
Net cash provided by / (used in) financing activities	(68,488)	97,014	52,980
Effect of exchange rate changes on cash	290	(297)	14
Net change in cash, cash equivalents and restricted cash	3,796	6,524	(11,602)
Cash, cash equivalents and restricted cash at beginning of period	22,468	15,944	27,546
Cash, cash equivalents and restricted cash at end of period	$ 26,264	$ 22,468	$ 15,944
Supplemental and non-cash disclosure of cash flow information:			
Interest paid	$ 19,712	$ 14,232	$ 11,888
Taxes, including excise tax, paid during the year	1,184	910	833
Supplemental noncash disclosures:			
Distributions declared	$ 34,150	$ 33,405	$ 31,743
Distributions reinvested	978	2,680	—
Non-cash exchanges of investments	25,000	23,658	28,103

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Statements of Cash Flows
(in thousands)

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of assets and liabilities that sum to the total of the same amounts presented in the consolidated statements of cash flows:

	December 31,		
	2022	**2021**	**2020**
Cash and cash equivalents	$ 9,508	$ 12,185	$ 8,062
Restricted cash and cash equivalents	14,683	9,814	7,549
Restricted foreign currency	2,073	469	333
Total cash, cash equivalents and restricted cash presented in consolidated statements of cash flows	$ 26,264	$ 22,468	$ 15,944

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Schedule of Investments
December 31, 2022
(in thousands)

Issuer	Investment Type[1]	Floor	Reference Rate[2]	Spread Above Index	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											
Air Freight & Logistics											
Gulf Winds International Acquisition, LLC (d/b/a Gulf Winds International, Inc.)	First Lien Secured Term Loan	1.00%	SOFR	7.00%	11.43%	12/16/22	12/18/28	4,853	$ 4,708	$ 4,708	1.42 %
Gulf Winds International Acquisition, LLC (d/b/a Gulf Winds International, Inc.)[7]	First Lien Secured Revolving Loan	1.00%	SOFR	7.00%	11.43%	12/16/22	12/18/28	—	—	—	—
Motivational Marketing, LLC (d/b/a Motivational Fulfillment)	First Lien Secured Term Loan	1.00%	LIBOR	6.25%	10.59%	07/12/21	07/12/26	11,113	10,956	10,749	3.23
Motivational Marketing, LLC (d/b/a Motivational Fulfillment)[7][12]	First Lien Secured Revolving Loan	1.00%	Base Rate	5.56%	11.21%	07/12/21	07/12/26	158	155	133	0.04
									15,819	15,590	4.69
Alternative Carriers											
Patagonia Holdco LLC (d/b/a Lumen LATAM)	First Lien Secured Term Loan	0.50%	SOFR	5.75%	9.96%	08/05/22	08/01/29	14,588	12,105	12,068	3.63
									12,105	12,068	3.63
Application Software											
Atlas Purchaser, Inc. (d/b/a Aspect Software, Inc.)	First Lien Secured Term Loan	0.75%	LIBOR	5.25%	8.68%	08/29/22	05/08/28	3,097	2,611	2,556	0.76
Atlas Purchaser, Inc. (d/b/a Aspect Software, Inc.)	Second Lien Secured Term Loan	0.75%	LIBOR	9.00%	14.20%	05/03/21	05/07/29	15,000	14,642	11,969	3.59
MBS Highway, LLC	First Lien Secured Term Loan	1.00%	SOFR	7.50%	11.92%	10/13/22	10/13/27	9,476	9,250	9,250	2.78
Naviga Inc. (f/k/a Newscycle Solutions, Inc.)	First Lien Secured Term Loan	1.00%	SOFR	7.00%	11.68%	10/06/22	12/29/23	3,180	3,177	3,084	0.93
Naviga Inc. (f/k/a Newscycle Solutions, Inc.)[7][12]	First Lien Secured Revolving Loan	1.00%	Base Rate	6.63%	12.19%	10/06/22	12/29/23	267	267	258	0.08
									29,947	27,117	8.14
Asset Management & Custody Banks											
JZ Capital Partners Ltd.[4][5]	First Lien Secured Term Loan	1.00%	LIBOR	7.00%	11.33%	01/26/22	01/26/27	10,286	10,118	10,135	3.05
JZ Capital Partners Ltd.[4][5][7]	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	7.00%	11.33%	01/26/22	01/26/27	—	—	9	—
									10,118	10,144	3.05
Automotive Retail											
Team Car Care Holdings, LLC (Heartland Auto)[12]	First Lien Secured Term Loan	1.00%	Base Rate	7.98%	11.83%	02/16/18	06/28/24	14,363	14,311	14,363	4.32
									14,311	14,363	4.32
Broadcasting											
Coastal Television Broadcasting Group LLC	First Lien Secured Term Loan	1.00%	SOFR	6.50%	10.80%	12/30/21	12/30/26	8,036	7,908	7,785	2.34
Coastal Television Broadcasting Group LLC[7]	First Lien Secured Revolving Loan	1.00%	SOFR	6.50%	10.80%	12/30/21	12/30/26	—	—	(5)	—
									7,908	7,780	2.34
Building Products											
PFB Holdco, Inc. (d/b/a PFB Corporation)[13]	First Lien Secured Term Loan	1.00%	CDOR	6.00%	10.52%	12/17/21	12/17/26	8,935	6,879	6,504	1.95
PFB Holdco, Inc. (d/b/a PFB Corporation)[7][13]	First Lien Secured Revolving Loan	1.00%	CDOR	6.00%	10.52%	12/17/21	12/17/26	—	—	2	—
PFB Holdco, Inc. (d/b/a PFB Corporation)	First Lien Secured Term Loan	1.00%	LIBOR	6.00%	10.17%	12/17/21	12/17/26	2,176	2,141	2,144	0.65
PFB Holdco, Inc. (d/b/a PFB Corporation)[7]	First Lien Secured Revolving Loan	1.00%	LIBOR	6.00%	10.17%	12/17/21	12/17/26	—	—	—	—
Trimlite Buyer LLC (d/b/a Trimlite LLC)[5][13]	First Lien Secured Term Loan	1.00%	CDOR	6.00%	10.88%	07/27/21	07/27/26	20,582	16,162	14,926	4.49
									25,182	23,576	7.09
Cable & Satellite											
Bulk Midco, LLC	First Lien Secured Term Loan	1.00%	LIBOR	7.50%	11.64%	10/28/22	06/10/24	19,228	19,126	18,525	5.57
Bulk Midco, LLC	First Lien Secured Revolving Loan	1.00%	LIBOR	7.50%	11.64% (10.64% Cash + 1.00% PIK)	10/28/22	06/10/24	2,000	1,963	1,964	0.59
									21,089	20,489	6.16
Commodity Chemicals											
FGI Acquisition Corp. (d/b/a Flexitallic Group SAS)	First Lien Secured Term Loan	1.00%	SOFR	7.00%	11.73% (11.23% Cash + 0.50% PIK)	10/28/19	10/29/26	16,350	15,794	15,859	4.77
US Methanol Midco LLC (d/b/a US Methanol LLC)[24]	First Lien Secured Term Loan	1.00%	SOFR	7.75%	12.17% PIK	12/20/22	12/20/27	4,667	4,551	4,551	1.37
US Methanol Midco LLC (d/b/a US Methanol LLC)[7][24]	First Lien Secured Delayed Draw Loan	1.00%	SOFR	7.75%	12.17% PIK	12/20/22	12/20/27	—	—	—	—
									20,345	20,410	6.14

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Schedule of Investments
December 31, 2022
(in thousands)

Issuer	Investment Type[1]	Floor	Reference Rate[2]	Spread Above Index	Interest Rate[3]	Acquisition Date[10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[11]	Fair Value As A Percentage of Net Assets
Construction Materials											
Claridge Products and Equipment, LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	11.23%	12/30/20	12/29/25	7,079	$ 6,994	$ 6,727	2.01 %
Claridge Products and Equipment, LLC[7][12]	First Lien Secured Revolving Loan	1.00%	Base Rate	5.88%	12.28%	12/30/20	12/29/25	779	772	732	0.22
									7,766	7,459	2.23
Data Processing & Outsourced Services											
Future Payment Technologies, L.P.	First Lien Secured Term Loan	1.00%	LIBOR	8.25%	12.37%	12/23/16	06/07/24	22,911	22,776	22,817	6.86
									22,776	22,817	6.86
Distributors											
Foodservices Brand Group, LLC (d/b/a Crown Brands Group)	First Lien Secured Term Loan	1.00%	SOFR	8.00%	12.80%	11/22/22	12/09/25	357	357	330	0.10
Foodservices Brand Group, LLC (d/b/a Crown Brands Group)[19]	Second Lien Secured Term Loan	1.50%	SOFR	6.50%	10.92%	11/22/22	01/08/26	5,171	5,108	3,841	1.16
									5,465	4,171	1.26
Diversified Chemicals											
Manchester Acquisition Sub LLC (d/b/a Draslovka Holding AS)	First Lien Secured Term Loan	0.75%	SOFR	5.75%	10.30%	11/16/21	11/16/26	7,920	7,578	6,731	2.03
Sklar Holdings, Inc. (d/b/a Starco)	First Lien Secured Term Loan	1.00%	Prime	8.75%	16.25% (14.25% Cash + 2.00% PIK)	11/13/19	05/13/23	7,353	7,302	6,537	1.97
									14,880	13,268	4.00
Diversified Support Services											
NNA Services, LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.75%	11.48%	08/27/21	08/27/26	11,302	11,199	10,833	3.26
									11,199	10,833	3.26
Education Services											
EducationDynamics, LLC	First Lien Secured Term Loan	1.00%	LIBOR	7.00%	11.39% (10.89% Cash + 0.50% PIK)	09/15/21	09/15/26	13,053	12,861	12,663	3.80
EducationDynamics, LLC[4][7]	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	7.00%	11.39% (10.89% Cash + 0.50% PIK)	09/15/21	09/15/26	—	—	(26)	(0.01)
EducationDynamics, LLC[7]	First Lien Secured Revolving Loan	1.00%	LIBOR	7.00%	11.39% (10.89% Cash + 0.50% PIK)	09/15/21	09/15/26	—	—	(18)	(0.01)
EducationDynamics, LLC[4]	Subordinated Unsecured Term Loan	N/A	N/A	4.00%	4.00%	09/15/21	03/15/27	167	167	167	0.05
									13,028	12,786	3.83
Electric Utilities											
CleanChoice Energy, Inc. (d/b/a CleanChoice)	First Lien Secured Term Loan	1.00%	LIBOR	7.25%	11.33%	10/12/21	10/12/26	10,500	10,341	10,411	3.13
									10,341	10,411	3.13
Environmental & Facilities Services											
Industrial Specialty Services USA LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.25%	10.98%	12/31/21	12/31/26	11,887	11,697	11,559	3.48
Industrial Specialty Services USA LLC[7][12]	First Lien Secured Revolving Loan	1.00%	Base Rate	5.90%	11.41%	12/31/21	12/31/26	674	663	649	0.20
Solar Holdings Bidco Limited (d/b/a SLR Consulting Ltd.)[5][15]	First Lien Secured Term Loan	0.50%	SOFR	6.75%	11.05%	09/30/22	09/28/29	2,783	2,709	2,713	0.82
Solar Holdings Bidco Limited (d/b/a SLR Consulting Ltd.)[5][13][15]	First Lien Secured Term Loan	0.50%	CDOR	6.75%	11.61%	09/30/22	09/28/29	3,837	2,729	2,749	0.83
Solar Holdings Bidco Limited (d/b/a SLR Consulting Ltd.)[5][15][22]	First Lien Secured Term Loan	0.00%	SONIA	6.75%	10.18%	09/30/22	09/28/29	168	182	199	0.06
Solar Holdings Bidco Limited (d/b/a SLR Consulting Ltd.)[5][15]	First Lien Secured Delayed Draw Loan	0.50%	SOFR	6.75%	11.05%	09/30/22	09/28/29	53	51	52	0.02
Solar Holdings Bidco Limited (d/b/a SLR Consulting Ltd.)[5][7][15][23]	First Lien Secured Delayed Draw Loan	0.50%	SOFR	6.75%	11.05%	09/30/22	09/28/29	—	—	(62)	(0.02)
									18,031	17,859	5.39
Health Care Facilities											
Bridgepoint Healthcare, LLC	First Lien Secured Term Loan	1.00%	LIBOR	7.75%	12.04%	10/05/21	10/05/26	10,423	10,266	10,161	3.06
Bridgepoint Healthcare, LLC[7]	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	7.75%	12.04%	10/05/21	10/05/26	—	—	(14)	—
Bridgepoint Healthcare, LLC[7]	First Lien Secured Revolving Loan	1.00%	LIBOR	7.75%	12.04%	10/05/21	10/05/26	—	—	(16)	—
									10,266	10,131	3.06

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Schedule of Investments
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(in thousands)

Issuer	Investment Type[1]	Floor	Reference Rate[2]	Spread Above Index	Interest Rate[3]	Acquisition Date[10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[11]	Fair Value As A Percentage of Net Assets
Health Care Services											
Lab Logistics, LLC	First Lien Secured Term Loan	1.00%	SOFR	7.25%	11.67%	10/16/19	09/25/23	5,487	$ 5,446	$ 5,487	1.65 %
Lab Logistics, LLC	First Lien Secured Delayed Draw Loan	1.00%	SOFR	7.25%	11.67%	10/16/19	09/25/23	5,131	5,124	5,131	1.54
PG Dental New Jersey Parent, LLC	First Lien Secured Term Loan	1.00%	LIBOR	9.00%	13.32% (12.57% Cash + 0.75% PIK)	11/25/20	11/25/25	13,495	13,324	12,415	3.74
PG Dental New Jersey Parent, LLC[7]	First Lien Secured Revolving Loan	1.00%	LIBOR	8.25%	12.57% (11.82% Cash + 0.75% PIK)	11/25/20	11/25/25	352	347	300	0.09
									24,241	23,333	7.02
Health Care Supplies											
ABB/Con-cise Optical Group LLC (d/b/a ABB Optical Group, LLC)	First Lien Secured Term Loan	0.75%	LIBOR	7.50%	12.67%	02/23/22	02/23/28	21,573	21,110	20,997	6.32
ABB/Con-cise Optical Group LLC (d/b/a ABB Optical Group, LLC)[7][12]	First Lien Secured Revolving Loan	0.75%	Base Rate	6.51%	13.98%	02/23/22	02/23/28	2,151	2,105	2,093	0.63
									23,215	23,090	6.95
Heavy Electrical Equipment											
PPS CR Acquisition, Inc. (d/b/a Power Plant Services)	First Lien Secured Term Loan	1.00%	LIBOR	6.25%	10.98%	06/25/21	06/25/26	14,130	13,922	13,774	4.14
PPS CR Acquisition, Inc. (d/b/a Power Plant Services)[7]	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	6.25%	10.98%	07/11/22	06/25/26	—	—	(34)	(0.01)
PPS CR Acquisition, Inc. (d/b/a Power Plant Services)[7][12]	First Lien Secured Revolving Loan	1.00%	Base Rate	5.96%	11.36%	06/25/21	06/25/24	836	828	780	0.23
									14,750	14,520	4.36
Home Furnishings											
Sleep OpCo LLC (d/b/a Brooklyn Bedding LLC)	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	10.40%	10/12/21	10/12/26	20,834	20,517	20,210	6.08
Sleep OpCo LLC (d/b/a Brooklyn Bedding LLC)[7]	First Lien Secured Revolving Loan	1.00%	LIBOR	6.50%	10.40%	10/12/21	10/12/26	—	—	(39)	(0.01)
Hollander Intermediate LLC (d/b/a Hollander Sleep Products, LLC)	First Lien Secured Term Loan	2.00%	SOFR	8.75%	13.19%	09/19/22	09/21/26	4,861	4,821	4,609	1.39
									25,338	24,780	7.46
Household Appliances											
Token Buyer, Inc. (d/b/a Therm-O-Disc, Inc.)	First Lien Secured Term Loan	0.50%	SOFR	6.00%	10.73%	05/26/22	05/31/29	7,214	6,680	6,615	1.99
									6,680	6,615	1.99
Household Products											
The Kyjen Company, LLC (d/b/a Outward Hound)	First Lien Secured Term Loan	1.00%	SOFR	7.00%	11.65% (11.15% Cash + 0.50% PIK)	04/05/21	04/05/26	11,334	11,223	10,429	3.14
The Kyjen Company, LLC (d/b/a Outward Hound)	First Lien Secured Revolving Loan	1.00%	SOFR	6.58%	10.90% (10.40% Cash + 0.50% PIK)	04/05/21	04/05/26	798	790	724	0.22
									12,013	11,153	3.36
Industrial Machinery											
BLP Buyer, Inc. (d/b/a Bishop Lifting Products, Inc.)	First Lien Secured Term Loan	1.25%	SOFR	6.50%	10.21%	10/03/22	02/01/27	2,149	2,098	2,091	0.63
Project Castle, Inc. (d/b/a Material Handling Systems, Inc.)	First Lien Secured Term Loan	0.50%	SOFR	5.50%	10.08%	06/09/22	06/01/29	8,355	7,535	7,269	2.19
									9,633	9,360	2.82
Interactive Media & Services											
MSI Information Services, Inc.	First Lien Secured Term Loan	1.00%	SOFR	7.75%	12.17%	04/25/22	04/24/26	7,751	7,623	7,554	2.27
MSI Information Services, Inc.[7]	First Lien Secured Revolving Loan	1.00%	SOFR	7.75%	12.17%	04/25/22	04/24/26	—	—	(9)	—
									7,623	7,545	2.27
Internet & Direct Marketing Retail											
BBQ Buyer, LLC (d/b/a BBQ Guys)	First Lien Secured Term Loan	1.50%	LIBOR	9.00%	13.38% (12.38% Cash + 1.00% PIK)	08/28/20	08/28/25	12,720	12,550	12,465	3.75
BBQ Buyer, LLC (d/b/a BBQ Guys)	First Lien Secured Delayed Draw Loan	1.50%	LIBOR	9.00%	13.38% (12.38% Cash + 1.00% PIK)	04/29/22	08/28/25	2,593	2,557	2,541	0.76
Luxury Brand Holdings, Inc. (d/b/a Ross-Simons, Inc.)	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	10.91%	12/04/20	06/04/26	5,880	5,807	5,880	1.77
Potpourri Group, Inc.	First Lien Secured Term Loan	1.50%	LIBOR	8.25%	12.47%	07/03/19	07/03/24	14,187	14,091	14,187	4.27
									35,005	35,073	10.55

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WhiteHorse Finance, Inc.
Consolidated Schedule of Investments
December 31, 2022
(in thousands)

Issuer	Investment Type[1]	Floor	Reference Rate[2]	Spread Above Index	Interest Rate[3]	Acquisition Date[10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[11]	Fair Value As A Percentage of Net Assets
Investment Banking & Brokerage											
JVMC Holdings Corp. (fka RJO Holdings Corp)	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	10.88%	02/28/19	02/28/24	11,860	$ 11,833	$ 11,860	3.57 %
									11,833	11,860	3.57
IT Consulting & Other Services											
ATSG, Inc.	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	11.14%	11/12/21	11/12/26	13,833	13,620	13,487	4.06
									13,620	13,487	4.06
Leisure Facilities											
Honors Holdings, LLC (d/b/a Orange Theory)[15][16]	First Lien Secured Term Loan	1.00%	SOFR	7.12%	11.73%	09/06/19	09/06/24	9,440	9,344	9,254	2.78
Honors Holdings, LLC (d/b/a Orange Theory)[15][16]	First Lien Secured Delayed Draw Loan	1.00%	SOFR	7.00%	11.62%	09/06/19	09/06/24	4,649	4,621	4,557	1.37
Lift Brands, Inc. (d/b/a Snap Fitness)	First Lien Secured Term Loan A	1.00%	LIBOR	7.50%	11.88%	06/29/20	06/29/25	5,574	5,531	5,520	1.66
Lift Brands, Inc. (d/b/a Snap Fitness)	First Lien Secured Term Loan B	N/A	N/A	9.50%	9.50% (0.00% Cash + 9.50% PIK)	06/29/20	06/29/25	1,330	1,316	1,266	0.38
Snap Fitness Holdings, Inc. (d/b/a Lift Brands, Inc.)[9]	First Lien Secured Term Loan C	N/A	N/A	9.50%	9.50% (0.00% Cash + 9.50% PIK)	06/29/20	N/A	1,268	1,265	1,198	0.36
									22,077	21,795	6.55
Leisure Products											
Playmonster Group LLC[6][20]	Priority First Lien Secured Term Loan	1.00%	LIBOR	6.75%	11.47% PIK	12/09/22	06/08/26	184	176	176	0.05
Playmonster Group LLC[6][20]	First Lien Secured Term Loan	1.00%	LIBOR	9.00%	13.36% PIK	01/24/22	06/08/26	3,664	3,664	2,977	0.90
Leviathan Intermediate Holdco, LLC	First Lien Secured Term Loan	1.00%	SOFR	7.50%	12.54%	12/27/22	12/27/27	10,452	10,139	10,138	3.05
Leviathan Intermediate Holdco, LLC[7]	First Lien Secured Revolving Loan	1.00%	SOFR	7.50%	12.54%	12/27/22	12/27/27	78	76	75	0.02
									14,055	13,366	4.02
Life Sciences Tools & Services											
LSCS Holdings, Inc. (d/b/a Eversana Life Science Services, LLC)	Second Lien Secured Term Loan	0.50%	LIBOR	8.00%	12.38%	11/23/21	12/16/29	5,000	4,935	4,824	1.45
									4,935	4,824	1.45
Office Services & Supplies											
American Crafts, LC	First Lien Secured Term Loan	1.00%	LIBOR	8.50%	12.88%	05/28/21	05/28/26	9,555	9,473	8,244	2.48
American Crafts, LC	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	8.50%	12.88%	10/01/22	05/28/26	1,367	1,346	1,147	0.35
Empire Office, Inc.	First Lien Secured Term Loan	1.50%	LIBOR	6.75%	11.13%	04/12/19	04/12/24	11,806	11,728	11,687	3.52
Empire Office, Inc.[4]	First Lien Secured Delayed Draw Loan	1.50%	LIBOR	6.75%	11.13%	08/17/21	04/12/24	4,803	4,746	4,754	1.43
									27,293	25,832	7.78
Packaged Foods & Meats											
Lenny & Larry's, LLC[15][17]	First Lien Secured Term Loan	1.00%	LIBOR	8.33%	12.65% (10.94% Cash + 1.71% PIK)	05/15/18	05/15/23	11,214	11,198	10,941	3.30
									11,198	10,941	3.30
Personal Products											
Inspired Beauty Brands, Inc.	First Lien Secured Term Loan	1.00%	LIBOR	7.00%	11.65%	12/30/20	12/30/25	11,519	11,381	11,159	3.36
Inspired Beauty Brands, Inc.[7]	First Lien Secured Revolving Loan	1.00%	LIBOR	7.00%	10.78%	12/30/20	12/30/25	265	262	252	0.08
Sunless, Inc.	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	11.23%	06/30/22	08/13/25	2,086	2,051	2,071	0.62
									13,694	13,482	4.06
Real Estate Development											
StoicLane MidCo, LLC (d/b/a StoicLane Inc.)	First Lien Secured Term Loan	1.00%	SOFR	7.50%	11.82%	11/04/22	11/04/27	4,653	4,540	4,540	1.37
StoicLane MidCo, LLC (d/b/a StoicLane Inc.)[7]	First Lien Secured Delayed Draw Loan	1.00%	SOFR	7.50%	12.20%	11/04/22	11/04/27	3,621	3,563	3,563	1.07
									8,103	8,103	2.44

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
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(in thousands)

Issuer	Investment Type[1]	Floor	Reference Rate[2]	Spread Above Index	Interest Rate[3]	Acquisition Date[10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[11]	Fair Value As A Percentage of Net Assets
Real Estate Operating Companies											
HRG Management, LLC (d/b/a HomeRiver Group, LLC)[7]	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	6.25%	10.48%	12/23/22	10/19/26	—	$ —	$ —	— %
Salon Republic Holdings, LLC (d/b/a Salon Republic, LLC)	First Lien Secured Term Loan	1.00%	SOFR	7.50%	11.73%	12/02/22	12/02/27	5,155	5,003	5,003	1.50
Salon Republic Holdings, LLC (d/b/a Salon Republic, LLC)[7]	First Lien Secured Delayed Draw Loan	1.00%	SOFR	7.00%	11.42%	12/02/22	12/02/27	56	55	55	0.02
Salon Republic Holdings, LLC (d/b/a Salon Republic, LLC)[7]	First Lien Secured Revolving Loan	1.00%	SOFR	7.00%	11.42%	12/02/22	12/02/27	258	251	251	0.08
									5,309	5,309	1.60
Research & Consulting Services											
Aeyon LLC[15]	First Lien Secured Term Loan	1.00%	SOFR	8.88%	13.19%	02/10/22	02/10/27	8,910	8,764	8,641	2.60
ALM Media, LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	10.91%	11/25/19	11/25/24	13,388	13,286	13,255	3.99
									22,050	21,896	6.59
Specialized Consumer Services											
Camp Facility Services Holdings, LLC (d/b/a Camp Construction Services, Inc.)	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	10.89%	11/16/21	11/16/27	11,798	11,606	11,326	3.41
Camp Facility Services Holdings, LLC (d/b/a Camp Construction Services, Inc.)[4][7]	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	6.50%	10.89%	11/16/21	11/16/27	—	—	(96)	(0.03)
HC Salon Holdings, Inc. (d/b/a Hair Cuttery)	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	11.23%	09/30/21	09/30/26	11,521	11,348	11,521	3.47
HC Salon Holdings, Inc. (d/b/a Hair Cuttery)[7]	First Lien Secured Revolving Loan	1.00%	LIBOR	6.50%	11.23%	09/30/21	09/30/26	—	—	10	—
True Blue Car Wash, LLC[15]	First Lien Secured Term Loan	1.00%	SOFR	6.88%	11.30%	10/17/19	10/17/24	9,903	9,822	9,942	2.99
True Blue Car Wash, LLC[7][15]	First Lien Secured Delayed Draw Loan	1.00%	SOFR	6.50%	10.92%	10/17/19	10/17/24	4,160	4,107	4,189	1.26
									36,883	36,892	11.10
Specialized Finance											
WHF STRS Ohio Senior Loan Fund LLC[4][5][9][14]	Subordinated Note	N/A	LIBOR	6.50%	10.67%	07/19/19	N/A	80,000	80,000	80,000	24.07
									80,000	80,000	24.07
Systems Software											
Arcstor Midco, LLC (d/b/a Arcserve (USA), LLC	First Lien Secured Term Loan	1.00%	SOFR	7.50%	11.92% (8.17% Cash + 3.75% PIK)	03/16/21	03/16/27	19,623	19,353	17,847	5.37
									19,353	17,847	5.37
Technology Hardware, Storage & Peripherals											
Telestream Holdings Corporation	First Lien Secured Term Loan	1.00%	SOFR	9.25%	13.67%	10/15/20	10/15/25	15,846	15,556	15,762	4.74
Telestream Holdings Corporation[7]	First Lien Secured Revolving Loan	1.00%	SOFR	9.25%	13.67%	10/15/20	10/15/25	927	910	928	0.28
Telestream Holdings Corporation[7]	First Lien Secured Delayed Draw Loan	1.00%	SOFR	9.25%	13.67%	05/12/22	10/15/25	—	—	3	—
									16,466	16,693	5.02
Total Debt Investments									$ 735,943	$ 719,068	216.34 %
Equity Investments[21]											
Advertising											
Avision Holdings, LLC (d/b/a Avision Sales Group)[4]	Class A LLC Interests	N/A	N/A	N/A	N/A	12/15/21	N/A	208	$ 258	$ 154	0.05 %
									258	154	0.05
Air Freight & Logistics											
Motivational CIV, LLC (d/b/a Motivational Fulfillment)[4]	Class B Units	N/A	N/A	N/A	N/A	07/12/21	N/A	1,250	1,250	517	0.16
									1,250	517	0.16
Building Products											
PFB Holding Company, LLC (d/b/a PFB Corporation)[4][13]	Class A Units	N/A	N/A	N/A	N/A	12/17/21	N/A	1	423	786	0.24
									423	786	0.24

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December 31, 2022
(in thousands)

Issuer	Investment Type[1]	Floor	Reference Rate[2]	Spread Above Index	Interest Rate[3]	Acquisition Date[10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[11]	Fair Value As A Percentage of Net Assets
Diversified Support Services											
Quest Events, LLC[4]	Preferred Units	N/A	N/A	N/A	N/A	12/28/18	12/08/25	347	$ 347	$ 110	0.03 %
ImageOne Industries, LLC[4]	Common A Units	N/A	N/A	N/A	N/A	09/20/19	N/A	229	4	92	0.03
									351	202	0.06
Education Services											
Eddy Acquisitions, LLC (d/b/a EducationDynamics, LLC)[4]	Preferred Units	N/A	N/A	12.00%	12.00%	09/15/21	N/A	167	167	83	0.02
									167	83	0.02
Environmental & Facilities Services											
BPII-JL Group Holdings LP (d/b/a Juniper Landscaping Holdings LLC)[4]	Class A Units	N/A	N/A	N/A	N/A	12/29/21	N/A	83	825	600	0.18
									825	600	0.18
Industrial Machinery											
BL Products Parent, LP (d/b/a Bishop Lifting Products, Inc.)[4]	Class A Units	N/A	N/A	N/A	N/A	02/01/22	N/A	667	667	514	0.15
									667	514	0.15
Interactive Media & Services											
What If Media Group, LLC[4]	Common Units	N/A	N/A	N/A	N/A	07/02/21	N/A	851	851	1,943	0.58
									851	1,943	0.58
Internet & Direct Marketing Retail											
BBQ Buyer, LLC (d/b/a BBQGuys)[4]	Shares	N/A	N/A	N/A	N/A	08/28/20	N/A	1,100	1,100	1,404	0.42
Ross-Simons Topco, LP (d/b/a Ross-Simons, Inc.)[4]	Preferred Units	N/A	N/A	8.00%	8.00% PIK	12/04/20	N/A	600	514	714	0.21
									1,614	2,118	0.63
Investment Banking & Brokerage											
Arcole Holding Corporation[4][5][6][18]	Shares	N/A	N/A	N/A	N/A	10/01/20	N/A	—	6,944	6,380	1.92
									6,944	6,380	1.92
IT Consulting & Other Services											
CX Holdco LLC (d/b/a Cennox Inc.)[4]	Common Units	N/A	N/A	N/A	N/A	05/04/21	N/A	1,068	1,116	1,558	0.47
Keras Holdings, LLC (d/b/a KSM Consulting, LLC)[4]	Shares	N/A	N/A	N/A	N/A	12/31/20	N/A	496	496	363	0.11
									1,612	1,921	0.58
Leisure Facilities											
Snap Fitness Holdings, Inc. (d/b/a Lift Brands, Inc.)[4]	Class A Common Stock	N/A	N/A	N/A	N/A	06/29/20	N/A	2	1,941	131	0.04
Snap Fitness Holdings, Inc. (d/b/a Lift Brands, Inc.)[4]	Warrants	N/A	N/A	N/A	N/A	06/29/20	06/28/28	1	793	53	0.02
									2,734	184	0.06
Leisure Products											
Playmonster Group Equity, Inc. (d/b/a Playmonster Group LLC)[4][6][8][20]	Preferred Stock	N/A	N/A	14.00%	14.00% PIK	01/24/22	N/A	36	3,600	—	0.01
Playmonster Group Equity, Inc. (d/b/a Playmonster Group LLC)[4][6][20]	Common Stock	N/A	N/A	N/A	N/A	01/24/22	N/A	72	460	—	—
									4,060	—	0.01
Office Services & Supplies											
American Crafts Holdings, LLC (d/b/a American Crafts, LC)[4]	Warrants	N/A	N/A	N/A	N/A	12/22/22	12/22/32	—	—	—	—
									—	—	—
Other Diversified Financial Services											
SFS Global Holding Company (d/b/a Sigue Corporation)[4]	Warrants	N/A	N/A	N/A	N/A	06/28/18	12/28/25	—	—	—	—
Sigue Corporation[4]	Warrants	N/A	N/A	N/A	N/A	06/28/18	12/28/25	22	2,890	3,788	1.14
									2,890	3,788	1.14
Paper Packaging											
Max Solutions Inc.[4]	Common Stock	N/A	N/A	N/A	N/A	09/29/22	N/A	4	400	283	0.09
									400	283	0.09

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WhiteHorse Finance, Inc.
Consolidated Schedule of Investments
December 31, 2022
(in thousands)

Issuer	Investment Type(1)	Floor	Reference Rate(2)	Spread Above Index	Interest Rate(3)	Acquisition Date(10)	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value(11)	Fair Value As A Percentage of Net Assets
Real Estate Operating Companies											
Salon Republic Holdings, LLC (d/b/a Salon Republic, LLC)(4)(8)	Preferred Stock	N/A	N/A	N/A	8.00% PIK	12/02/22	N/A	200	$ 200	$ 200	0.06 %
Salon Republic Holdings, LLC (d/b/a Salon Republic, LLC)(4)	Common Stock	N/A	N/A	N/A	N/A	12/02/22	N/A	400	400	400	0.12
									600	600	0.18
Specialized Consumer Services											
Camp Facility Services Parent, LLC (d/b/a Camp Construction Services, Inc.)(4)(8)	Preferred Units	N/A	N/A	10.00%	10.00% PIK	11/16/21	N/A	15	840	927	0.29
									840	927	0.29
Specialized Finance											
WHF STRS Ohio Senior Loan Fund(4)(5)(14)	LLC Interests	N/A	N/A	N/A	N/A	07/19/19	N/A	20,000	20,000	20,160	6.07
									20,000	20,160	6.07
Total Equity Investments									$ 46,486	$ 41,160	12.41 %
Total Investments									$ 782,429	$ 760,228	228.75 %

Forward Currency Contracts

Counterparty	Currency to be sold			Currency to be purchased			Settlement date	Unrealized appreciation	Unrealized depreciation
Morgan Stanley	C$	327	CAD	$	241	USD	1/27/23	$ —	$ —
Morgan Stanley	£	59	GBP	$	69	USD	1/27/23	—	(3)
Total								$ —	$ (3)

(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 Secured Overnight Financing Rate (“SOFR” or “SF”), the Canadian Dollar Offered Rate (“CDOR” or “C”), the Sterling Overnight Index Average (“SONIA” or “S”), or the U.S. Prime Rate (“Prime” or “P”).

(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 82.8% 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 December 31, 2022. See Note 8.

(8) Preferred equity investment is a non-income producing security.

(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 228.75% of the Company’s net assets or 95.4% 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. See Note 5.

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
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December 31, 2022
(in thousands)

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

(13) Principal amount is non-USD denominated and is based 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) Investment is structured as a unitranche loan in which the Company may receive additional interest 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 in the 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 in the 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.

(18) On October 1, 2020, as part of a restructuring agreement between the Company and Arcole Acquisition Corp, the Company's investments in first lien secured term loans to Arcole Acquisition Corp were converted into common shares of Arcole Holding Corp.

(19) At the option of the issuer, interest can be paid in cash or cash and PIK. The issuer may elect to pay up to 2.00% PIK.

(20) On January 24, 2022, as part of a restructuring agreement between the Company and PlayMonster LLC, the Company's first lien secured term loan and delayed draw loan investments to PlayMonster LLC were converted into a new first lien secured term loan, preferred stock and common stock of Playmonster Group LLC.

(21) Ownership of certain equity investments may occur through a holding company or partnership.

(22) Principal amount is non-USD denominated and is based in British pounds.

(23) Principal amount is non-USD denominated and is based in British pounds. At the option of the borrower, amounts borrowed under the delayed draw term loan commitment can be U.S. dollars, Canadian dollars or British pounds.

(24) Investment is structured with a PIK period beginning with the first interest payment date through December 20, 2023, whereby accrued interest due on the loan is capitalized and added to the unpaid principal balance of the loan.

See notes to the consolidated financial statements

WHITEHORSE FINANCE, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2021
(in thousands)

Issuer	Investment Type(1)	Floor	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										
I&I Sales Group, LLC (d/b/a Avision Sales Group)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	12/15/21	12/15/26	9,286	$ 9,102	$ 9,100	2.60 %
I&I Sales Group, LLC (d/b/a Avision Sales Group)(4)(7)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.00%	7.00%	12/15/21	12/15/26	396	388	388	0.11
I&I Sales Group, LLC (d/b/a Avision Sales Group)(7)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	12/15/21	12/15/26	—	—	—	—
								9,490	9,488	2.71
Air Freight & Logistics										
Access USA Shipping, LLC (d/b/a MyUS.com)	First Lien Secured Term Loan	1.50%	L+ 8.00%	9.50%	02/08/19	02/08/24	4,937	4,906	4,937	1.41
ITS Buyer Inc. (d/b/a ITS Logistics, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	12/22/21	06/15/26	3,612	3,540	3,539	1.01
ITS Buyer Inc. (d/b/a ITS Logistics, LLC)(7)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	12/22/21	06/15/26	—	—	—	—
Motivational Marketing, LLC (d/b/a Motivational Fulfillment)	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	07/12/21	07/12/26	11,789	11,575	11,646	3.33
Motivational Marketing, LLC (d/b/a Motivational Fulfillment)(7)	First Lien Secured Revolving Loan	1.00%	L+ 6.25%	7.25%	07/12/21	07/12/26	—	—	7	—
								20,021	20,129	5.75
Application Software										
Atlas Purchaser, Inc. (d/b/a Aspect Software)	Second Lien Secured Term Loan	0.75%	L+ 9.00%	9.75%	05/03/21	05/07/29	15,000	14,586	14,700	4.20
Education Networks of America, Inc.	First Lien Secured Term Loan	1.00%	L+ 5.50%	6.50%	11/30/21	10/27/26	4,719	4,511	4,508	1.29
Naviga Inc. (f/k/a Newscycle Solutions, Inc.)	First Lien Secured Term Loan	1.00%	L+ 7.00%	8.00%	06/14/19	12/29/22	3,213	3,195	3,213	0.92
Naviga Inc. (f/k/a Newscycle Solutions, Inc.)(7)	First Lien Secured Revolving Loan	1.00%	L+ 7.00%	8.00%	06/14/19	12/29/22	169	168	169	0.05
								22,460	22,590	6.46
Automotive Retail										
Team Car Care Holdings, LLC (Heartland Auto)(12)	First Lien Secured Term Loan	1.03%	Base rate+ 7.98%	9.02%	02/16/18	06/28/24	15,286	15,193	15,286	4.37
								15,193	15,286	4.37
Broadcasting										
Coastal Television Broadcasting Group LLC	First Lien Secured Term Loan	1.00%	SF+ 6.50%	7.50%	12/30/21	12/30/26	8,191	8,027	8,027	2.30
Coastal Television Broadcasting Group LLC(7)	First Lien Secured Revolving Loan	1.00%	SF+ 6.50%	7.50%	12/30/21	12/30/26	—	—	—	—
								8,027	8,027	2.30
Building Products										
Drew Foam Companies Inc.	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	11/05/20	11/05/25	7,207	7,094	7,183	2.05
LHS Borrower, LLC (d/b/a Leaf Home, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.75%	7.75%	09/30/20	09/30/25	9,506	9,346	9,416	2.69
LHS Borrower, LLC (d/b/a Leaf Home, LLC)(7)	First Lien Secured Revolving Loan	1.00%	L+ 6.75%	7.75%	09/30/20	09/30/25	—	—	4	—
PFB Holdco, Inc. (d/b/a PFB Corporation)(13)	First Lien Secured Term Loan	2.45%	CP+ 5.50%	7.95%	12/17/21	12/17/26	9,027	6,923	6,998	2.00
PFB Holdco, Inc. (d/b/a PFB Corporation)(7)(13)	First Lien Secured Revolving Loan	2.45%	CP+ 5.50%	7.95%	12/17/21	12/17/26	—	—	—	—
PFB Holdco, Inc. (d/b/a PFB Corporation)	First Lien Secured Term Loan	3.25%	P+ 5.50%	8.75%	12/17/21	12/17/26	2,198	2,154	2,154	0.62
PFB Holdco, Inc. (d/b/a PFB Corporation)(7)	First Lien Secured Revolving Loan	3.25%	P+ 5.50%	8.75%	12/17/21	12/17/26	—	—	—	—
Trimlite Buyer LLC (d/b/a Trimlite LLC)(5)(13)	First Lien Secured Term Loan	1.00%	C+ 6.50%	7.50%	07/27/21	07/27/26	22,977	17,975	17,841	5.10
Trimlite Buyer LLC (d/b/a Trimlite LLC)(5)(7)	First Lien Secured Revolving Loan	1.00%	L+ 6.50%	7.50%	07/27/21	07/27/26	164	161	161	0.05
								43,653	43,757	12.51

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WHITEHORSE FINANCE, INC.
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December 31, 2021
(in thousands)

Issuer	Investment Type[1]	Floor	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
Cable & Satellite										
Bulk Midco, LLC[15]	First Lien Secured Term Loan	1.00%	L+ 7.24%	8.24%	06/08/18	06/08/23	15,000	$ 14,936	$ 14,526	4.15 %
								14,936	14,526	4.15
Commodity Chemicals										
Flexitallic Group SAS	First Lien Secured Term Loan	1.00%	L+ 7.50%	8.50% (8.00% Cash + 0.50% PIK)	10/28/19	10/29/26	15,722	15,047	15,172	4.34
								15,047	15,172	4.34
Construction & Engineering										
Road Safety Services, Inc.	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	12/30/21	03/18/25	4,099	4,017	4,017	1.15
Tensar Corporation	First Lien Secured Term Loan	1.00%	L+ 6.75%	7.75%	11/20/20	08/20/25	6,930	6,797	7,069	2.02
								10,814	11,086	3.17
Construction Materials										
Claridge Products and Equipment, LLC	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	12/30/20	12/29/25	7,640	7,518	7,469	2.14
Claridge Products and Equipment, LLC[7]	First Lien Secured Revolving Loan	3.25%	P+ 5.50%	8.75%	12/30/20	12/29/25	211	207	204	0.06
								7,725	7,673	2.20
Consumer Finance										
Maxitransfers Blocker Corp.	First Lien Secured Term Loan	1.00%	L+ 8.50%	9.50%	10/07/20	10/07/25	8,590	8,436	8,590	2.46
Maxitransfers Blocker Corp.[4]	First Lien Secured Revolving Loan	1.00%	L+ 8.50%	9.50%	10/07/20	10/07/25	1,038	1,019	1,038	0.30
								9,455	9,628	2.76
Data Processing & Outsourced Services										
Escalon Services Inc.	First Lien Secured Term Loan	1.00%	L+ 13.50%	14.50% (13.00% Cash + 1.50% PIK)	12/04/20	12/04/25	8,046	7,490	8,046	2.30
Future Payment Technologies, L.P.	First Lien Secured Term Loan	1.00%	L+ 8.25%	9.25%	12/23/16	06/07/24	24,000	23,811	23,925	6.84
								31,301	31,971	9.14
Department Stores										
Mills Fleet Farm Group, LLC	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	10/24/18	10/24/24	13,538	13,331	13,538	3.87
								13,331	13,538	3.87
Distributors										
Crown Brands LLC[19]	Second Lien Secured Term Loan	1.50%	L+ 10.50%	12.00%	12/15/20	01/08/26	4,382	4,299	3,505	1.00
Crown Brands LLC[19]	Second Lien Secured Delayed Draw Loan	1.50%	L+ 10.50%	12.00%	12/15/20	01/08/26	650	650	520	0.15
								4,949	4,025	1.15
Diversified Chemicals										
Manchester Acquisition Sub LLC (d/b/a Draslovka Holding AS)	First Lien Secured Term Loan	0.75%	SF+ 5.75%	6.50%	11/16/21	11/16/26	12,000	11,348	11,340	3.24
Sklar Holdings, Inc. (d/b/a Starco)	First Lien Secured Term Loan	1.00%	L+ 7.75%	8.75%	11/13/19	05/13/23	7,389	7,295	7,020	2.01
								18,643	18,360	5.25
Diversified Support Services										
NNA Services, LLC	First Lien Secured Term Loan	1.00%	L+ 6.75%	7.75%	08/27/21	08/27/26	11,594	11,459	11,460	3.28
								11,459	11,460	3.28

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(in thousands)

Issuer	Investment Type(1)	Floor	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
Education Services										
EducationDynamics, LLC	First Lien Secured Term Loan	1.00%	L+ 7.00%	8.00% (7.50% Cash + 0.50% PIK)	09/15/21	09/15/26	13,318	$ 13,068	$ 13,064	3.74 %
EducationDynamics, LLC(4)(7)	First Lien Secured Delayed Draw Loan	1.00%	L+ 7.00%	8.00% (7.50% Cash + 0.50% PIK)	09/15/21	09/15/26	—	—	—	—
EducationDynamics, LLC(7)	First Lien Secured Revolving Loan	1.00%	L+ 7.00%	8.00% (7.50% Cash + 0.50% PIK)	09/15/21	09/15/26	—	—	—	—
EducationDynamics, LLC(4)	Subordinated Unsecured Term Loan	N/A	4.00%	4.00%	09/15/21	03/15/27	167	167	167	0.05
								13,235	13,231	3.79
Electric Utilities										
CleanChoice Energy, Inc. (d/b/a CleanChoice)	First Lien Secured Term Loan	1.00%	L+ 7.25%	8.25%	10/12/21	10/12/26	10,500	10,299	10,296	2.94
								10,299	10,296	2.94
Electronic Equipment & Instruments										
LMG Holdings, Inc.	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	04/30/21	04/30/26	6,802	6,684	6,687	1.91
LMG Holdings, Inc.(7)	First Lien Secured Revolving Loan	1.00%	L+ 6.50%	7.50%	04/30/21	04/30/26	—	—	—	—
								6,684	6,687	1.91
Environmental & Facilities Services										
Industrial Specialty Services USA LLC	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	12/31/21	12/31/26	12,007	11,767	11,767	3.36
Industrial Specialty Services USA LLC(7)	First Lien Secured Revolving Loan	1.00%	L+ 6.25%	7.25%	12/31/21	12/31/26	—	—	—	—
Juniper Landscaping Holdings LLC	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	12/29/21	12/29/26	11,420	11,221	11,220	3.21
Juniper Landscaping Holdings LLC(7)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.00%	7.00%	12/29/21	12/29/26	—	—	—	—
Juniper Landscaping Holdings LLC(7)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	12/29/21	12/29/26	597	586	586	0.17
RLJ Pro-Vac, Inc. (d/b/a Pro-Vac)	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	12/31/21	12/31/26	8,775	8,600	8,600	2.46
RLJ Pro-Vac, Inc. (d/b/a Pro-Vac)(7)	First Lien Secured Revolving Loan	1.00%	L+ 6.25%	7.25%	12/31/21	12/31/26	—	—	—	—
								32,174	32,173	9.20
Health Care Facilities										
Bridgepoint Healthcare, LLC	First Lien Secured Term Loan	1.00%	L+ 7.75%	8.75%	10/05/21	10/05/26	10,979	10,770	10,769	3.08
Bridgepoint Healthcare, LLC(7)	First Lien Secured Delayed Draw Loan	1.00%	L+ 7.75%	8.75%	10/05/21	10/05/26	—	—	—	—
Bridgepoint Healthcare, LLC(7)	First Lien Secured Revolving Loan	1.00%	L+ 7.75%	8.75%	10/05/21	10/05/26	—	—	—	—
Epiphany Business Services, LLC (d/b/a Epiphany Dermatology, PA)	First Lien Secured Term Loan	1.00%	L+ 7.50%	8.50%	12/04/20	06/22/23	4,278	4,214	4,235	1.21
Epiphany Business Services, LLC (d/b/a Epiphany Dermatology, PA)	First Lien Secured Delayed Draw Loan	1.00%	L+ 7.50%	8.50%	12/04/20	06/22/23	3,052	3,008	3,027	0.87
Epiphany Business Services, LLC (d/b/a Epiphany Dermatology, PA)(7)	First Lien Secured Revolving Loan	1.00%	L+ 7.50%	8.50%	12/04/20	06/22/23	—	—	3	—
Grupo HIMA San Pablo, Inc.(7)	Superpriority Delayed Draw Loan	N/A	12.00%	12.00%	11/24/21	11/24/23	568	568	568	0.16
Grupo HIMA San Pablo, Inc.(8)(21)	Amended Term Loan	1.50%	9.00%	10.50% (0.00% Cash + 10.50% PIK)	11/24/21	11/24/23	1,708	1,704	1,708	0.49
Grupo HIMA San Pablo, Inc.(8)	First Lien Secured Term Loan A	N/A	L+ 9.00%	9.13%	05/05/19	04/30/19	3,476	3,476	1,169	0.33
Grupo HIMA San Pablo, Inc.(8)	First Lien Secured Term Loan B	1.50%	L+ 9.00%	10.50%	02/01/13	04/30/19	12,185	12,185	4,097	1.17
Grupo HIMA San Pablo, Inc.(8)	Second Lien Secured Term Loan	N/A	L+ 15.75%	15.75% (13.75% Cash + 2.00% PIK)	02/01/13	07/31/18	1,028	1,024	—	—
								36,949	25,576	7.31

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Health Care Services										
CHS Therapy, LLC	First Lien Secured Term Loan A	1.50%	L+ 9.00%	10.50% (10.00% Cash + 0.50% PIK)	06/14/19	06/14/24	7,242	$ 7,175	$ 7,242	2.07 %
CHS Therapy, LLC	First Lien Secured Term Loan C	1.50%	L+ 9.00%	10.50% (10.00% Cash + 0.50% PIK)	10/07/20	06/14/24	891	879	891	0.25
DCA Investment Holding, LLC (d/b/a Dental Care Alliance, LLC)	First Lien Secured Term Loan	0.75%	L+ 6.25%	7.00%	03/12/21	03/12/27	7,025	6,933	6,988	2.00
DCA Investment Holding, LLC (d/b/a Dental Care Alliance, LLC)[7]	First Lien Secured Delayed Draw Loan	0.75%	L+ 6.25%	7.00%	03/12/21	03/12/27	678	672	688	0.20
IvyRehab Intermediate II, LLC (d/b/a Ivy Rehab)	First Lien Secured Term Loan	1.00%	L+ 6.75%	7.75%	12/04/20	12/04/24	17,366	17,121	17,366	4.97
IvyRehab Intermediate II, LLC (d/b/a Ivy Rehab)[7]	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.75%	7.75%	12/04/20	12/04/24	2,550	2,517	2,534	0.72
IvyRehab Intermediate II, LLC (d/b/a Ivy Rehab)[7]	First Lien Secured Revolving Loan	3.25%	P+ 5.75%	9.00%	12/04/20	12/04/24	142	139	147	0.04
Lab Logistics, LLC	First Lien Secured Term Loan	1.00%	L+ 7.25%	8.25%	10/16/19	09/25/23	1,155	1,140	1,155	0.33
Lab Logistics, LLC	First Lien Secured Delayed Draw Loan	1.00%	L+ 7.25%	8.25%	10/16/19	09/25/23	5,183	5,166	5,183	1.48
PG Dental New Jersey Parent, LLC	First Lien Secured Term Loan	1.00%	L+ 9.25%	10.25% (8.75% Cash + 1.50% PIK)	11/25/20	11/25/25	15,448	15,178	14,212	4.06
PG Dental New Jersey Parent, LLC[7]	First Lien Secured Revolving Loan	1.00%	L+ 9.25%	10.25% (8.75% Cash + 1.50% PIK)	11/25/20	11/25/25	702	689	631	0.18
								57,609	57,037	16.30
Heavy Electrical Equipment										
PPS CR Acquisition, Inc. (d/b/a Power Plant Services)	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	06/25/21	06/25/26	11,123	10,924	10,975	3.14
PPS CR Acquisition, Inc. (d/b/a Power Plant Services)[7]	First Lien Secured Revolving Loan	1.00%	L+ 6.25%	7.25%	06/25/21	06/25/24	104	103	113	0.03
								11,027	11,088	3.17
Home Furnishings										
Sleep OpCo LLC (d/b/a Brooklyn Bedding LLC)	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	10/12/21	10/12/26	20,034	19,651	19,645	5.62
Sleep OpCo LLC (d/b/a Brooklyn Bedding LLC)[7]	First Lien Secured Revolving Loan	1.00%	L+ 6.50%	7.50%	10/12/21	10/12/26	—	—	—	—
Sure Fit Home Products, LLC	First Lien Secured Term Loan	1.00%	L+ 9.75%	10.75%	04/12/21	07/13/23	4,912	4,828	4,372	1.25
								24,479	24,017	6.87
Household Products										
The Kyjen Company, LLC (d/b/a Outward Hound)	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	04/05/21	04/05/26	11,403	11,257	11,383	3.25
The Kyjen Company, LLC (d/b/a Outward Hound)[7]	First Lien Secured Revolving Loan	1.00%	L+ 6.50%	7.50%	04/05/21	04/05/26	385	380	390	0.11
								11,637	11,773	3.36
Interactive Media & Services										
What If Holdings, LLC (d/b/a What If Media Group, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	10/02/19	10/02/24	18,848	18,609	18,759	5.36
								18,609	18,759	5.36
Internet & Direct Marketing Retail										
BBQ Buyer, LLC (d/b/a BBQ Guys)	First Lien Secured Term Loan	1.50%	L+ 10.00%	11.50% (9.50% Cash + 2.00% PIK)	08/28/20	08/28/25	12,623	12,388	12,623	3.61
BBQ Buyer, LLC (d/b/a BBQ Guys)[7]	First Lien Secured Delayed Draw Loan	1.50%	L+ 10.00%	11.50% (9.50% Cash + 2.00% PIK)	12/02/21	08/28/25	2,573	2,523	2,523	0.72
Luxury Brand Holdings, Inc. (d/b/a Ross-Simons, Inc.)	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	12/04/20	06/04/26	5,940	5,844	5,940	1.70
Marlin DTC-LS Midco 2, LLC (d/b/a Clarus Commerce, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	08/06/21	07/01/25	4,277	4,200	4,206	1.20
Potpourri Group, Inc.	First Lien Secured Term Loan	1.50%	L+ 8.25%	9.75%	07/03/19	07/03/24	17,148	16,955	17,148	4.90
								41,910	42,440	12.13

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Investment Banking & Brokerage										
JVMC Holdings Corp. (fka RJO Holdings Corp)	First Lien Secured Term Loan	1.00%	L+ 6.75%	7.75%	02/28/19	02/28/24	12,729	$ 12,674	$ 12,729	3.64 %
								12,674	12,729	3.64
IT Consulting & Other Services										
AST-Applications Software Technology LLC	First Lien Secured Term Loan	1.00%	L+ 8.00%	9.00% (8.00% Cash + 1.00% PIK)	01/10/17	01/10/23	3,958	3,943	3,958	1.13
ATSG, Inc.	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	11/12/21	11/12/26	14,008	13,736	13,736	3.93
								17,679	17,694	5.06
Leisure Facilities										
Honors Holdings, LLC (d/b/a Orange Theory)(16)	First Lien Secured Term Loan	1.00%	L+ 7.96%	8.96% (8.46% Cash + 0.50% PIK)	09/06/19	09/06/24	9,440	9,315	9,296	2.66
Honors Holdings, LLC (d/b/a Orange Theory)(16)	First Lien Secured Delayed Draw Loan	1.00%	L+ 7.58%	8.58% (8.08% Cash + 0.50% PIK)	09/06/19	09/06/24	4,649	4,611	4,578	1.31
Lift Brands, Inc. (d/b/a Snap Fitness)	First Lien Secured Term Loan A	1.00%	L+ 7.50%	8.50%	06/29/20	06/29/25	5,631	5,570	5,546	1.59
Lift Brands, Inc. (d/b/a Snap Fitness)	First Lien Secured Term Loan B	N/A	9.50%	9.50% (0.00% Cash + 9.50% PIK)	06/29/20	06/29/25	1,279	1,259	1,239	0.35
Snap Fitness Holdings, Inc. (d/b/a Lift Brands, Inc.)(9)	First Lien Secured Term Loan C	N/A	9.50%	9.50% (0.00% Cash + 9.50% PIK)	06/29/20	NA	1,268	1,265	1,219	0.35
								22,020	21,878	6.26
Leisure Products										
PlayMonster LLC(8)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	06/07/21	06/07/26	6,000	5,894	3,900	1.12
PlayMonster LLC(7)(8)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.00%	7.00%	06/07/21	06/07/26	224	221	(828)	(0.24)
								6,115	3,072	0.88
Life Sciences Tools & Services										
LSCS Holdings, Inc. (d/b/a Eversana Life Science Services, LLC)	Second Lien Secured Term Loan	0.50%	L+ 8.00%	8.50%	11/23/21	12/16/29	5,000	4,925	4,925	1.41
								4,925	4,925	1.41
Office Services & Supplies										
American Crafts, LC	First Lien Secured Term Loan	1.00%	L+ 8.50%	9.50%	05/28/21	05/28/26	8,434	8,325	8,325	2.38
Empire Office, Inc.	First Lien Secured Term Loan	1.50%	L+ 6.75%	8.25%	04/12/19	04/12/24	12,656	12,507	12,589	3.60
Empire Office, Inc.(4)(7)	First Lien Secured Delayed Draw Loan	1.50%	L+ 6.75%	8.25%	08/17/21	04/12/24	—	—	7	—
								20,832	20,921	5.98
Packaged Foods & Meats										
Lenny & Larry's, LLC(17)	First Lien Secured Term Loan	1.00%	L+ 8.40%	9.40% (7.68% Cash + 1.72% PIK)	05/15/18	05/15/23	11,142	11,084	10,862	3.11
								11,084	10,862	3.11
Personal Products										
Inspired Beauty Brands, Inc.	First Lien Secured Term Loan	1.00%	L+ 7.00%	8.00%	12/30/20	12/30/25	12,252	12,055	12,252	3.50
Inspired Beauty Brands, Inc.(7)	First Lien Secured Revolving Loan	1.00%	L+ 7.00%	8.00%	12/30/20	12/30/25	—	—	8	—
								12,055	12,260	3.50

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Real Estate Operating Companies										
HRG Management, LLC (d/b/a HomeRiver Group, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	10/19/21	10/19/26	4,875	$ 4,781	$ 4,780	1.37 %
HRG Management, LLC (d/b/a HomeRiver Group, LLC)(7)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.25%	7.25%	10/19/21	10/19/26	653	644	651	0.19
HRG Management, LLC (d/b/a HomeRiver Group, LLC)(7)	First Lien Secured Revolving Loan	1.00%	L+ 6.25%	7.25%	10/19/21	10/19/26	—	—	—	—
								5,425	5,431	1.56
Research & Consulting Services										
ALM Media, LLC	First Lien Secured Term Loan	1.00%	L+ 7.00%	8.00%	11/25/19	11/25/24	14,175	14,011	13,996	4.00
Nelson Worldwide, LLC	First Lien Secured Term Loan	1.00%	L+ 10.25%	11.25% (10.25% Cash + 1.00% PIK)	01/09/18	01/09/23	10,027	9,976	9,826	2.81
								23,987	23,822	6.81
Specialized Consumer Services										
Camp Facility Services Holdings, LLC (d/b/a Camp Construction Services, Inc.)	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	11/16/21	11/16/27	13,000	12,745	12,742	3.64
Camp Facility Services Holdings, LLC (d/b/a Camp Construction Services, Inc.)(4)(7)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.50%	7.50%	11/16/21	11/16/27	—	—	(1)	—
Camp Facility Services Holdings, LLC (d/b/a Camp Construction Services, Inc.)(7)	First Lien Secured Revolving Loan	1.00%	L+ 6.50%	7.50%	11/16/21	11/16/27	—	—	—	—
HC Salon Holdings, Inc. (d/b/a Hair Cuttery)	First Lien Secured Term Loan	1.00%	L+ 8.00%	9.00%	09/30/21	09/30/26	11,638	11,417	11,416	3.26
HC Salon Holdings, Inc. (d/b/a Hair Cuttery)(7)	First Lien Secured Revolving Loan	1.00%	L+ 8.00%	9.00%	09/30/21	09/30/26	—	—	—	—
True Blue Car Wash, LLC	First Lien Secured Term Loan	1.00%	L+ 6.82%	7.82%	10/17/19	10/17/24	8,203	8,087	8,130	2.32
True Blue Car Wash, LLC(7)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.82%	7.82%	10/17/19	10/17/24	3,103	3,073	3,098	0.89
								35,322	35,385	10.11
Specialized Finance										
WHF STRS Ohio Senior Loan Fund LLC(4)(5)(9)(14)	Subordinated Note	N/A	L+ 6.50%	6.61%	07/19/19	N/A	60,000	60,000	60,000	17.16
								60,000	60,000	17.16
Systems Software										
Arcstor Midco, LLC (d/b/a Arcserve (USA), LLC	First Lien Secured Term Loan	1.00%	L+ 7.00%	8.00%	03/16/21	03/16/27	19,354	19,018	19,160	5.48
								19,018	19,160	5.48
Technology Hardware, Storage & Peripherals										
Source Code Holdings, LLC (d/b/a Source Code Corporation)	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	07/30/21	07/30/27	7,629	7,487	7,489	2.14
Source Code Holdings, LLC (d/b/a Source Code Corporation)(7)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.50%	7.50%	07/30/21	07/30/27	—	—	—	—
Telestream Holdings Corporation	First Lien Secured Term Loan	1.00%	L+ 8.75%	9.75%	10/15/20	10/15/25	15,079	14,713	15,079	4.31
Telestream Holdings Corporation(7)	First Lien Secured Revolving Loan	1.00%	L+ 8.75%	9.75%	10/15/20	10/15/25	530	517	549	0.16
								22,717	23,117	6.61
Total Debt Investments								$ 794,969	$ 781,049	223.32 %
Equity Investments										
Advertising										
Avision Holdings, LLC (d/b/a Avision Sales Group)(4)	Class A LLC Interests	N/A	N/A	N/A	12/15/21	N/A	200	$ 250	$ 250	0.07 %
								250	250	0.07

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WHITEHORSE FINANCE, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2021
(in thousands)

Issuer	Investment Type[1]	Floor	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
Air Freight & Logistics										
Motivational CIV, LLC (d/b/a Motivational Fulfillment)[4]	Class B Units	N/A	N/A	N/A	07/12/21	N/A	1,250	$ 1,250	$ 1,250	0.36 %
								1,250	1,250	0.36
Data Processing & Outsourced Services										
PFB Holdco, Inc. (d/b/a PFB Corporation)[4][13]	Class A Units	N/A	N/A	N/A	12/17/21	N/A	1	423	427	0.12
								423	427	0.12
Data Processing & Outsourced Services										
Escalon Services Inc.[4]	Warrants	N/A	N/A	N/A	12/04/20	N/A	709	476	893	0.26
								476	893	0.26
Diversified Support Services										
Quest Events, LLC[4]	Preferred Units	N/A	N/A	N/A	12/28/18	12/08/25	317	317	—	—
ImageOne Industries, LLC[4]	Common A Units	N/A	N/A	N/A	09/20/19	N/A	225	—	158	0.05
								317	158	0.05
Education Services										
Eddy Acquisitions, LLC (d/b/a EducationDynamics, LLC)[4]	Preferred Units	N/A	12.00%	12.00%	09/15/21	N/A	167	167	167	0.05
								167	167	0.05
Environmental & Facilities Services										
BPII-JL Group Holdings LP (d/b/a Juniper Landscaping Holdings LLC)[4]	Class A Units	N/A	N/A	N/A	12/29/21	N/A	83	825	825	0.24
								825	825	0.24
Health Care Services										
Lab Logistics, LLC[4][20]	Preferred Units	N/A	14.00%	14.00% PIK	10/29/19	N/A	2	857	1,018	0.29
								857	1,018	0.29
Interactive Media & Services										
What If Media Group, LLC[4]	Common Units	N/A	N/A	N/A	07/02/21	N/A	8	850	1,398	0.40
								850	1,398	0.40
Internet & Direct Marketing Retail										
BBQ Buyer, LLC (d/b/a BBQ Guys)[4]	Shares	N/A	N/A	N/A	08/28/20	N/A	1,100	1,100	2,442	0.70
Ross-Simons Topco, LP[4]	Preferred Units	N/A	8.00%	8.00% PIK	12/04/20	N/A	600	600	786	0.22
								1,700	3,228	0.92
Investment Banking & Brokerage										
Arcole Holding Corporation[4][5][6][18]	Shares	N/A	N/A	N/A	10/01/20	N/A	—	6,944	6,874	1.97
								6,944	6,874	1.97
IT Consulting & Other Services										
CX Holdco LLC (d/b/a Cennox Inc.)[4]	Common Units	N/A	N/A	N/A	05/04/21	N/A	972	972	972	0.28
Keras Holdings, LLC (d/b/a KSM Consulting, LLC)[4]	Shares	N/A	N/A	N/A	12/31/20	N/A	496	496	496	0.14
								1,468	1,468	0.42
Leisure Facilities										
Snap Fitness Holdings, Inc. (d/b/a Lift Brands, Inc.)[4]	Class A Common Stock	N/A	N/A	N/A	06/29/20	N/A	2	1,941	188	0.05
Snap Fitness Holdings, Inc. (d/b/a Lift Brands, Inc.)[4]	Warrants	N/A	N/A	N/A	06/29/20	06/28/28	1	793	76	0.02
								2,734	264	0.07

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CONSOLIDATED SCHEDULE OF INVESTMENTS
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(in thousands)

Issuer	Investment Type[1]	Floor	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
Other Diversified Financial Services										
SFS Global Holding Company[4]	Warrants	N/A	N/A	N/A	06/28/18	12/28/25	—	$ —	$ —	— %
Sigue Corporation[4]	Warrants	N/A	N/A	N/A	06/28/18	12/28/25	22	2,890	3,492	1.00
								2,890	3,492	1.00
Specialized Consumer Services										
Camp Facility Services Parent, LLC (d/b/a Camp Construction Services, Inc.)[4]	Preferred Units	N/A	10.00%	10.00% PIK	11/16/21	N/A	15	$ 840	$ 840	0.24 %
								840	840	0.24
Specialized Finance										
WHF STRS Ohio Senior Loan Fund[4][5][14]	LLC Interests	N/A	N/A	N/A	07/19/19	N/A	15,000	15,000	15,607	4.46
								15,000	15,607	4.46
Total Equity Investments								$ 36,991	$ 38,159	10.92 %
Total Investments								$ 831,960	$ 819,208	234.24 %

(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 Secured Overnight Financing Rate ("SOFR" or "SF"), the Canadian Dollar Offered Rate ("CDOR" or "C"), Canada Prime Rate ("CP"), or the U.S. Prime Rate ("Prime" or "P"). The one-, three- and six-month USD LIBOR were 0.10%, 0.21% and 0.34%, respectively, as of December 31, 2021. The SOFR, CDOR, Canadian Prime and Prime were 0.05%, 0.52%, 2.45% and 3.25%, respectively, as of December 31, 2021.

(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 88.2% 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 December 31, 2021. See Note 8.

(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 234.2% of the Company's net assets or 96.3% 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. See Note 5.

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WHITEHORSE FINANCE, INC.
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(in thousands)

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

(13) Principal amount is non-USD denominated and is based 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 in the 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 in the 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 in the 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.

(18) On October 1, 2020, as part of a restructuring agreement between the Company and Arcole Acquisition Corp, the Company’s investments in first lien secured term loans to Arcole Acquisition Corp were converted into common shares of Arcole Holding Corp.

(19) At the option of the issuer, interest can be paid in cash or cash and PIK. The issuer may elect to pay up to 2.00% PIK.

(20) Investment earns 14.00% that converts to PIK on an annual basis and is recorded in interest and dividend receivable in the consolidated statements of assets and liabilities.

(21) A portion of the existing Grupo HIMA San Pablo, Inc. First Lien Secured Term Loan A and First Lien Secured Term Loan B investments were converted into an Amended Term Loan, which is pari passu with the Grupo HIMA San Pablo, Inc. Superpriority Delayed Draw Loan commitment in a liquidation event.

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WhiteHorse Finance, Inc.
Notes to Consolidated Financial Statements
(in thousands, except share and per share data)

NOTE 1 – ORGANIZATION

WhiteHorse Finance, Inc. ("WhiteHorse Finance" and, together with its subsidiaries, the "Company") is an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the "1940 Act"). In addition, for tax purposes, WhiteHorse Finance elected to be treated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). WhiteHorse Finance's common stock trades on the Nasdaq Global Select Market under the symbol "WHF."

The Company's investment objective is to generate attractive risk-adjusted returns primarily by originating and investing in senior secured loans, including first lien and second lien facilities, to performing lower middle market companies across a broad range of industries that typically carry a floating interest rate based on a risk-free index rate such as LIBOR or SOFR and have a term of three to six years. While the Company focuses principally on originating senior secured loans to lower middle market companies, it may also opportunistically make investments at other levels of a company's capital structure, including mezzanine loans or equity interests and may receive warrants to purchase common stock in connection with its debt investments.

WhiteHorse Finance's investment activities are managed by H.I.G. WhiteHorse Advisers, LLC ("WhiteHorse Advisers" or the "Investment Adviser"). H.I.G. WhiteHorse Administration, LLC ("WhiteHorse Administration" or the "Administrator") provides administrative services necessary for the Company to operate.

Engaging in commodity interest transactions such as swap transactions or futures contracts for the Company may cause WhiteHorse Advisers to fall within the definition of "commodity pool operator" under the Commodity Exchange Act (the "CEA") and related regulations promulgated by the U.S. Commodity Futures Trading Commission (the "CFTC"). On January 23, 2020, WhiteHorse Advisers claimed an exclusion from the definition of the term "commodity pool operator" under the CEA and the CFTC regulations in connection with its management of the Company (the "Exclusion") and, therefore, WhiteHorse Advisers is not subject to CFTC registration or regulation under the CEA as a commodity pool operator with respect to its management of the Company. WhiteHorse Advisers has affirmed the Exclusion on January 24, 2023 and intends to continue to affirm the Exclusion on an annual basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of WhiteHorse Finance and its wholly owned subsidiaries, WhiteHorse Finance Credit I, LLC ("WhiteHorse Credit"), and its subsidiary WhiteHorse Finance (CA), LLC ("WhiteHorse California"), WHF PMA Holdco Blocker, LLC, WHF American Craft Blocker, LLC, WhiteHorse RCKC Holdings, LLC and WhiteHorse Finance Holdings, LLC. The Company meets the definition of an investment company under Accounting Standards Codification ("ASC") Topic 946, *Financial Services - Investment Companies*, and therefore applies the accounting and reporting guidance discussed therein to its consolidated financial statements. All significant intercompany balances and transactions have been eliminated.

Additionally, the accompanying consolidated financial statements and related financial information have been prepared pursuant to the requirements for reporting on Form 10-K and Articles 6, 10 and 12 of Regulation S-X. In the opinion of management, the consolidated financial statements reflect all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial results as of and for the periods presented.

Principles of Consolidation: Under the investment company rules and regulations pursuant to ASC Topic 946, WhiteHorse Finance is precluded from consolidating any entity other than another investment company. As provided under ASC Topic 946, WhiteHorse Finance generally consolidates any investment company when it owns 100% of its partners' or members' capital or equity units. The Company does not consolidate its investment in STRS JV. See further description in Note 4.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the financial statements. Actual results could differ from those estimates.

Fair Value of Financial Instruments: The Company determines the fair value of its financial instruments in accordance with ASC Topic 820, Fair Value Measurements and Disclosures. ASC Topic 820 defines fair value, establishes a framework used to measure fair value and requires disclosures for fair value measurements. In accordance with ASC Topic 820, the Company has categorized its financial instruments carried at fair value, based on the priority of the valuation technique, into a three-level fair value hierarchy. Fair value is a market-based measure considered from the perspective of the market participant who holds the financial instrument. Therefore, when market assumptions are not readily available, the Company's own assumptions are set to reflect those that management believes market participants would use in pricing the financial instrument at the measurement date.

The Company values its investments in accordance with the 1940 Act and Rule 2a-5 thereunder, which sets forth the requirements for determining fair value in good faith. Pursuant to Rule 2a-5, the board of directors has designated the Investment Adviser to determine the fair value of the Company's investments. The board of directors oversees the Investment Adviser's performance of its valuation responsibilities, and in support of this oversight, the Investment Adviser provides periodic reports to the Company's board of directors related to the fair valuation process. The Investment Adviser carries out its responsibilities as valuation designee primarily through its valuation committee (the "Valuation Committee"), assisted by third-party valuation firms, administrative personnel, and other service providers, as appropriate. The Valuation Committee consists of a number of representatives from different functions of the Investment Adviser. The Investment Adviser conducts the fair valuation process on a quarterly basis, subject to the oversight of the Company's board of directors through the audit committee, using consistently applied valuation procedures. In accordance with the Company's valuation procedures, the Investment Adviser performs periodic testing of the appropriateness and accuracy of fair value methodologies, and has established a process for approving, monitoring, and evaluating independent pricing service providers. Effective September 8, 2022, the board of directors designated the Investment Adviser as the Company's valuation designee.

Investments that are not publicly traded or for which market prices are not readily available will be valued based on the input of the Investment Adviser and independent third-party valuation firms engaged to review Company investments. These external reviews are used by the Company's Investment Adviser, subject to the oversight of the board of directors, to review the Company's internal valuation of investments during the year.

Investment Transactions: The Company records investment transactions on a trade date basis. These transactions may settle subsequent to the trade date depending on the transaction type. Certain expenses related to legal and tax consultation, due diligence, rating fees, valuation expenses and independent collateral appraisals may arise when the Company makes certain investments. These expenses are recognized in the consolidated statements of operations as they are incurred.

Foreign currency translation: The Company's books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

(1) cash and cash equivalents, restricted cash and cash equivalents, fair value of investments, interest receivable, and other assets and liabilities — at the spot exchange rate on the last business day of the period; and

(2) purchases and sales of investments, income and expenses — at the exchange rates prevailing on the respective dates of such transactions.

Although net assets and fair values are presented based on the applicable foreign exchange rates described above, the Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in fair values of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Fluctuations arising from the translation of assets other than investments and liabilities are included with the net change in unrealized appreciation (depreciation) on translation of assets and liabilities in foreign currencies on the consolidated statements of operations.

WhiteHorse Finance, Inc.
Notes to Consolidated Financial Statements
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Foreign security and currency transactions may involve certain considerations and risks not typically associated with investing in U.S. companies. These risks include, but are not limited to, currency fluctuations and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices to be more volatile than those of comparable U.S. companies or U.S. government securities.

Revenue Recognition: The Company's revenue recognition policies are as follows:

Sales: Realized gains or losses on the sales of investments are calculated by using the specific identification method.

Investment Income: Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. The Company may also receive closing, commitment, prepayment, amendment and other fees from portfolio companies in the ordinary course of business.

Dividend income is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Closing fees associated with investments in portfolio companies are deferred and recognized as interest income over the respective terms of the applicable loans. Upon the prepayment of a loan or debt security, any unamortized loan closing fees are recorded as part of interest income. Commitment fees are based upon the undrawn portion committed by the Company and are recorded as interest income on an accrual basis. Prepayment, amendment and other fees are recognized when earned, generally when such fees are receivable, and are included in fee income on the consolidated statements of operations.

The Company may invest in loans that contain a PIK interest rate provision. PIK interest is accrued at the contractual rates and added to loan principal on the reset dates to the extent such amounts are expected to be collected.

Non-accrual loans: Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected. The Company may conclude that non-accrual status is not required if the loan has sufficient collateral value and is in the process of collection. Accrued interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current.

Cash and Cash Equivalents: Cash and cash equivalents include cash, deposits with financial institutions, and short-term liquid investments in money market funds with original maturities of three months or less.

Restricted Cash and Cash Equivalents: Restricted cash and cash equivalents include amounts that are collected and held by the trustee appointed as custodian of the assets securing the Credit Facility (as defined in Note 6). Restricted cash is held by the trustee for the payment of interest expense and principal on the outstanding borrowings or reinvestment into new assets. Restricted cash that represents interest or fee income is transferred to unrestricted cash accounts by the trustee generally once a quarter after the payment of operating expenses and amounts due under the Credit Facility.

Offering Costs: The Company may incur legal, accounting, regulatory, investment banking and other costs in relation to equity offerings. Offering costs are deferred and charged against paid-in capital in excess of par on completion of the related offering.

Deferred Financing Costs: Deferred financing costs represent fees and other direct incremental costs incurred in connection with the Company's borrowings. These amounts are amortized and are included in interest expense in the consolidated statements of operations over the estimated life of the borrowings. Deferred financing costs are presented in the consolidated statements of assets and liabilities as a direct reduction from the carrying amount of the related debt liability.

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Income Taxes: The Company elected to be treated as a RIC under Subchapter M of the Code. In order to maintain its status as a RIC, among other requirements, the Company is required to distribute dividends for U.S. federal income tax purposes to its stockholders each taxable year generally of an amount at least equal to 90% of the sum of ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, the Company will incur a nondeductible excise tax equal to 4% of the amount by which (1) 98% of ordinary income for the calendar year (taking into account certain deferrals and elections), (2) 98.2% of capital gains in excess of capital losses, adjusted for certain ordinary losses, for the one-year period ending on October 31 of the calendar year and (3) any ordinary income and capital gain income for preceding years that were not distributed during such years and on which the Company incurred no U.S. federal income tax exceed distributions for the year. The Company accrues estimated excise tax on the amount, if any, that estimated taxable income is expected to exceed the level of stockholder distributions described above.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statement is the largest benefit or expense that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. Any tax positions not deemed to satisfy the more-likely-than-not threshold are reversed and recorded as tax benefit or tax expense, as appropriate, in the current year. Management has analyzed the Company’s tax positions, and the Company has concluded that the Company did not have any unrecognized tax benefits or unrecognized tax liabilities related to uncertain tax positions as of December 31, 2022 and December 31, 2021.

Penalties or interest that may be assessed related to any income taxes would be classified as general and administrative expenses on the consolidated statements of operations. The Company had no amounts accrued for interest or penalties as of December 31, 2022 or December 31, 2021. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months. The Company’s tax returns are subject to examination by federal, state and local taxing authorities. Because many types of transactions are susceptible to varying interpretations under U.S. federal and state income tax laws and regulations, the amounts reported in the accompanying consolidated financial statements may be subject to change at a later date by the respective taxing authorities. Tax returns for each of the federal tax years since 2019 remain subject to examination by the Internal Revenue Service.

Dividends and Distributions: Dividends and distributions to common stockholders are recorded on the ex-dividend date. Quarterly distribution payments are determined by the Company’s board of directors and are paid from taxable earnings estimated by management and may include a return of capital and/or capital gains. Net realized capital gains, if any, are distributed at least annually, although the Company may decide to retain such capital gains for investment.

The Company maintains an “opt out” dividend reinvestment plan (“DRIP”) for common stockholders. As a result, if the Company declares a distribution or other dividend, stockholders’ cash distributions will be automatically reinvested in additional shares of common stock, unless they specifically “opt out” of the DRIP so as to receive cash distributions.

Earnings per Share: The Company calculates earnings per share as earnings available to stockholders divided by the weighted average number of shares outstanding during the period.

Risks and Uncertainties: In the normal course of business, the Company encounters primarily two significant types of economic risks: credit and market. Credit risk is the risk of default on the Company’s investments that result from an issuer’s, borrower’s or derivative counterparty’s inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of investments due to changes in interest rates, spreads or other market factors, including the value of the collateral underlying investments held by the Company. Management believes that the carrying value of the Company’s investments are fairly stated, taking into consideration these risks along with estimated collateral values, payment histories and other market information.

Reclassifications: Certain amounts in the consolidated financial statements have been reclassified. These reclassifications had no material impact on the Company’s consolidated financial position, results of operations or cash flows as previously reported.

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Recent Accounting Pronouncements: In June 2022, the FASB issued ASU No. 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. This ASU clarifies the guidance in ASC 820 on the fair value measurement of an equity security that is subject to a contractual sale restriction. The ASU clarifies that a contractual restriction on the sale of an equity security should not be considered in measuring its fair value. The guidance also requires specific disclosures related to equity securities that are subject to contractual sale restrictions. The guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within that fiscal year under a prospective approach, with early adoption permitted. The Company is currently evaluating the impact of the adoption of ASU 2022-03 on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848) Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting if certain criteria are met. The guidance is effective from March 12, 2020 through December 31, 2022. In December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which deferred the sunset day of this guidance to December 31, 2024. The adoption of this ASU did not have a material impact on the consolidated financial statements.

NOTE 3 - FORWARD CURRENCY CONTRACTS

The Company may enter into foreign currency forward contracts from time to time to facilitate settlement of purchases and sales of investments denominated in foreign currencies and to economically hedge the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies. A foreign currency forward contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. These contracts are marked-to-market by recognizing the difference between the contract forward exchange rate and the forward market exchange rate on the last day of the period presented as unrealized appreciation or depreciation. Realized gains or losses are recognized when forward contracts are settled. Risks arise as a result of the potential inability of the counterparties to meet the terms of their contracts. The Company attempts to limit counterparty risk by only dealing with well-known counterparties.

The Company utilizes forward foreign currency exchange contracts to protect itself against fluctuations in exchange rates. The Company may choose to renew contracts quarterly unless otherwise settled by the Company or the counterparty.

The following table provides a breakdown of our forward currency contracts for the years ended December 31, 2022 and 2021:

	Year ended December 31, 2022	Year ended December 31, 2021
Realized gain (loss) on forward currency contracts	$ —	$ (3)
Unrealized appreciation (depreciation) on forward currency contracts	(3)	—
Total net realized and unrealized gains (losses) on forward currency contracts	$ (3)	$ (3)

The value associated with unrealized gain or loss on open contracts is included in unrealized appreciation/depreciation on forward currency contracts within the statement of assets and liabilities. Open contracts as of December 31, 2022 were as follows:

Counterparty	Currency to be sold	Currency to be purchased	Settlement date	Unrealized appreciation	Unrealized depreciation
Morgan Stanley	C$ 327 CAD	$ 241 USD	1/27/23	$ —	$ —
Morgan Stanley	£ 59 GBP	$ 69 USD	1/27/23	—	(3)
Total				$ —	$ (3)

The following table is a summary of the average USD notional exposure to foreign currency forward contracts for the years ended December 31, 2022 and 2021:

	Year ended December 31,	
Average USD notional outstanding	**2022**	**2021**
Forward currency contracts	$ 208	$ 5,047

The foreign currency forward contracts open at the end of the period are generally indicative of the volume of activity during the period. The value associated with unrealized gain or loss on open contracts is included in unrealized appreciation or depreciation on forward currency contracts within the consolidated statements of assets and liabilities.

Offsetting of Derivative Instruments

The Company has derivative instruments that are subject to master netting agreements. These agreements include provisions to offset positions with the same counterparty in the event of default by one of the parties. The Company's unrealized appreciation or depreciation on derivative instruments are reported as gross assets and liabilities, respectively, in the consolidated statements of assets and liabilities. The following tables present the Company's assets and liabilities related to derivatives by counterparty, net of amounts available for offset under a master netting arrangement and net of any collateral received or pledged by the Company for such assets and liabilities as of December 31, 2022.

	As of December 31, 2022								
Counterparty ($ in thousands)	**Derivative Assets Subject to Master Netting Agreement**	**Derivative Liabilities Subject to Master Netting Agreement**	**Derivatives Available for Offset**	**Non-cash Collateral Received**	**Non-cash Collateral Pledged(1)**	**Cash Collateral Received(1)**	**Cash Collateral Pledged(1)**	**Net Amount of Derivative Assets(2)**	**Net Amount of Derivative Liabilities(3)**
Morgan Stanley (CAD)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Morgan Stanley (GBP)	—	3	—	—	—	—	—	—	3
Total	$ —	$ 3	$ —	$ —	$ —	$ —	$ —	$ —	$ 3

(1) In some instances, the actual amount of the collateral received and/or pledged may be more than the amount shown due to overcollateralization.
(2) Net amount of derivative assets represents the net amount due from the counterparty to the Company in the event of default.
(3) Net amount of derivative liabilities represents the net amount due from the Company to the counterparty in the event of default.

As of December 31, 2021, the Company did not have any outstanding derivative instruments.

NOTE 4 - INVESTMENTS

Investments consisted of the following:

	As of December 31, 2022		As of December 31, 2021	
	Amortized Cost	**Fair Value**	**Amortized Cost**	**Fair Value**
First lien secured loans	$ 631,091	$ 618,267	$ 709,318	$ 697,232
Second lien secured loans	24,685	20,634	25,484	23,650
Subordinated unsecured loans	167	167	167	167
Subordinated Note to STRS JV	80,000	80,000	60,000	60,000
Equity (excluding STRS JV)	26,486	21,000	21,991	22,552
Equity in STRS JV	20,000	20,160	15,000	15,607
Total	$ 782,429	$ 760,228	$ 831,960	$ 819,208

WhiteHorse Finance, Inc.
Notes to Consolidated Financial Statements
(in thousands, except share and per share data)

The following table shows the portfolio composition by industry grouping at fair value:

Industry ($ in thousands)	As of December 31, 2022		As of December 31, 2021	
Advertising	$ 154	— %	$ 9,738	1.3 %
Air Freight & Logistics	16,107	2.4	21,379	2.9
Alternative Carriers	12,068	1.8	—	—
Application Software	27,117	4.1	22,590	3.0
Asset Management & Custody Banks	10,144	1.5	—	—
Automotive Retail	14,363	2.2	15,286	2.1
Broadcasting	7,780	1.2	8,027	1.1
Building Products	24,362	3.7	44,184	5.9
Cable & Satellite	20,489	3.1	14,526	2.0
Commodity Chemicals	20,410	3.1	15,172	2.0
Construction & Engineering	—	—	11,086	1.5
Construction Materials	7,459	1.1	7,673	1.0
Consumer Finance	—	—	9,628	1.3
Data Processing & Outsourced Services	22,817	3.5	32,864	4.4
Department Stores	—	—	13,538	1.8
Distributors	4,171	0.6	4,025	0.5
Diversified Chemicals	13,268	2.0	18,360	2.5
Diversified Support Services	11,035	1.7	11,618	1.6
Education Services	12,869	1.9	13,398	1.8
Electric Utilities	10,411	1.7	10,296	1.4
Electronic Equipment & Instruments	—	—	6,687	0.9
Environmental & Facilities Services	18,459	2.8	32,998	4.4
Health Care Facilities	10,131	1.5	25,576	3.4
Health Care Services	23,333	3.5	58,055	7.8
Health Care Supplies	23,090	3.5	—	—
Heavy Electrical Equipment	14,520	2.2	11,088	1.5
Home Furnishings	24,780	3.8	24,017	3.2
Household Appliances	6,615	1.0	—	—
Household Products	11,153	1.7	11,773	1.6
Industrial Machinery	9,874	1.5	—	—
Interactive Media & Services	9,488	1.4	20,157	2.7
Internet & Direct Marketing Retail	37,191	5.6	45,668	6.1
Investment Banking & Brokerage	18,240	2.8	19,603	2.6
IT Consulting & Other Services	15,408	2.3	19,162	2.6
Leisure Facilities	21,979	3.3	22,142	3.0
Leisure Products	13,366	2.0	3,072	0.4
Life Sciences Tools & Services	4,824	0.8	4,925	0.7
Office Services & Supplies	25,832	3.9	20,921	2.8
Other Diversified Financial Services	3,788	0.7	3,492	0.5
Packaged Foods & Meats	10,941	1.7	10,862	1.5
Paper Packaging	283	0.1	—	—
Personal Products	13,482	2.0	12,260	1.6
Real Estate Development	8,103	1.2	—	—
Real Estate Operating Companies	5,909	0.9	5,431	0.7
Research & Consulting Services	21,896	3.3	23,822	3.2
Specialized Consumer Services	37,819	5.7	36,225	4.9
Specialized Finance(1)	—	—	—	—
Systems Software	17,847	2.7	19,160	2.6
Technology Hardware, Storage & Peripherals	16,693	2.5	23,117	3.1
Total(1)	**$ 660,068**	**100.0 %**	**$ 743,601**	**100.0 %**

(1) Excludes investments in STRS JV.

(in thousands, except share and per share data)

As of December 31, 2022, the portfolio companies underlying the investments are all located in the United States and its territories, except for JZ Capital Partners Ltd., which is domiciled in Guernsey, Solar Holdings Bidco Limited, which is domiciled in the United Kingdom, and Arcole Holding Corporation and Trimlite Buyer LLC, which are domiciled in Canada. As of December 31, 2022 and December 31, 2021, the weighted average remaining term of the Company's debt investments, excluding non-accrual investments, were approximately 3.4 years and 3.8 years, respectively.

As of December 31, 2022, there were no loans on non-accrual status. As of December 31, 2021, the total fair value of non-accrual loans was $10,046.

An affiliated company is generally a portfolio company in which the Company owns 5% or more of its voting securities. A controlled affiliated company is generally a portfolio company in which the Company owns more than 25% of its voting securities or has the power to exercise control over its management or policies (including through a management agreement). The following table presents the schedule of investments in and advances to affiliated and controlled persons (as defined by the 1940 Act) as of and for the year ended December 31, 2022:

Affiliated Person[1]	Type of Asset	Dividends and interest included in income	Beginning Fair Value at December 31, 2021	Purchases	Sales	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Ending Fair Value at December 31, 2022
Non-controlled affiliates								
Arcole Holding Corporation	Equity	$ 321	$ 6,874	$ —	$ —	$ —	$ (494)	$ 6,380
PlayMonster LLC	First Lien Secured Revolving Loan	13	—	1,088	(1,088)	—	—	—
Playmonster Group LLC	Priority First Lien Secured Loan	1	—	176	—	—	—	176
Playmonster Group LLC	First Lien Secured Loan	325	—	3,662	—	—	(685)	2,977
Playmonster Group Equity, Inc. (d/b/a PlayMonster)	Preferred Equity	—	—	3,600	—	—	(3,600)	—
Playmonster Group Equity, Inc. (d/b/a PlayMonster)	Common Equity	—	—	460	—	—	(460)	—
Total Non-controlled affiliates		$ 660	$ 6,874	$ 8,986	$ (1,088)	$ —	$ (5,239)	$ 9,533
Controlled affiliates								
WHF STRS Ohio Senior Loan Fund LLC*	Subordinated Note	$ 6,385	$ 60,000	$ 20,000	$ —	$ —	$ —	$ 80,000
WHF STRS Ohio Senior Loan Fund LLC*	Equity	6,977	15,607	5,000	—	—	(447)	20,160
Total Controlled affiliates		$ 13,362	$ 75,607	$ 25,000	$ —	$ —	$ (447)	$ 100,160

* The Company and STRS Ohio are the members of STRS JV, a joint venture formed as a Delaware limited liability company that is not consolidated by either member for financial reporting purposes. The members make

(in thousands, except share and per share data)

investments in STRS JV in the form of limited liability company ("LLC") equity interests and interest-bearing subordinated notes as STRS JV makes investments, and all portfolio and other material decisions regarding STRS JV must be submitted to STRS JV's board of managers which is comprised of an equal number of members appointed by each of the Company and STRS Ohio. Because management of STRS JV is shared equally between the Company and STRS Ohio, the Company does not believe it controls STRS JV for purposes of the 1940 Act or otherwise.

(1) Refer to the consolidated schedule of investments for the principal amount, industry classification and other security detail of each portfolio company.

On January 24, 2022, as part of a restructuring agreement between the Company and PlayMonster LLC, the Company's first lien secured term loan and delayed draw loan investments to PlayMonster LLC, with a total cost basis of $7,045, converted into a new first lien secured term loan, preferred stock and common stock of Playmonster Group LLC. On June 24, 2022, the PlayMonster LLC first lien secured revolving loan investment was fully realized. A portion of the PlayMonster LLC first lien secured revolving loan investment restructured into the existing Playmonster Group LLC first lien secured term loan, with a total cost basis of $437.

For the year ended December 31, 2022, the Company recovered $1,725 on an equity investment to the RCS Creditor Trust Class B Units and is reported as a non-controlled affiliate realized gain in the consolidated statements of operations. The Company previously recovered $562 on the RCS Creditor Trust Class B Units during the year ended December 31, 2021.

The following table presents the schedule of investments in and advances to affiliated and controlled affiliated persons (as defined by the 1940 Act) as of and for the year ended December 31, 2021:

Affiliated Person[(1)]	Type of Asset	Dividends and interest included in income	Beginning Fair Value at December 31, 2020	Purchases	Sales	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Ending Fair Value at December 31, 2021
Non-controlled affiliates								
Arcole Holding Corporation	Equity	$ 897	$ 6,448	$ —	$ —	$ —	$ 426	$ 6,874
NMFC Senior Loan Program I LLC Units	Equity	293	9,269	—	(10,000)	—	761	—
Total Non-controlled affiliates		$ 1,190	$ 15,717	$ —	$ (10,000)	$ —	$ 1,187	$ 6,874
Controlled affiliates								
WHF STRS Ohio Senior Loan Fund LLC*	Subordinated Note	$ 3,307	$ 41,073	$ 18,927	$ —	$ —	$ —	$ 60,000
WHF STRS Ohio Senior Loan Fund LLC*	Equity	4,907	10,167	4,732	—	—	708	15,607
Total Controlled affiliates		$ 8,214	$ 51,240	$ 23,659	$ —	$ —	$ 708	$ 75,607

* The Company and STRS Ohio are the members of STRS JV, a joint venture formed as a Delaware limited liability company that is not consolidated by either member for financial reporting purposes. The members make investments in STRS JV in the form of limited liability company ("LLC") equity interests and interest-bearing subordinated notes as STRS JV makes investments, and all portfolio and other material decisions regarding STRS JV must be submitted to STRS JV's board of managers which is comprised of an equal number of members appointed by each of the Company and STRS Ohio. Because management of STRS JV is shared equally between the Company and STRS Ohio, the Company does not believe it controls STRS JV for purposes of the 1940 Act or otherwise.

(1) Refer to the consolidated schedule of investments for the principal amount, industry classification and other security detail of each portfolio company.

WHF STRS Ohio Senior Loan Fund LLC

On January 14, 2019, the Company entered into an LLC operating agreement with STRS Ohio to co-manage a newly formed joint venture investment company, STRS JV, a Delaware LLC. STRS Ohio and the Company committed to provide up to $125,000 of subordinated notes and equity to STRS JV, with STRS Ohio providing up to $50,000 and the Company providing up to $75,000, respectively. In July 2019, STRS JV formally launched operations. STRS JV invests primarily in lower middle market, senior secured debt facilities, to performing lower middle market companies across a broad range of industries that typically carry a floating interest index rate such as LIBOR or SOFR and have a term of three to six years.

In February 2022, the Company increased its capital commitment to the STRS JV in the amount of an additional $25,000, which brought the Company's total capital commitment to $100,000, comprised of $80,000 of subordinated notes and $20,000 of LLC equity interests. In connection with this increase in the Company's capital commitment, the Company and STRS Ohio's amended economic ownership in the STRS JV is approximately 66.67% and 33.33%, respectively.

As of December 31, 2022 and December 31, 2021, STRS JV had total assets of $305,296 and $273,523, respectively. STRS JV's portfolio consisted of debt investments in 28 portfolio companies as of December 31, 2022 and December 31, 2021. As of December 31, 2022 and December 31, 2021, the largest investment by aggregate principal amount (including any unfunded commitments) in a single portfolio company in STRS JV's portfolio was $20,086 and $23,483, respectively. The five largest investments in portfolio companies by fair value in STRS JV totaled $77,635 and $83,057 as of December 31, 2022 and December 31, 2021, respectively. STRS JV invests in portfolio companies in the same industries in which the Company may directly invest.

The Company provides capital to STRS JV in the form of LLC equity interests and through interest-bearing subordinated notes. As of December 31, 2022, the Company and STRS Ohio owned 66.67% and 33.33%, respectively, of the LLC equity interests of STRS JV. As of December 31, 2021, the Company and STRS Ohio owned 60% and 40%, respectively, of the LLC equity interests of STRS JV. The Company's investment in STRS JV consisted of equity contributions of $20,000 and $15,000 and advances of the subordinated notes of $80,000 and $60,000 as of December 31, 2022 and December 31, 2021, respectively. As of December 31, 2022, the Company had commitments to fund equity interests and subordinated notes in STRS JV of $20,000 and $80,000, respectively, both of which were fully funded. As of December 31, 2021, the Company had commitments to fund equity interests and subordinated notes in STRS JV of $15,000 and $60,000, respectively, both of which were fully funded.

The Company and STRS Ohio each appoint two members to STRS JV's four-person board of managers. All material decisions with respect to STRS JV, including those involving its investment portfolio, require unanimous approval of a quorum of the board of managers. Quorum is defined as (i) the presence of two members of the board of managers; provided that at least one individual is present that was elected, designated or appointed by each member; (ii) the presence of three members of the board of managers; provided that the individual that was elected, designated or appointed by the member with only one individual present shall be entitled to cast two votes on each matter; or (iii) the presence of four members of the board of managers; provided that two individuals are present that were elected, designated or appointed by each member.

On July 19, 2019, STRS JV entered into a $125,000 credit and security agreement (the "STRS JV Credit Facility") with JPMorgan Chase Bank, National Association ("JPMorgan"). On January 27, 2021, the terms of the STRS JV Credit Facility were amended to, among other things, increase the size of the STRS JV Credit Facility from $125,000 to $175,000. On April 28, 2021, the terms of the STRS JV Credit Facility were amended and restated to, among other things, enable borrowings in British pounds or euros. On July 15, 2021, the terms of the STRS JV Credit Facility were amended to, among other things, allow STRS JV to reduce the applicable margins for interest rates to 2.35%, extend the non-call period from January 19, 2022 to January 19, 2023, extend the end of the reinvestment period from July 19, 2022 to July 19, 2023 and extend the scheduled termination date from July 19, 2024 to July 19, 2025.

On March 11, 2022, the terms of the STRS JV Credit Facility were further amended to, among other things, (i) permanently increase STRS Credit's availability under the Credit Facility from $175,000 to $225,000, (ii) increase the minimum funding amount from $131,250 to $168,750, and (iii) apply an annual interest rate equal to the applicable SOFR plus 2.50% to borrowings greater than $175,000 in the Credit Facility.

As of December 31, 2022, the STRS JV Credit Facility had $225,000 of commitments subject to leverage and borrowing base restrictions with an interest rate based on a risk-free index rate such as LIBOR, SONIA or CDOR plus 2.35% for borrowings up to $175,000 and SOFR plus 2.50% for borrowings above $175,000. The final maturity date of the STRS JV Credit Facility is July 19, 2025. As of December 31, 2022, STRS JV had $152,277 of outstanding borrowings and an interest rate outstanding of 6.6% per annum under the STRS JV Credit Facility.

As of December 31, 2021, the STRS JV Credit Facility had $175,000 of commitments subject to leverage and borrowing base restrictions with an interest rate based on a floating index rate such as LIBOR, SONIA or CDOR plus 2.35%. As of December 31, 2021, STRS JV had $146,782 of outstanding borrowings and an interest rate outstanding of 2.5% per annum under the STRS JV Credit Facility.

WHITEHORSE FINANCE, INC.
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Below is a listing of STRS JV's individual investments as of December 31, 2022:

Issuer	Investment Type[1]	Floor	Reference Rate[2]	Spread Above Index	Interest Rate[3]	Acquisition Date[4]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[5]	Fair Value As A Percentage of Members' Equity
North America											
Debt Investments											
Advertising											
I&I Sales Group, LLC (d/b/a Avision Sales Group)	First Lien Secured Term Loan	1.00%	LIBOR	5.75%	10.48%	02/18/22	12/15/26	9,193	$ 9,047	$ 9,007	29.79 %
I&I Sales Group, LLC (d/b/a Avision Sales Group)[6]	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	5.75%	10.43%	03/11/22	12/15/26	2,756	2,713	2,699	8.93
I&I Sales Group, LLC (d/b/a Avision Sales Group)	First Lien Secured Revolving Loan	1.00%	LIBOR	5.75%	10.43%	02/18/22	12/15/26	—	—	(3)	—
									11,760	11,703	38.70
Air Freight & Logistics											
ITS Buyer Inc.	First Lien Secured Term Loan	1.00%	LIBOR	6.00%	10.73%	02/17/22	06/15/26	3,577	3,523	3,542	11.71
ITS Buyer Inc.	First Lien Secured Revolving Loan	1.00%	LIBOR	6.00%	10.73%	02/17/22	06/15/26	—	—	3	0.01
									3,523	3,545	11.72
Application Software											
MEP-TS Midco, LLC (d/b/a Tax Slayer)	First Lien Secured Term Loan	1.00%	LIBOR	6.00%	10.38%	01/21/21	12/31/26	13,353	13,162	13,353	44.16
MEP-TS Midco, LLC (d/b/a Tax Slayer)	First Lien Secured Revolving Loan	1.00%	LIBOR	6.00%	10.38%	01/21/21	12/31/26	—	—	22	0.07
									13,162	13,375	44.23
Building Products											
Drew Foam Companies Inc	First Lien Secured Term Loan	1.00%	SOFR	6.75%	11.48%	11/09/20	11/05/25	14,270	14,105	14,132	46.73
									14,105	14,132	46.73
Construction & Engineering											
Road Safety Services, Inc.	First Lien Secured Term Loan	1.00%	SOFR	6.50%	10.92%	12/31/19	03/18/25	8,603	8,522	8,432	27.88
									8,522	8,432	27.88
Data Processing & Outsourced Services											
Geo Logic Systems Ltd.[7]	First Lien Secured Term Loan	1.00%	CDOR	6.50%	11.38%	01/22/20	12/19/24	20,088	15,413	14,545	48.10
Geo Logic Systems Ltd.[7]	First Lien Secured Revolving Loan	1.00%	CDOR	6.50%	11.38%	01/22/20	12/19/24	—	—	(9)	(0.03)
									15,413	14,536	48.07
Diversified Support Services											
Quest Events, LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.00%	10.73%	07/19/19	12/28/24	11,805	11,728	11,298	37.36
Quest Events, LLC	First Lien Secured Revolving Loan	1.00%	LIBOR	6.00%	10.73%	07/19/19	12/28/24	468	464	431	1.43
									12,192	11,729	38.79
Electronic Equipment & Instruments											
LMG Holdings, Inc.	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	11.23%	06/28/21	04/30/26	13,466	13,284	13,193	43.63
LMG Holdings, Inc.	First Lien Secured Revolving Loan	1.00%	LIBOR	6.50%	11.23%	06/28/21	04/30/26	—	—	(6)	(0.02)
									13,284	13,187	43.61
Environmental & Facilities Services											
Juniper Landscaping Holdings LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.00%	11.15%	03/01/22	12/29/26	11,306	11,147	11,079	36.64
Juniper Landscaping Holdings LLC[6]	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	6.00%	11.14%	03/01/22	12/29/26	1,909	1,882	1,868	6.18
Juniper Landscaping Holdings LLC	First Lien Secured Revolving Loan	1.00%	LIBOR	6.00%	10.54%	03/01/22	12/29/26	298	294	287	0.95
WH Lessor Corp. (d/b/a Waste Harmonics, LLC)	First Lien Secured Term Loan	1.00%	LIBOR	5.59%	9.97%	01/22/20	12/26/24	7,470	7,402	7,470	24.70
WH Lessor Corp. (d/b/a Waste Harmonics, LLC)	First Lien Secured Revolving Loan	1.00%	LIBOR	5.59%	9.97%	01/22/20	12/26/24	—	—	4	0.01
									20,725	20,708	68.48

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Issuer	Investment Type(1)	Floor	Reference Rate(2)	Spread Above Index	Interest Rate(3)	Acquisition Date(4)	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value(5)	Fair Value As A Percentage of Members' Equity
Household Appliances											
Smalto Inc. (d/b/a PEMCO International)(9)	First Lien Secured Term Loan	1.00%	EurIBOR	6.25%	9.00%	05/04/22	04/28/28	6,642	$ 6,865	$ 6,899	22.81 %
Smalto Inc. (d/b/a PEMCO International)	First Lien Secured Term Loan	1.00%	SOFR	6.00%	11.04%	05/04/22	04/28/28	1,012	994	986	3.26
									7,859	7,885	26.08
Industrial Machinery											
BLP Buyer, Inc. (d/b/a Bishop Lifting Products, Inc.)	First Lien Secured Term Loan	1.25%	SOFR	6.25%	10.49%	02/18/22	02/01/27	8,188	8,054	7,939	26.25
BLP Buyer, Inc. (d/b/a Bishop Lifting Products, Inc.)	First Lien Secured Revolving Loan	1.00%	SOFR	6.25%	10.67%	02/18/22	02/01/27	274	270	259	0.86
Pennsylvania Machine Works, LLC (d/b/a Penn Western)	First Lien Secured Term Loan	1.00%	SOFR	6.25%	11.09%	03/25/22	03/08/27	6,907	6,821	6,801	22.49
									15,145	14,999	49.60
Internet & Direct Marketing Retail											
Marlin DTC-LS Midco 2, LLC (d/b/a Clarus Commerce, LLC)	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	11.23%	07/19/19	07/01/25	19,105	18,920	19,105	63.18
Marlin DTC-LS Midco 2, LLC (d/b/a Clarus Commerce, LLC)	First Lien Secured Revolving Loan	1.00%	LIBOR	6.50%	11.23%	07/19/19	07/01/25	—	—	8	0.03
									18,920	19,113	63.21
Investment Banking & Brokerage											
TOUR Intermediate Holdings, LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	10.88%	05/19/20	05/15/25	3,077	3,049	3,077	10.18
TOUR Intermediate Holdings, LLC	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	6.50%	10.88%	05/19/20	05/15/25	2,468	2,458	2,468	8.16
									5,507	5,545	18.34
IT Consulting & Other Services											
Cennox Holdings Limited (d/b/a Cennox)(8)	First lien Secured Term Loan	1.00%	LIBOR	6.00%	10.02%	07/16/21	05/04/26	2,837	3,863	3,343	11.06
Cennox Holdings Limited (d/b/a Cennox)(9)	First lien Secured Term Loan	1.00%	LIBOR	6.25%	10.99%	06/28/22	05/04/26	9,458	9,834	9,926	32.83
Cennox Holdings Limited (d/b/a Cennox)(8)	First lien Secured Revolving Loan	1.00%	LIBOR	6.00%	10.99%	07/16/21	05/04/26	—	—	(161)	(0.53)
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)	First Lien Secured Term Loan	1.00%	LIBOR	6.25%	10.98%	01/27/21	12/31/26	11,150	11,000	10,929	36.14
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	6.25%	10.65%	01/27/21	12/31/26	3,007	2,963	2,947	9.75
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)(6)	First Lien Secured Revolving Loan	1.00%	LIBOR	6.25%	10.60%	01/27/21	12/31/26	533	526	517	1.71
Turnberry Solutions, Inc.	First Lien Secured Term Loan	1.00%	SOFR	6.00%	9.19%	08/10/21	09/02/26	6,087	5,998	5,964	19.72
Turnberry Solutions, Inc.	First Lien Secured Revolving Loan	1.00%	SOFR	6.00%	9.19%	08/10/21	09/02/26	—	—	(4)	(0.01)
									34,184	33,461	110.66
Packaged Foods & Meats											
Poultry Holdings LLC (HPP)	First Lien Secured Term Loan	1.00%	SOFR	7.25%	11.67% (10.17% Cash + 1.50% PIK)	10/21/19	06/28/25	7,162	7,101	7,011	23.19
Stella & Chewy's LLC	First Lien Secured Term Loan	1.00%	SOFR	8.75%	13.40% (11.40% Cash + 2.00% PIK)	12/29/20	12/16/25	3,893	3,849	3,738	12.36
Stella & Chewy's LLC	First Lien Secured Delayed Draw Loan	1.00%	SOFR	8.75%	13.17% (11.17% Cash + 2.00% PIK)	03/26/21	12/16/25	1,375	1,362	1,320	4.37
									12,312	12,069	39.91
Paper Packaging											
Max Solutions, Inc.	First Lien Secured Term Loan	1.00%	SOFR	6.50%	11.23%	10/07/22	09/29/28	8,244	8,085	8,085	26.74
Max Solutions, Inc.(6)	First Lien Secured Delayed Draw Loan	1.00%	SOFR	6.50%	11.23%	10/07/22	09/29/28	—	—	(26)	(0.09)
Max Solutions, Inc.(10)	First Lien Secured Revolving Loan	1.00%	CDOR	6.50%	11.23%	10/07/22	09/29/28	—	—	—	—
Max Solutions, Inc.(6)	First Lien Secured Revolving Loan	1.00%	SOFR	6.50%	11.23%	10/07/22	09/29/28	—	—	—	—
									8,085	8,059	26.65

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Issuer	Investment Type[1]	Floor	Reference Rate[2]	Spread Above Index	Interest Rate[3]	Acquisition Date[4]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[5]	Fair Value As A Percentage of Members' Equity
Personal Products											
Sunless, Inc.	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	11.23%	10/21/19	08/13/25	3,679	$ 3,631	$ 3,679	12.18 %
Sunless, Inc.[6]	First Lien Secured Revolving Loan	1.00%	LIBOR	6.50%	11.24%	10/21/19	08/13/25	266	264	270	0.89
									3,895	3,949	13.06
Pharmaceuticals											
Meta Buyer LLC (d/b/a Metagenics, Inc.)[9]	First Lien Secured Term Loan	1.00%	EurIBOR	6.00%	8.17%	12/16/21	11/01/27	12,287	13,643	12,876	42.57
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Term Loan	1.00%	SOFR	6.00%	10.62%	12/16/21	11/01/27	981	966	963	3.18
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Delayed Draw Loan	1.00%	SOFR	6.00%	10.81%	10/01/22	11/01/27	892	878	876	2.90
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Revolving Loan	1.00%	SOFR	6.00%	10.81%	12/16/21	11/01/27	—	—	(3)	(0.01)
									15,487	14,712	48.65
Real Estate Operating Companies											
HRG Management, LLC (d/b/a HomeRiver Group, LLC)	First Lien Secured Term Loan	1.00%	LIBOR	6.25%	10.48%	12/28/21	10/19/26	9,653	9,505	9,412	31.13
HRG Management, LLC (d/b/a HomeRiver Group, LLC)[6][11]	First Lien Secured Delayed Draw Loan	1.00%	Base Rate	6.10%	10.92%	02/18/22	10/19/26	1,768	1,741	1,720	5.69
HRG Management, LLC (d/b/a HomeRiver Group, LLC)	First Lien Secured Revolving Loan	1.00%	LIBOR	6.25%	10.48%	02/18/22	10/19/26	—	—	(11)	(0.04)
									11,246	11,121	36.78
Real Estate Services											
NPAV Lessor Corp. (d/b/a Nationwide Property & Appraisal Services, LLC)	First Lien Secured Term Loan	1.00%	SOFR	6.50%	10.92%	03/01/22	01/21/27	8,924	8,778	8,301	27.45
NPAV Lessor Corp. (d/b/a Nationwide Property & Appraisal Services, LLC)	First Lien Secured Revolving Loan	1.00%	SOFR	6.50%	10.92%	03/01/22	01/21/27	290	285	247	0.82
									9,063	8,548	28.27
Research & Consulting Services											
E-Phoenix Acquisition Co. Inc. (d/b/a Integreon, Inc.)	First Lien Secured Term Loan	1.00%	LIBOR	5.50%	10.23%	07/15/21	06/23/27	8,865	8,782	8,686	28.72
									8,782	8,686	28.72
Technology Hardware, Storage & Peripherals											
Source Code Holdings, LLC (d/b/a Source Code Corporation)	First Lien Secured Term Loan	1.00%	SOFR	6.50%	10.92%	08/10/21	07/30/27	15,105	14,874	14,882	49.21
Source Code Holdings, LLC (d/b/a Source Code Corporation)[6]	First Lien Secured Delayed Draw Loan	1.00%	SOFR	6.50%	10.92%	08/10/21	07/30/27	—	—	2	0.01
									14,874	14,884	49.22
Trading Companies & Distributors											
LINC Systems, LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.25%	10.42%	06/22/21	02/24/26	10,033	9,895	9,882	32.68
LINC Systems, LLC	First Lien Secured Revolving Loan	1.00%	LIBOR	6.25%	10.42%	06/22/21	02/24/26	—	—	(1)	(0.00)
									9,895	9,881	32.68
Total Investments									$ 287,940	$284,259	940.04 %

(1) Except as noted, all investments provide collateral for the STRS JV Credit Facility.

(2) The investments bear interest at a rate that may be determined by reference to LIBOR, which resets monthly, quarterly or semiannually, SOFR, CDOR, Prime, Euro Interbank Offered Rate ("EurIBOR" or "E").

(3) The interest rate is the "all-in-rate" including the current index and spread, the fixed rate, and the PIK interest rate, as the case may be.

(4) Except as otherwise noted, all of the STRS JV's portfolio company investments, which as of the date of the portfolio represented 940% of STRS JV's members' equity or 93% of STRS JV's total assets, are subject to legal restrictions on sales.

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

(6) The investment or a portion of the investment does not provide collateral for the STRS JV Credit Facility.

(7) Principal amount is denominated in Canadian dollars and the issuer is domiciled in Canada.

(8) Principal amount is denominated in British Pounds and the issuer is domiciled in the United Kingdom.

(9) Principal amount is denominated in Euros.

(10) Principal amount is denominated in Canadian dollars.

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

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Below is a listing of STRS JV's individual investments as of December 31, 2021:

Issuer	Investment Type(1)	Floor	Spread Above Index(2)	Interest Rate(3)	Acquisition Date(4)	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value(5)	Fair Value As A Percentage of Member's Equity
North America										
Debt Investments										
Application Software										
MEP-TS Midco, LLC (d/b/a Tax Slayer)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	01/21/21	12/31/26	13,490	$ 13,247	$ 13,490	51.86 %
MEP-TS Midco, LLC (d/b/a Tax Slayer)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	01/21/21	12/31/26	—	—	28	0.11
								13,247	13,518	51.97
Building Products										
Drew Foam Companies Inc	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	11/09/20	11/05/25	7,207	7,096	7,183	27.61
LHS Borrower, LLC (d/b/a Leaf Home, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.75%	7.75%	10/09/20	09/30/25	9,506	9,345	9,416	36.20
LHS Borrower, LLC (d/b/a Leaf Home, LLC)	First Lien Secured Revolving Loan	1.00%	L+ 6.75%	7.75%	10/09/20	09/30/25	—	—	4	0.02
								16,441	16,603	63.83
Construction & Engineering										
Road Safety Services, Inc.	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	12/31/19	03/18/25	6,427	6,340	6,405	24.62
Road Safety Services, Inc.	First Lien Secured Revolving Loan	3.25%	P+ 5.50%	8.75%	12/31/19	09/18/23	496	489	501	1.93
Tensar Corporation	First Lien Secured Term Loan	1.00%	L+ 6.75%	7.75%	11/24/20	08/20/25	6,930	6,797	7,069	27.18
								13,626	13,975	53.73
Data Processing & Outsourced Services										
Geo Logic Systems Ltd.(7)	First Lien Secured Term Loan	1.00%	C+ 6.50%	7.50%	01/22/20	12/19/24	20,632	15,766	16,156	62.11
Geo Logic Systems Ltd.(7)	First Lien Secured Revolving Loan	1.00%	C+ 6.50%	7.50%	01/22/20	12/19/24	—	—	4	0.02
								15,766	16,160	62.13
Diversified Support Services										
Quest Events, LLC(10)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	07/19/19	12/28/24	11,966	11,848	9,729	37.40
Quest Events, LLC(10)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	07/19/19	12/28/24	935	925	760	2.92
								12,773	10,489	40.32
Electronic Equipment & Instruments										
LMG Holdings, Inc.	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	06/28/21	04/30/26	6,802	6,680	6,687	25.71
LMG Holdings, Inc.	First Lien Secured Revolving Loan	1.00%	L+ 6.50%	7.50%	06/28/21	04/30/26	—	—	—	—
								6,680	6,687	25.71
Environmental & Facilities Services										
WH Lessor Corp. (d/b/a Waste Harmonics, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	01/22/20	12/26/24	6,870	6,780	6,866	26.40
WH Lessor Corp. (d/b/a Waste Harmonics, LLC)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	01/22/20	12/26/24	—	—	6	0.02
								6,780	6,872	26.42
Industrial Machinery										
FR Flow Control CB LLC	First Lien Secured Term Loan B	1.00%	L+ 5.50%	6.50%	07/19/19	06/28/26	6,815	6,727	6,815	26.20
								6,727	6,815	26.20
Internet & Direct Marketing Retail										
Marlin DTC-LS Midco 2, LLC (d/b/a Clarus Commerce, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	07/19/19	07/01/25	15,342	15,153	15,342	58.98
Marlin DTC-LS Midco 2, LLC (d/b/a Clarus Commerce, LLC)	First Lien Secured Revolving Loan	1.00%	L+ 6.50%	7.50%	07/19/19	07/01/25	—	—	11	0.04
								15,153	15,353	59.02

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Investment Banking & Brokerage										
TOUR Intermediate Holdings, LLC	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	05/19/20	05/15/25	7,438	$ 7,343	$ 7,438	28.59 %
TOUR Intermediate Holdings, LLC	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.50%	7.50%	05/19/20	05/15/25	2,616	2,600	2,616	10.06
								9,943	10,054	38.65
IT Consulting & Other Services										
Cennox, Inc. (d/b/a Cennox)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	06/28/21	05/04/26	8,525	8,365	8,438	32.44
Cennox, Inc. (d/b/a Cennox)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.00%	7.00%	06/28/21	05/04/26	8,915	8,755	8,915	34.27
Cennox, Inc. (d/b/a Cennox)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	06/28/21	05/04/26	561	551	569	2.19
Cennox Holdings Limited (d/b/a Cennox)[8]	First lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	07/16/21	05/04/26	2,866	3,889	3,877	14.90
Cennox Holdings Limited (d/b/a Cennox)[8]	First lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	07/16/21	05/04/26	864	1,173	1,169	4.49
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	01/27/21	12/31/26	11,264	11,074	11,151	42.87
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)[6]	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.25%	7.25%	01/27/21	12/31/26	—	—	(5)	(0.02)
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)[6]	First Lien Secured Revolving Loan	1.00%	L+ 6.25%	7.25%	01/27/21	12/31/26	818	804	814	3.13
Turnberry Solutions, Inc.	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	08/10/21	09/02/26	5,791	5,689	5,684	21.85
Turnberry Solutions, Inc.	First Lien Secured Revolving Loan	3.25%	P+ 5.00%	8.25%	08/10/21	09/02/26	86	84	85	0.33
								40,384	40,697	156.45
Leisure Products										
Unleashed Brands, LLC (d/b/a Unleashed Brands Group)	First Lien Secured Term Loan	1.00%	L+ 5.50%	6.50%	11/30/21	11/19/26	3,887	3,848	3,848	14.79
Unleashed Brands, LLC (d/b/a Unleashed Brands Group)[6]	First Lien Secured Delayed Draw Loan	1.00%	L+ 5.50%	6.50%	11/30/21	11/19/26	5,133	5,083	5,082	19.54
Unleashed Brands, LLC (d/b/a Unleashed Brands Group)	First Lien Secured Revolving Loan	1.00%	L+ 5.50%	6.50%	11/30/21	11/19/26	—	—	—	—
								8,931	8,930	34.33
Packaged Foods & Meats										
Mikawaya Holdings, LLC (aka MyMo)	First Lien Secured Term Loan	1.25%	L+ 5.50%	6.75%	02/18/20	01/29/25	3,026	2,988	3,026	11.63
Poultry Holdings LLC (HPP)	First Lien Secured Term Loan	1.00%	L+ 7.25%	8.25% (6.75% Cash + 1.50% PIK)	10/21/19	06/28/25	7,770	7,676	6,993	26.88
Stella & Chewy's LLC	First Lien Secured Term Loan	1.00%	L+ 6.75%	7.75%	12/29/20	12/16/25	5,313	5,228	4,967	19.10
Stella & Chewy's LLC[6]	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.75%	7.75%	12/29/20	12/16/25	1,893	1,877	1,697	6.52
Westrock Coffee Company, LLC	First Lien Secured Term Loan	1.50%	L+ 8.50%	10.00% (9.75% Cash + 0.25% PIK)	03/20/20	02/28/25	9,105	9,033	8,923	34.31
								26,802	25,606	98.44
Personal Products										
Sunless, Inc.	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	10/21/19	08/13/24	4,259	4,185	4,259	16.38
Sunless, Inc.[6]	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	10/21/19	08/13/24	—	—	14	0.05
								4,185	4,273	16.43
Pharmaceuticals										
Meta Buyer LLC (d/b/a Metagenics, Inc.)[9]	First Lien Secured Term Loan	1.00%	E + 6.00%	7.00%	12/16/21	11/01/27	12,411	13,737	13,843	53.21
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	12/16/21	11/01/27	991	972	972	3.74
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.00%	7.00%	12/16/21	11/01/27	—	—	—	—
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	12/16/21	11/01/27	251	246	246	0.95
								14,955	15,061	57.90

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Real Estate Operating Companies										
HRG Management, LLC (d/b/a HomeRiver Group, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	12/28/21	10/19/26	4,875	$ 4,781	$ 4,780	18.38 %
								4,781	4,780	18.38
Research & Consulting Services										
E-Phoenix Acquisition Co. Inc. (d/b/a Integreon, Inc.)	First Lien Secured Term Loan	1.00%	L+ 5.75%	6.75%	07/15/21	06/23/27	8,955	8,852	8,901	34.22
								8,852	8,901	34.22
Systems Software										
IDIG Parent, LLC (d/b/a IDIQ)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	06/25/21	12/15/26	8,482	8,404	8,482	32.61
IDIG Parent, LLC (d/b/a IDIQ)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.00%	7.00%	09/21/21	12/15/26	1,411	1,397	1,411	5.42
IDIG Parent, LLC (d/b/a IDIQ)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	06/25/21	12/15/26	—	—	5	0.02
								9,801	9,898	38.05
Technology Hardware, Storage & Peripherals										
PS Lightwave, Inc.	First Lien Secured Term Loan	1.50%	L+ 6.75%	8.25%	05/19/20	03/10/25	7,304	7,207	7,230	27.79
PS Lightwave, Inc.(6)	First Lien Secured Delayed Draw Loan	1.50%	L+ 6.75%	8.25%	05/19/20	03/10/25	—	—	5	0.02
Source Code Holdings, LLC (d/b/a Source Code Corporation)	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	08/10/21	07/30/27	7,629	7,487	7,489	28.79
Source Code Holdings, LLC (d/b/a Source Code Corporation)(6)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.50%	7.50%	08/10/21	07/30/27	—	—	1	0.00
								14,694	14,725	56.61
Trading Companies & Distributors										
LINC Systems, LLC	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	06/22/21	02/24/26	10,135	9,951	10,101	38.83
LINC Systems, LLC	First Lien Secured Revolving Loan	1.00%	L+ 6.25%	7.25%	06/22/21	02/24/26	—	—	12	0.05
								9,951	10,113	38.88
Total Investments								$ 260,472	$ 259,510	997.65 %

(1) Except as noted, all investments provide collateral for the Company's Credit Facility.

(2) The investments bear interest at a rate that may be determined by reference to LIBOR, which resets monthly, quarterly or semiannually, CDOR, or Prime. The one-, three- and six-month LIBOR were 0.10%, 0.21% and 0.34%, respectively, as of December 31, 2021. The one-, three- and six-month GBP LIBOR were 0.19%, 0.26% and 0.47%, respectively, as of December 31, 2021. The three month Euro EurIBOR, CDOR and Prime were (0.57)%, 0.52% and 3.25%, respectively, as of December 31, 2021.

(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) Except as otherwise noted, all of the Company's portfolio company investments, which as of the date of the portfolio represented 998% of the Company's members' equity or 95% of the Company's total assets, are subject to legal restrictions on sales.

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

(6) The investment or a portion of the investment does not provide collateral for the Company's Credit Facility.

(7) Principal amount is denominated in Canadian dollars and the issuer is domiciled in Canada.

(8) Principal amount is denominated in British Pounds and the issuer is domiciled in the United Kingdom.

(9) Principal amount is denominated in Euros.

(10) At the option of the issuer, interest can be paid in cash or cash and PIK. The issuer may elect to pay up to 7.00% PIK.

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As of December 31, 2022 and December 31, 2021, the portfolio companies underlying the STRS JV investments are all located in the United States and its territories except for Geo Logic Systems Ltd., which is domiciled in Canada, and Cennox Holdings Limited, which is domiciled in the United Kingdom. As of December 31, 2022 and December 31, 2021, STRS JV had no investments on non-accrual status. STRS JV had outstanding commitments to fund investments totaling $24,549, and $22,883 under delayed draw term loan commitments and undrawn revolvers as of December 31, 2022 and December 31, 2021, respectively.

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Below is certain summarized financial information for STRS JV as of December 31, 2022 and December 31, 2021 and for the years ended December 31, 2022, 2021 and 2020:

Selected Balance Sheet Information ($ in thousands)	**As of December 31, 2022**	**As of December 31, 2021**
Assets		
Investments, at fair value (amortized cost of $287,940 and $260,472, respectively)	$ 284,259	$ 259,510
Cash and cash equivalents	18,960	13,004
Interest receivable	1,404	735
Unrealized appreciation on foreign currency forward contracts	—	19
Other assets	673	255
Total assets	$ 305,296	$ 273,523
Liabilities		
Credit facility (net of unamortized debt issuance costs of $1,643 and $1,779, respectively)	$ 150,634	$ 145,003
Note payable to members	120,000	100,000
Interest payable on credit facility	796	282
Interest payable on notes to members	3,069	1,575
Unrealized depreciation on foreign currency forward contracts	75	—
Other liabilities	483	651
Total liabilities	275,057	247,511
Members' equity	30,239	26,012
Total liabilities and members' equity	$ 305,296	$ 273,523

Selected Statement of Operations Information ($ in thousands)	**For the Year Ended December 31, 2022**	**For the Year Ended December 31, 2021**	**For the Year Ended December 31, 2020 (Unaudited)**
Interest and fee income	$ 28,956	$ 18,819	$ 13,316
Total investment income	$ 28,956	$ 18,819	$ 13,316
Interest expense on credit facility	7,470	4,105	3,256
Interest expense on notes to members	9,680	5,512	4,465
Administrative fee	629	443	308
Other expenses	564	498	317
Total expenses	$ 18,343	$ 10,558	$ 8,346
Net investment income	10,613	8,261	4,970
Net realized gains (losses) on investments and foreign currency transactions	329	(55)	(10)
Net change in unrealized appreciation (depreciation) on investments and foreign currency transactions	(875)	1,153	(2,799)
Net increase in members' equity resulting from operations	$ 10,067	$ 9,359	$ 2,161

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NOTE 5 – FAIR VALUE MEASUREMENTS

Accounting standards establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active public markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about what market participants would use in pricing an asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the financial instrument.

A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in or out of the Level 3 category as of the beginning of the quarter in which the reclassifications occur. During the year ended December 31, 2022 and year ended December 31, 2021, there were no changes in the observability of valuation inputs that would have resulted in a reclassification of assets between any levels.

Fair value for each investment is derived using a combination of valuation methodologies that, in the judgment of the Investment Committee are most relevant to such investment, including, without limitation, being based on one or more of the following: (i) market prices obtained from market makers for which the Investment Committee has deemed there to be enough breadth (number of quotes) and depth (firm bids) to be indicative of fair value, (ii) the price paid or realized in a completed transaction or binding offer received in an arm's-length transaction, (iii) a discounted cash flow analysis, (iv) the guideline public company method, (v) the similar transaction method or (vi) the option pricing method.

The following table presents investments (as shown on the consolidated schedule of investments) that were measured at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
First lien secured loans	$ —	$ —	$ 618,267	$ 618,267
Second lien secured loans	—	—	20,634	20,634
Subordinated unsecured loans	—	—	167	167
Subordinated Note to STRS JV	—	—	80,000	80,000
Equity (excluding STRS JV)	—	—	21,000	21,000
Equity in STRS JV(1)	—	—	—	20,160
Total investments	$ —	$ —	$ 740,068	$ 760,228

(1) The Company's equity investment in STRS JV is measured using the net asset value per share as a practical expedient for fair value, and thus has not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of assets and liabilities.

The Company's forward currency contracts, which were valued at ($3) as of December 31, 2022, are characterized in Level 2 of the hierarchy.

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The following table presents investments (as shown on the consolidated schedule of investments) that were measured at fair value as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
First lien secured loans	$ —	$ —	$ 697,232	$ 697,232
Second lien secured loans	—	—	23,650	23,650
Subordinated unsecured loans	—	—	167	167
Subordinated Note to STRS JV	—	—	60,000	60,000
Equity (excluding STRS JV)	—	—	22,552	22,552
Equity in STRS JV[(1)]	—	—	—	15,607
Total investments	$ —	$ —	$ 803,601	$ 819,208

(1) The Company's equity investment in STRS JV is measured using the NAV per share as a practical expedient for fair value, and thus has not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of assets and liabilities.

The following table presents the changes in investments measured at fair value using Level 3 inputs for the year ended December 31, 2022:

Year ended December 31, 2022	First Lien Secured Loans	Second Lien Secured Loans	Subordinated Notes	Subordinated Notes to STRS JV	Equity	Total Investments
Fair value, beginning of period	$ 697,232	$ 23,650	$ 167	$ 60,000	$ 22,552	$ 803,601
Funding of investments	278,236	—	—	20,000	1,853	300,089
Non-cash interest income	2,217	138	—	—	—	2,355
Accretion of discount (premium)	5,540	86	—	—	—	5,626
Proceeds from paydowns and sales	(343,181)	—	—	—	(4,900)	(348,081)
Conversions	(4,060)	—	—	—	4,060	—
Realized gains (losses)	(16,975)	(1,024)	—	—	3,481	(14,518)
Net unrealized (depreciation) appreciation	(742)	(2,216)	—	—	(6,046)	(9,004)
Fair value, end of period	$ 618,267	$ 20,634	$ 167	$ 80,000	$ 21,000	$ 740,068
Change in unrealized appreciation (depreciation) on investments still held as of December 31, 2022	$ (12,278)	$ (3,241)	$ —	$ —	$ (5,469)	$ (20,988)

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The following table presents the changes in investments measured at fair value using Level 3 inputs for the year ended December 31, 2021:

Year ended December 31, 2021	First Lien Secured Loans	Second Lien Secured Loans	Subordinated Notes	Subordinated Notes to STRS JV	Equity	Total Investments
Fair value, beginning of period	$ 588,580	$ 27,596	$ —	$ 41,073	$ 23,319	$ 680,568
Funding of investments	518,604	19,475	498	18,927	5,588	563,092
Non-cash interest income	1,159	5	—	—	—	1,164
Accretion of discount (premium)	6,605	241	—	—	(25)	6,821
Proceeds from paydowns and sales	(413,333)	(23,608)	(331)	—	(10,019)	(447,291)
Realized gains (losses)	8,024	—	—	—	(12)	8,012
Net unrealized (depreciation) appreciation	(12,407)	(59)	—	—	3,701	(8,765)
Fair value, end of period	$ 697,232	$ 23,650	$ 167	$ 60,000	$ 22,552	$ 803,601
Change in unrealized appreciation (depreciation) on investments still held as of December 31, 2021	$ (3,751)	$ 123	$ —	$ —	$ 2,939	$ (689)

The significant unobservable inputs used in the fair value measurement of the Company’s investments are the discount rate, market quotes and exit multiples. An increase or decrease in the discount rate in isolation would result in significantly lower or higher fair value measurement, respectively. An increase or decrease in the market quote for an investment would in isolation result in significantly higher or lower fair value measurement, respectively. An increase or decrease in the exit multiple would in isolation result in significantly higher or lower fair value measurement, respectively. As the fair value of a debt investment diverges from par, which would generally be the case for non-accrual loans, the fair value measurement of that investment is more susceptible to volatility from changes in exit multiples as a significant unobservable input.

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The following tables summarize the significant unobservable inputs the Company used to value the majority of its investments categorized within Level 3 as of December 31, 2022 and December 31, 2021. The tables are not intended to be all-inclusive, but instead capture the significant unobservable inputs relevant to the Company's determination of fair values. These ranges represent the significant unobservable inputs that were used in the valuation of each type of investment, but they do not represent a range of values for any one investment.

Investment Type		Fair Value as of December 31, 2022	Valuation Techniques	Unobservable Inputs	Range (Weighted Average) (1)
First lien secured loans	$	536,259	Discounted cash flow analysis	Discount Rate	10.0% - 30.0% (13.8%)
		67,878	Recent transaction	Transaction Price	83.1 - 100.0 (95.0)
		14,130	Expected repayment	Transaction Price	100.0 - 101.0 (100.5)
Second lien secured loans		20,634	Discounted cash flow analysis	Discount Rate	13.2% - 25.0% (18.9%)
Subordinated unsecured loans		167	Discounted cash flow analysis	Discount Rate	4.0% - 4.0% (4.0%)
Subordinated Notes to STRS JV		80,000	Enterprise Value Analysis	n/a	n/a
Common Equity		9,990	Discounted cash flow analysis	Discount Rate	15.6% - 25.9% (22.4%)
		4,735	Enterprise Value Analysis	EBITDA Multiple	5.0 - 11.8 (8.3)
		400	Recent transaction	Transaction Price	1.0 - 1.0 (1.0)
Preferred Equity		714	Discounted cash flow analysis	Discount Rate	20.0% - 22.5% (20.0%)
		194	Enterprise Value Analysis	EBITDA Multiple	8.0 - 9.5 (8.6)
		926	Enterprise Value Analysis	Revenue Multiple	0.5 - 0.5 (0.5)
		200	Recent transaction	Transaction Price	1.0 - 1.0 (1.0)
Warrant		3,841	Discounted cash flow analysis	Discount Rate	25.9% - 27.2% (27.2%)
Total Level 3 Investments	**$**	**740,068**			

(1) Unobservable inputs were weighted by the relative fair value of the investments.

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Investment Type		Fair Value as of December 31, 2021	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)(1)
First lien secured loans	$	358,921	Discounted cash flows	Discount rate	4.5% – 21.8% (9.8%)
				Exit EBITDA multiple	5.5x – 15.0x (8.3x)
		209,892	Recent transaction	Transaction price	94.5 – 99.1 (97.9)
		113,808	Discounted cash flows and Recent transaction	Discount rate	7.2% – 10.3% (8.6%)
				Transaction price	97.5 – 98.8 (98.4)
				Exit EBITDA multiple	7.0x – 11.0x (9.5x)
		7,542	Guideline public companies	LTM EBITDA multiple	5.1x
		7,069	Expected repayment	-	-
	$	697,232			
Second lien secured loans	$	18,725	Discounted cash flows	Discount rate	11.5% – 22.3% (14.2%)
				Exit EBITDA multiple	6.5x – 8.5x (8.0x)
		4,925	Recent transaction	Transaction price	98.5
	$	23,650			
Subordinated Notes	$	60,000	Enterprise value	-	-
		167	Recent transaction	Transaction price	100.0
	$	60,167			
Preferred Equity	$	1,018	Similar transactions	LTM EBITDA multiple	9.7x
				Discount for lack of marketability	15.0%
		786	Discounted cash flows and Guideline public companies	sDiscount Rate	17.3%
				Exit EBITDA Multiple	11.0x
				LTM EBITDA Multiple	7.9x
				NFY EBITDA Multiple	7.5x
				Discount for lack of marketability	10.0%
		1,007	Recent transaction	Transaction price	$1.00 – $56.30 ($47.13) per share
	$	2,811			
Common Equity	$	3,602	Discounted cash flows	Discount rate	13.0% – 22.7% (15.0%)
				Exit EBITDA Multiple	8.6x – 10.0x (9.6x)
				Discount for lack of marketability	10.0% – 15.0% (10.3%)
		8,124	Discounted cash flows, Guideline public companies and Expected repayment	Discount rate	14.0% – 19.0% (18.2%)
				Exit EBITDA Multiple	8.0x – 11.0x (10.5x)
				NFY EBITDA Multiple	8.6x – 10.8x (8.9x)
				Discount for lack of marketability	10.0%
				Transaction price	$1.00 per share
		2,052	Similar transactions	LTM EBITDA Multiple	6.0x – 13.4x (10.5x)
		1,502	Recent transaction	Transaction price	$1.00 – $1,000.00 ($289.95) per share
	$	15,280			
Warrant		4,461	Discounted cash flows and Option-pricing method	Discount rate	22.7% – 29.5% (29.2%)
				Exit EBITDA multiple	5.5x – 8.6x (5.9x)
				Volatility	3.5% – 8.7% (3.6%)
				Discount for lack of marketability	15.0%
	$	4,461			
Total Level 3 Investments	$	**803,601**			

(1) Unobservable inputs were weighted by the relative fair value of the investments.

Valuation of investments may be determined by weighting various valuation techniques. Significant judgment is required in selecting the assumptions used to determine the fair values of these investments. The valuation methods selected for a particular investment are based on the circumstances and on the sufficiency of data available to measure fair value. If more than one valuation method is used to measure fair value, the results are evaluated and weighted, as appropriate, considering the reasonableness of the range indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

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The availability of observable inputs can vary depending on the financial instrument and is affected by a wide variety of factors, including, for example, the nature of the instrument, whether the instrument is traded on an active exchange or in the secondary market and the current market conditions. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires a greater degree of judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for financial instruments classified as Level 3.

The determination of fair value using the selected methodologies takes into consideration a range of factors including the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public and private exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment, compliance with agreed upon terms and covenants, and assessment of credit ratings of an underlying borrower. These valuation methodologies involve a significant degree of judgment to be exercised.

As it relates to investments which do not have an active public market, there is no single standard for determining the estimated fair value. Valuations of privately held investments are inherently uncertain, and they may fluctuate over short periods of time and may be based on estimates. The determination of fair value may differ materially from the values that would have been used if a ready market for these investments existed.

In some cases, fair value for such investments is best expressed as a range of values derived utilizing different methodologies from which a single estimate may then be determined. Consequently, fair value for each investment may be derived using a combination of valuation methodologies that, in the judgment of the investment professionals, are most relevant to such investment. The selected valuation methodologies for a particular investment are consistently applied on each measurement date. However, a change in a valuation methodology or its application from one measurement date to another is possible if the change results in a measurement that is equally or more representative of fair value in the circumstances.

The following table presents the principal amount and fair value of the Company’s borrowings as of December 31, 2022 and December 31, 2021. The fair value of the Credit Facility (as defined in Note 6) was estimated by discounting remaining payments using applicable market rates or market quotes for similar instruments at the measurement date, if available. As of December 31, 2022, the Credit Facility approximates its carrying value presented net of unamortized debt issuance costs and original issuance discount, net of accretion. The fair value of the Company’s 6.00% private notes due 2023 (the “6.000% 2023 Notes”), the 5.375% private notes due 2025 (the “5.375% 2025 Notes”), the 5.375% private notes due 2026 (the “5.375% 2026 Notes”), the 4.00% notes due 2026 (the “4.000% 2026 Notes”), the 5.625% private notes due 2027 (the “5.625% 2027 Notes”), and the 4.25% private notes due 2028 (the “4.250% 2028 Notes”) were estimated using discounted future cash flows to the valuation date.

		As of December 31, 2022		As of December 31, 2021	
	Fair Value Level	Principal Amount Outstanding	Fair Value	Principal Amount Outstanding	Fair Value
JPM Credit Facility	3	$ 255,145	$ 252,799	$ 291,637	$ 302,147
6.000% 2023 Notes	3	30,000	30,382	30,000	31,802
5.375% 2025 Notes	3	40,000	37,474	40,000	40,687
5.375% 2026 Notes	3	10,000	9,149	10,000	10,091
4.000% 2026 Notes	3	75,000	67,912	75,000	74,957
5.625% 2027 Notes	3	10,000	9,063	10,000	10,097
4.250% 2028 Notes	3	25,000	21,981	25,000	24,861
		$ 445,145	$ 428,760	$ 481,637	$ 494,642

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NOTE 6 – BORROWINGS

Historically, the 1940 Act has permitted the Company to issue "senior securities," including borrowing money from banks or other financial institutions, only in amounts such that its asset coverage, as defined in the 1940 Act, equals at least 200% after such incurrence or issuance. In March 2018, the Small Business Credit Availability Act (the "SBCAA") was enacted into law. The SBCAA, among other things, amended the 1940 Act to reduce the asset coverage requirements applicable to business development companies from 200% to 150% so long as the business development company meets certain disclosure requirements and obtains certain approvals. At the Company's annual meeting of stockholders held on August 1, 2018, the Company's stockholders approved the reduced asset coverage ratio from 200% to 150%, such that the Company's maximum debt-to-equity ratio increased from a prior maximum of 1.0x (equivalent of $1 of debt outstanding for each $1 of equity) to a maximum of 2.0x (equivalent to $2 of debt outstanding for each $1 of equity). As a result, the Company's asset coverage requirements applicable to senior securities decreased from 200% to 150%, effective August 2, 2018. As of December 31, 2022 and December 31, 2021, the Company's asset coverage for borrowed amounts was 174.7% and 172.6%, respectively.

Total borrowings outstanding and available as of December 31, 2022, were as follows:

	Maturity	Rate	Principal Amount Outstanding	Amortized Cost	Available
JPM Credit Facility[(1)]	11/22/2025	L+2.35 %	$ 255,145	$ 252,799	$ 79,855
6.000% 2023 Notes	8/7/2023	6.00 %	30,000	29,893	—
5.375% 2025 Notes	10/20/2025	5.375 %	40,000	39,629	—
5.375% 2026 Notes	12/4/2026	5.375 %	10,000	9,885	—
4.000% 2026 Notes	12/15/2026	4.00 %	75,000	73,652	—
5.625% 2027 Notes	12/4/2027	5.625 %	10,000	9,876	—
4.250% 2028 Notes	12/6/2028	4.25 %	25,000	24,693	—
Total debt			$ 445,145	$ 440,427	$ 79,855

(1) The JPM Credit Facility bears interest at LIBOR plus 2.35% on outstanding USD denominated borrowings up to $285,000 and for borrowings above $285,000, a rate of SOFR plus 2.50% is applied .

Total borrowings outstanding and available as of December 31, 2021, were as follows:

	Maturity	Rate	Principal Amount Outstanding	Amortized Cost	Available
JPM Credit Facility	11/22/2025	L+2.35 %	$ 291,637	$ 288,985	$ 43,363
6.000% 2023 Notes	8/7/2023	6.00 %	30,000	29,717	—
5.375% 2025 Notes	10/20/2025	5.375 %	40,000	39,497	—
5.375% 2026 Notes	12/4/2026	5.375 %	10,000	9,856	—
4.000% 2026 Notes	12/15/2026	4.00 %	75,000	73,404	—
5.625% 2027 Notes	12/4/2027	5.625 %	10,000	9,851	—
4.250% 2028 Notes	12/6/2028	4.25 %	25,000	24,648	—
Total debt			$ 481,637	$ 475,958	$ 43,363

Credit Facility: On December 23, 2015, WhiteHorse Credit entered into a revolving credit and security agreement with JPMorgan, as administrative agent and lender.

On December 21, 2020, the terms of the Credit Facility were amended to, among other things, (i) increase the minimum funding amount from $175,000 to $200,000, (ii) increase the size of the facility from $250,000 to $285,000 and retain an accordion feature which allows for the expansion of the borrowing limit up to $350,000 and (iii) provide for the implementation of certain changes relating to the transition away from LIBOR in the market.

On April 28, 2021, the terms of the Credit Facility were amended and restated to, among other things, enable WhiteHorse Credit to borrow in British Pounds or Euros.

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On July 15, 2021, the terms of the Credit Facility were amended to, among other things, allow WhiteHorse Credit to reduce the applicable margins for interest rates to 2.35%, extend the non-call period from November 22, 2021 to November 22, 2022, extend the end of the reinvestment period from November 22, 2023 to November 22, 2024 and extend the scheduled termination date from November 22, 2024 to November 22, 2025.

On October 4, 2021, the terms of the Credit Facility were amended to, among other things, established a temporary upsize to the borrowing capacity under the Credit Facility, which allowed WhiteHorse Credit to borrow up to $335,000 for a three-month period beginning on October 4, 2021.

On January 4, 2022, the terms of the Credit Facility were amended to, among other things, continue to establish a temporary upsize to the borrowing capacity under the Credit Facility, which allowed WhiteHorse Credit to borrow up to $335,000 for a four-month period that originally began on October 4, 2021.

On February 4, 2022, the terms of the Credit Facility were further amended to, among other things (i) increase WhiteHorse Credit's availability under the Credit Facility from $285,000 to $310,000 (the "$25,000 Increase"), (ii) increase the minimum funding amount from $200,000 to $217,000, (iii) extend an additional temporary increase of $25,000 in availability under the Credit Facility, allowing WhiteHorse Credit to borrow up to $335,000 through April 4, 2022 (the "$25,000 Temporary Increase"), and (iv) apply an annual interest rate equal to applicable SOFR plus 2.50% to any borrowings under the $25,000 Increase in the Credit Facility and the $25,000 Temporary Increase in availability under the Credit Facility.

On March 30, 2022, the terms of the Credit Facility were further amended to, among other things: (i) increase WhiteHorse Credit's availability under the Credit Facility from $310,000 to $335,000; (ii) retain an accordion feature which allows for the expansion of the borrowing limit up to $375,000; and (iii) increase the minimum funding amount from $217,000 to $234,500.

The Credit Facility bears interest at LIBOR plus 2.35% on outstanding USD denominated borrowings up to $285,000 and SOFR plus 2.50% on borrowings above $285,000. The Credit Facility bears interest at EURIBOR for EUR denominated borrowings, CDOR for CAD denominated borrowings, SONIA for GBP denominated, plus, in each case, a spread of 2.35% on outstanding borrowings. The Company is required to pay a non-usage fee which accrues at 0.75% per annum on the average daily unused amount of the financing commitments to the extent the aggregate principal amount available under the Credit Facility has not been borrowed. The minimum borrowing requirement is $234,500. In connection with the Credit Facility, WhiteHorse Credit pledged securities with a fair value of approximately $624,123 as of December 31, 2022 as collateral. The Credit Facility has a maturity date of November 22, 2025.

Under the Credit Facility, the Company has made certain customary representations and warranties and is required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. As of December 31, 2022, the Company had $255,145 in outstanding borrowings and $79,855 undrawn under the Credit Facility. As of December 31, 2022, weighted average outstanding borrowings were $264,411 at a weighted average interest rate of 4.04%. As of December 31, 2022, the interest rate in effect on outstanding borrowings was 7.11%. The Company's ability to draw down undrawn funds under the Credit Facility is determined by collateral and portfolio quality requirements stipulated in the credit and security agreement. As of December 31, 2022, $79,855 was available to be drawn by the Company based on these requirements.

As of December 31, 2021, the Company had $291,637 in outstanding borrowings and $43,363 undrawn under the Credit Facility. As of December 31, 2021, the weighted average outstanding borrowings were $245,934 at a weighted average interest rate of 2.60%. As of December 31, 2021, the interest rate in effect on outstanding borrowings was 2.55%. The Company's ability to draw down undrawn funds under the Credit Facility is determined by collateral and portfolio quality requirements stipulated in the credit and security agreement. As of December 31, 2021, $43,363 was available to be drawn by the Company based on these requirements.

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6.000% 2023 Notes: On July 13, 2018, the Company entered into an agreement (the "2023 Note Purchase Agreement") to sell in a private offering $30,000 aggregate principal amount of senior unsecured notes to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended. Interest on the 6.000% 2023 Notes is payable semiannually on February 7 and August 7, at a fixed, annual rate of 6.00%. This interest rate is subject to increase (up to 6.50%) in the event that, subject to certain exceptions, the 6.000% 2023 Notes cease to have an investment grade rating. The 6.000% 2023 Notes mature on August 7, 2023, unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. The 6.000% 2023 Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company. The closing of the transaction occurred on August 7, 2018. The Company used the net proceeds from this offering, together with cash on hand, to redeem existing debt.

5.375% 2025 Notes: On October 20, 2020, the Company entered into a Note Purchase Agreement (the "2025 Note Purchase Agreement") governing the issuance of $40,000 in aggregate principal amount of unsecured notes (the "5.375% 2025 Notes") to qualified institutional investors in a private placement. The 5.375% 2025 Notes have a fixed interest rate of 5.375% and are due on October 20, 2025, unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. Interest on the 5.375% 2025 Notes is payable semiannually on April 20 and October 20, at a fixed, annual rate of 5.375%. This interest rate is subject to increase (up to 6.375%) in the event that, subject to certain exceptions, the 5.375% 2025 Notes cease to have an investment grade rating. In addition, the Company is obligated to offer to repay the 5.375% 2025 Notes at par if certain change in control events occur. The 5.375% 2025 Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company. The Company used the net proceeds from this offering to redeem existing debt.

5.375% 2026 Notes: On December 4, 2020, the Company entered into a Note Purchase Agreement (the "2026 Note Purchase Agreement") governing the issuance of $10,000 in aggregate principal amount of unsecured notes (the "5.375% 2026 Notes") to qualified institutional investors in a private placement. The 5.375% 2026 Notes have a fixed interest rate of 5.375% and are due on December 4, 2026, unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. Interest on the 5.375% 2026 Notes is payable semiannually on June 4 and December 4, at a fixed, annual rate of 5.375%. This interest rate is subject to increase (up to 6.375%) in the event that, subject to certain exceptions, the 5.375% 2026 Notes cease to have an investment grade rating. In addition, the Company is obligated to offer to repay the 5.375% 2026 Notes at par if certain change in control events occur. The 5.375% 2026 Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company. The Company used the net proceeds from this offering to redeem existing debt.

4.000% 2026 Notes: On November 24, 2021, the Company completed a public offering of $75,000 of aggregate principal amount of unsecured notes, the net proceeds of which were used to fund investments in debt and equity securities and repay outstanding indebtedness under the Credit Facility. Interest on the 4.000% 2026 Notes is payable semiannually on June 15 and December 15, at a fixed, annual rate of 4.000%. The 4.000% 2026 Notes will mature on December 15, 2026 and may be redeemed in whole or in part at any time prior to September 15, 2026, at par plus a "make-whole" premium, and thereafter at par. The 4.000% 2026 Notes will rank equally in right of payment with the other outstanding and future unsecured, unsubordinated indebtedness, including the 6.000% 2023 Notes, the 5.375% 2025 Notes, the 5.375% 2026 Notes, the 5.625% 2027 Notes and the 4.250% 2028 Notes.

5.625% 2027 Notes: On December 4, 2020, the Company entered into a Note Purchase Agreement (the "2027 Note Purchase Agreement") governing the issuance of $10,000 in aggregate principal amount of unsecured notes (the "5.625% 2027 Notes") to qualified institutional investors in a private placement. The 5.625% 2027 Notes have a fixed interest rate of 5.625% and are due on December 4, 2027, unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. Interest on the 5.625% 2027 Notes is payable semiannually on June 4 and December 4, at a fixed, annual rate of 5.625%. This interest rate is subject to increase (up to 6.625%) in the event that, subject to certain exceptions, the 5.625% 2027 Notes cease to have an investment grade rating. In addition, the Company is obligated to offer to repay the 5.625% 2027 Notes at par if certain change in control events occur. The 5.625% 2027 Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company. The Company used the net proceeds from this offering to redeem existing debt.

4.250% 2028 Notes: On December 6, 2021, the Company entered into a Note Purchase Agreement (the “2028 Note Purchase Agreement,”) governing the issuance of $25,000 in aggregate principal amount of unsecured notes (the “4.25% 2028 Notes”) to qualified institutional investors in a private placement. Interest on the 4.250% 2028 Notes is payable semiannually on June 6 and December 6, at a fixed, annual rate of 4.25%. This interest rate is subject to increase (up to 5.25%) in the event that, subject to certain exceptions, the 4.250% 2028 Notes cease to have an investment grade rating. The 4.250% 2028 Notes mature on December 6, 2028, unless redeemed, purchased or prepaid prior to such date by us or our affiliates in accordance with their terms. The 4.250% 2028 Notes are general unsecured obligations that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness that we may issue. The closing of the transaction occurred on December 6, 2021. The Company used the net proceeds from this offering to redeem existing debt.

2025 Public Notes: On November 13, 2018, the Company completed a public offering of $35,000 of aggregate principal amount of 2025 Public Notes, the net proceeds of which were used to fund investments in debt and equity securities and repay outstanding indebtedness under its Credit Facility. Interest on the 2025 Public Notes was paid quarterly on February 28, May 31, August 31 and November 30 each year, at an annual rate of 6.50%. The 2025 Public Notes had a maturity date of November 30, 2025 and could be redeemed in whole or in part at any time, or from time to time, at the Company’s option on or after November 30, 2021. The 2025 Public Notes were redeemed on December 17, 2021 and were de-listed from the Nasdaq Global Select Market where they were trading under the symbol “WHFBZ.”

NOTE 7 - RELATED PARTY TRANSACTIONS

Investment Advisory Agreement: WhiteHorse Advisers serves as the Company’s investment adviser in accordance with the terms of an investment advisory agreement. On November 1, 2018, at an in-person meeting, the Company’s board of directors approved an amended and restated investment advisory agreement (the “Investment Advisory Agreement”). The Company’s board of directors most recently re-approved the Investment Advisory Agreement on February 23, 2023. Subject to the overall supervision of the Company’s board of directors, WhiteHorse Advisers manages the day-to-day operations of, and provides investment management services to, the Company. Under the terms of the Investment Advisory Agreement, WhiteHorse Advisers:

- determines the composition of the investment portfolio, the nature and timing of the changes to the portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of the investments the Company makes (including performing due diligence on the Company’s prospective portfolio companies); and
- closes, monitors and administers the investments the Company makes, including the exercise of any voting or consent rights.

In addition, WhiteHorse Advisers provides the Company with access to personnel and an Investment Committee. Under the Investment Advisory Agreement, the Company pays WhiteHorse Advisers a fee for investment management services consisting of a base management fee and an incentive fee. The Investment Advisory Agreement may be terminated by either party without penalty upon 60 days’ written notice to the other party.

Base Management Fee

The base management fee is calculated at an annual rate equal to 2.0% based on the Company’s consolidated gross assets (including cash and cash equivalents and assets purchased with borrowed funds); provided, however, the base management fee will be calculated at an annual rate equal to 1.25% of the Company’s consolidated gross assets (including cash and cash equivalents and assets purchased with borrowed funds), that exceed the product of (i) 200% and

(ii) the value of the Company's total net assets, at the end of the two most recently completed calendar quarters. Base management fees are payable quarterly in arrears and are appropriately pro-rated for any partial month or quarter.

The following table details our management fee expenses for the years ended December 31, 2022, 2021 and 2020:

	Year ended December 31,		
Management Fee ($ in thousands)	**2022**	**2021**	**2020**
Base management fee	$ 15,600	$ 13,975	$ 12,464
Base management fee waived	—	—	—
Total management fees	$ 15,600	$ 13,975	$ 12,464

As of December 31, 2022 and December 31, 2021, management fees payable on the consolidated statements of assets and liabilities were $3,860 and $3,766, respectively.

Performance-based Incentive Fee

The performance-based incentive fee consists of two components that are independent of each other, except as provided by the Incentive Fee Cap and Deferral Mechanism discussed below.

The calculations of these two components have been structured to include a fee limitation such that no incentive fee will be paid to the investment adviser for any quarter if, after such payment, the cumulative incentive fees paid to the investment adviser for the period that includes the current fiscal quarter and the 11 full preceding fiscal quarters, referred to as the "Incentive Fee Look-back Period," would exceed 20.0% of the Cumulative Pre-Incentive Fee Net Return (as defined below) during the Incentive Fee Look-back Period.

Each quarterly incentive fee is subject to the Incentive Fee Cap (as defined below) and a deferral mechanism through which the investment adviser may recap a portion of such deferred incentive fees, which is referred to together as the "Incentive Fee Cap and Deferral Mechanism."

This limitation is accomplished by subjecting each incentive fee payable to a cap, which is referred to as the "Incentive Fee Cap." The Incentive Fee Cap in any quarter is equal to (a) 20.0% of Cumulative Pre-Incentive Fee Net Return during the Incentive Fee Look-back Period less (b) cumulative incentive fees of any kind paid to the investment adviser during the Incentive Fee Look-back Period. To the extent the Incentive Fee Cap is zero or a negative value in any quarter, the Company will pay no incentive fee to its investment adviser in that quarter. The Company will only pay incentive fees to the extent allowed by the Incentive Fee Cap and Deferral Mechanism. To the extent that the payment of incentive fees is limited by the Incentive Fee Cap and Deferral Mechanism, the payment of such fees may be deferred and paid in subsequent quarters up to three years after their date of deferment, subject to applicable limitations included in the Investment Advisory Agreement. The deferral component of the Incentive Fee Cap and Deferral Mechanism may cause incentive fees that accrued during one fiscal quarter to be paid to the investment adviser at any time during the 11 full fiscal quarters following such initial full fiscal quarter.

The "Cumulative Pre-Incentive Fee Net Return" refers to the sum of (a) Pre-Incentive Fee Net Investment Income (as defined below) for each period during the Incentive Fee Look-back Period and (b) the sum of cumulative realized capital gains, cumulative realized capital losses, cumulative unrealized capital depreciation and cumulative unrealized capital appreciation during the applicable Incentive Fee Look-back Period.

The first component, which is income-based (the "Income Incentive Fee"), is calculated and payable quarterly in arrears and is determined based on Pre-Incentive Fee Net Investment Income for the immediately preceding calendar quarter, subject to the Incentive Fee Cap and Deferral Mechanism. For this purpose, "Pre-Incentive Fee Net Investment Income" means, in each case on a consolidated basis, interest income, distribution income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees received from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses for the quarter (including the base management fee, expenses payable under the administration agreement (the "Administration Agreement"), any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

The operation of the first component of the incentive fee for each quarter is as follows:

- no incentive fee is payable to the Company's investment adviser in any calendar quarter in which Pre-Incentive Fee Net Investment Income does not exceed the "Hurdle Rate" of 1.75% (7.00% annualized);

- 100% of Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle Rate but is less than 2.1875% in any calendar quarter (8.75% annualized) is payable to the Company's investment adviser. This portion of the Company's Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle Rate but is less than 2.1875%) is referred to as the "catch-up." The effect of the catch-up is that, if such Pre-Incentive Fee Net Investment Income exceeds 2.1875% in any calendar quarter, the investment adviser will receive 20% of such Pre-Incentive Fee Net Investment Income as if the Hurdle Rate did not apply; and

- 20% of the amount of such Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to the Company's investment adviser (once the Hurdle Rate is reached and the catch-up is achieved, 20% of all Pre-Incentive Fee Net Investment Income).

The portion of such incentive fee that is attributable to deferred interest (such as PIK interest or original issue discount) will be paid to the investment adviser, together with interest from the date of deferral to the date of payment, only if and to the extent that the Company actually receives such interest in cash, and any accrual will be reversed if and to the extent such interest is reversed in connection with any write-off or similar treatment of the investment giving rise to any deferred interest accrual. Any reversal of such amounts would reduce net income for the quarter by the net amount of the reversal (after taking into account the reversal of incentive fees payable) and would result in a reduction and possibly elimination of the incentive fees for such quarter.

There is no accumulation of amounts on the Hurdle Rate from quarter to quarter and, accordingly, there is no clawback of amounts previously paid if subsequent quarters are below the quarterly Hurdle Rate and there is no delay of payment if prior quarters are below the quarterly Hurdle Rate. Since the Hurdle Rate is fixed, as interest rates rise, it will be easier for the investment adviser to surpass the Hurdle Rate and receive an incentive fee based on Pre-Incentive Fee Net Investment Income.

Net investment income used to calculate this component of the incentive fee is also included in the amount of consolidated gross assets used to calculate the base management fee. These calculations will be appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the current quarter.

The second component, the capital gains component of the incentive fee (the "Capital Gains Incentive Fee"), which is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commenced on January 1, 2013, and equals 20% of cumulative aggregate realized capital gains from January 1 through the end of each calendar year, computed net of aggregate cumulative realized capital losses and aggregate cumulative unrealized capital depreciation through the end of each year (the "Capital Gains Incentive Fee Base"), less the aggregate amount of any previously paid capital gains incentive fees and subject to the Incentive Fee Cap and Deferral Mechanism. If such amount is negative, then no capital gains incentive fee will be payable for the year. Additionally, if the Investment Advisory Agreement is terminated as of a date that is not a calendar year end, the termination date will be treated as though it were a calendar year end for purposes of calculating and paying the capital gains incentive fee. The capital gains component of the incentive fee is not subject to any minimum return to stockholders.

In accordance with GAAP, the Company is also required to include the aggregate unrealized capital appreciation on investments in the calculation and accrue a capital gains incentive fee on a quarterly basis if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Advisory Agreement. If the Capital Gains Incentive Fee Base, adjusted as required by GAAP to include unrealized capital appreciation, is positive at the end of a reporting period, then GAAP requires the Company to accrue a Capital Gains Incentive Fee equal to 20% of such amount, less the aggregate amount of any Capital Gains Incentive Fees previously paid and Capital Gains Incentive Fees accrued under GAAP in all prior periods. If such amount is negative, then there is no accrual for such period. The resulting accrual under GAAP in a given period may result in either additional expense (if such cumulative amount is greater than in the prior period) or a reversal of previously recorded expense (if such cumulative amount is less than in the prior period). There can be no assurance that such unrealized capital appreciation will be realized in the future.

Because of the structure of the incentive fee, it is possible that the Company may pay an incentive fee in a quarter where it incurs a loss subject to the Incentive Fee Cap and Deferral Mechanism. For example, if the Company receives Pre-Incentive Fee Net Investment Income in excess of the Hurdle Rate, it will pay the applicable Income Incentive Fee even after incurring a loss in that quarter due to realized and unrealized capital losses.

The following table provides a breakdown of the performance-based incentive fees for the years ended December 31, 2022, 2021 and 2020:

	Year ended December 31,		
Performance-based Incentive Fee ($ in thousands)	**2022**	**2021**	**2020**
Income incentive fee	$ 8,862	$ 7,263	$ 6,114
Capital gains incentive fee	(1,803)	261	1,505
Performance-based incentive fees waived	—	—	—
Total performance-based incentive fees	$ 7,059	$ 7,524	$ 7,619

As of December 31, 2022 and December 31, 2021, incentive fees payable on the consolidated statements of assets and liabilities were $5,618 and $7,958, respectively. As of December 31, 2022 and December 31, 2021, incentive fees payable on the consolidated statements of assets and liabilities include zero and $1,803, respectively, for cumulative accruals of Capital Gains Incentive Fees under GAAP, including any amounts payable pursuant to the Investment Advisory Agreement as described above.

Administration Agreement: Pursuant to the Administration Agreement, WhiteHorse Administration furnishes the Company with office facilities, equipment and clerical, bookkeeping and record keeping services to enable the Company to operate. Under the Administration Agreement, WhiteHorse Administration performs, or oversees the performance of, the Company's required administrative services, which include being responsible for the financial records which the Company is required to maintain and preparing reports to its stockholders and reports filed with the U.S. Securities and Exchange Commission. In addition, WhiteHorse Administration assists the Company in determining and publishing its net asset value, oversees the preparation and filing of its tax returns and the printing and dissemination of reports to its stockholders and generally oversees the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others. Payments under the Administration Agreement equal an amount based upon the Company's allocable portion of WhiteHorse Administration's overhead in performing its obligations under the Administration Agreement, including rent and the Company's allocable portion of the cost of its chief financial officer and chief compliance officer along with their respective staffs. Under the Administration Agreement, WhiteHorse Administration also provides on the Company's behalf managerial assistance to those portfolio companies to which the Company is required to provide such assistance. The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party. To the extent that WhiteHorse Administration outsources any of its functions, the Company will pay the fees associated with such functions on a direct basis without any profit to WhiteHorse Administration.

Substantially all the Company's payments of operating expenses to third parties were made by a related party, for which such third party received reimbursement from the Company.

During each of the years ended December 31, 2022, 2021 and 2020, the Company incurred allocated administrative service fees of $683.

Co-investments with Related Parties: As of December 31, 2022 and December 31, 2021, no officers or employees affiliated with or employed by WhiteHorse Advisers and its related entities maintained any co-investments in the Company's investments.

As of December 31, 2022 and December 31, 2021, certain funds affiliated with WhiteHorse Advisers and its related entities maintained co-investments in the Company's investments of $4,415,678 and $4,502,807, respectively.

STRS JV: For the year ended December 31, 2022, the Company sold $108,549 and $140,904 of investments to STRS JV and recognized net a realized gain of $64 and a realized loss of $73, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Commitments: In the normal course of business, the Company is party to financial instruments with off-balance-sheet risk to meet the financing needs of its borrowers. These financial instruments include commitments to extend credit and involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated statement of assets and liabilities. The Company attempts to limit its credit risk by conducting extensive due diligence and obtaining collateral where appropriate.

As of December 31, 2022 and December 31, 2021, the balance of unfunded commitments to extend credit was $56,190 and $53,113, respectively. Commitments to extend credit consist principally of the unused portions of commitments that obligate the Company to extend credit, such as revolving credit arrangements or similar transactions. These commitments are often subject to financial or non-financial milestones and other conditions to borrow that must be achieved before the commitment can be drawn. In addition, the commitments generally have fixed expiration dates or other termination clauses. Since commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

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The following table summarizes the Company's unfunded commitments as of December 31, 2022 and December 31, 2021:

Unfunded Commitments[1] ($ in thousands)	As of December 31, 2022	As of December 31, 2021
Revolving Loan Commitments:		
ABB/Con-cise Optical Group LLC (d/b/a ABB Optical Group, LLC)	$ 113	$ —
Bridgepoint Healthcare, LLC	1,588	1,588
Camp Facility Services Holdings, LLC (d/b/a Camp Construction Services, Inc.)	—	2,031
Claridge Products and Equipment, LLC	204	491
Coastal Television Broadcasting Group LLC	309	309
EducationDynamics, LLC	1,199	1,199
Epiphany Business Services, LLC (d/b/a Epiphany Dermatology, PA)	—	438
Gulf Winds International Acquisition, LLC (d/b/a Gulf Winds International, Inc.)	647	—
HC Salon Holdings, Inc. (d/b/a Hair Cuttery)	700	700
HRG Management, LLC (d/b/a HomeRiver Group, LLC)	—	1,083
Industrial Specialty Services USA LLC	508	1,182
Inspired Beauty Brands, Inc.	265	531
I&I Sales Group, LLC (d/b/a Avision Sales Group)	—	619
ITS Buyer Inc. (d/b/a ITS Logistics, LLC)	—	592
IvyRehab Intermediate II, LLC (d/b/a Ivy Rehab)	—	403
Juniper Landscaping Holdings LLC	—	597
Leviathan Intermediate Holdco, LLC (d/b/a Unleashed Brands Group)	494	—
LHS Borrower, LLC (d/b/a Leaf Home, LLC)	—	560
LMG Holdings, Inc.	—	414
Motivational Marketing, LLC (d/b/a Motivational Fulfillment)	1,024	1,182
MSI Information Services, Inc.	1,050	—
Naviga Inc. (f/k/a Newscycle Solutions, Inc.)	—	132
PFB Holdco, Inc. (d/b/a PFB Corporation)[1]	899	963
PFB Holdco, Inc. (d/b/a PFB Corporation)	296	296
PG Dental New Jersey Parent, LLC	352	232
Power Service Group CR Acquisition Inc. (d/b/a Power Plant Services)	2,299	3,030
RLJ Pro-Vac, Inc. (d/b/a Pro-Vac)	—	1,013
Salon Republic Holdings, LLC (d/b/a Salon Republic, LLC)	603	—
Sleep OpCo LLC (d/b/a Brooklyn Bedding LLC)	2,646	2,646
Telestream Holdings Corporation	397	795
The Kyjen Company, LLC (d/b/a Outward Hound)	—	554
Trimlite Buyer LLC (d/b/a Trimlite LLC)	—	1,473
Total unfunded revolving loan commitments	15,593	25,053
Delayed Draw Loan Commitments:		
BBQ Buyer, LLC (d/b/a BBQ Guys)	—	854
Bridgepoint Healthcare, LLC	794	794
Camp Facility Services Holdings, LLC (d/b/a Camp Construction Services, Inc.)	4,063	4,063
DCA Investment Holding, LLC (d/b/a Dental Care Alliance, LLC)	—	1,062
EducationDynamics, LLC	1,709	1,709
Empire Office, Inc.	—	4,926
Grupo HIMA San Pablo, Inc.	—	667
HRG Management, LLC (d/b/a HomeRiver Group, LLC)	2,167	1,514
I&I Sales Group, LLC (d/b/a Avision Sales Group)	—	2,699
IvyRehab Intermediate II, LLC (d/b/a Ivy Rehab)	—	1,188
Juniper Landscaping Holdings LLC	—	2,387
JZ Capital Partners Ltd.	5,714	—
PlayMonster LLC	—	2,867
Power Service Group CR Acquisition Inc. (d/b/a Power Plant Services)	2,090	—
Salon Republic Holdings, LLC (d/b/a Salon Republic, LLC)	2,097	—
Solar Holdings Bidco Limited[1][2]	4,008	—
Source Code Holdings, LLC (d/b/a Source Code Corporation)	—	2,185
StoicLane MidCo, LLC (d/b/a StoicLane Inc.)	8,217	—
Telestream Holdings Corporation	346	—
True Blue Car Wash, LLC	59	1,145
US Methanol Midco LLC (d/b/a US Methanol LLC)	9,333	—
Total unfunded delayed draw loan commitments	40,597	28,060
Total Unfunded Commitments	**$ 56,190**	**$ 53,113**

(1) Unfunded commitments denominated in non-USD currencies have been converted to USD using the exchange rate as of the applicable reporting date.
(2) Principal amount is non-USD denominated and is based in British pounds. At the option of the borrower, amounts borrowed under the delayed draw term loan commitment can be US dollars, Canadian dollars or British pounds.

As of December 31, 2022, the Company had commitments to fund equity interests and subordinated notes in STRS JV of $20,000 and $80,000, respectively, both of which were fully funded. As of December 31, 2021, the Company had commitments to fund equity interests and subordinated notes in STRS JV of $15,000 and $60,000, respectively, both of which were fully funded. The capital commitments cannot be drawn without an affirmative vote by both the Company's and STRS Ohio's representatives on STRS JV's board of managers.

Indemnification: In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties that provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not occurred. The Company expects the risk of any future obligation under these indemnifications to be remote.

Legal Proceedings: In the normal course of business, the Company, the investment adviser and the administrator may be subject to legal and regulatory proceedings that are generally incidental to its ongoing operations. While there can be no assurance of the ultimate disposition of any such proceedings, the Company does not believe any such disposition will have a material adverse effect on the Company's consolidated financial statements.

NOTE 9 - STOCKHOLDERS' EQUITY

On March 15, 2021, the Company launched an "at-the-market" offering (the "ATM Program") by entering into an Equity Distribution Agreement with Raymond James & Associates, Inc. pursuant to which the Company may offer and sell, from time to time, through Raymond James & Associates, Inc., as the sales agent, shares of its common stock having an aggregate offering amount of up to $35,000.

Since the commencement of the ATM Program, the Company sold 276,300 shares of its common stock under the ATM Program at a weighted-average price of $15.77 per share, which amounted to $4,359 in gross proceeds. The Company received net proceeds of $4,272 after deducting commissions to the sales agent, but before offering expenses. As of December 31, 2022, the Company had $30,641 available under the ATM Program. As of December 31, 2021, the Company had $30,893 available under the ATM Program.

On October 25, 2021, the Company completed an offering of 1,900,000 shares of our common stock at a public offering price of $15.81 per share, inclusive of underwriting discounts and commissions. The issuance of 1,900,000 shares resulted in net proceeds to the Company of $29,374, inclusive of underwriting discounts and commissions and before offering expenses. In connection with the offering, the Company granted the underwriters an overallotment option to purchase up to an additional 285,000 shares of the Company's common stock. On November 3, 2021, the Company raised an additional $4,326 from the issuance of an additional 282,300 shares pursuant to the underwriters' exercise of the overallotment option to purchase additional shares. WhiteHorse Advisers agreed to bear a portion of the underwriting discounts and commissions in connection with the offering, such that the issuance of the 2,182,300 shares (which includes the additional shares issued pursuant to the overallotment option) resulted in net proceeds to the Company of $33,700 before offering expenses, which was at or above the Company's net ass value per share at the time of the offering and the overallotment option.

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The following table summarizes the total shares issued and proceeds received, net of offering costs, relating to the issuance of shares of the Company's common stock from the DRIP and pursuant to the ATM Program for the years ended December 31, 2022 and 2021.

($ in thousands except share and per share amounts)	Year ended December 31, 2022	2021
Shares Issued from Equity Offering	—	2,182,300
Shares Issued from ATM Program	16,678	259,682
Shares Issued from DRIP	63,743	174,653
Total Shares Issued	80,421	2,616,635
Proceeds, before offering expenses	$ 1,225	$ 41,285
Average Price Per Share[1]	$ 15.23	$ 15.78

(1) The average price per share for the year ended December 31, 2022 inclusive of offering expenses, was $13.72. The average price per share for the year ended December 31, 2021 inclusive of offering expenses, was $15.35.

NOTE 10 - FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights:

	Years Ended December 31, 2022	2021	2020	2019	2018
Per share data:[1]					
Net asset value, beginning of period	$ 15.10	$ 15.23	$ 15.23	$ 15.35	$ 13.98
Investment operations:					
Net investment income	1.60	1.36	1.18	1.52	1.22
Net realized and unrealized gains(losses) on investments and foreign currency transactions	(0.93)	0.07	0.37	(0.02)	1.57
Net increase in net assets resulting from operations	0.67	1.43	1.55	1.50	2.79
Distributions declared from net investment income	(1.47)	(1.56)	(1.55)	(1.62)	(1.42)
Net asset value, end of period	$ 14.30	$ 15.10	$ 15.23	$ 15.23	$ 15.35
Total annualized return based on market value[2]	(15.81)%	13.89 %	(0.66)%	9.72 %	(5.22)%
Total annualized return based on net asset value	4.55 %	9.21 %	10.36 %	7.70 %	18.66 %
Net assets, end of period	$ 332,387	$ 349,751	$ 312,897	$ 312,955	$ 315,296
Per share market value at end of period	$ 13.05	$ 15.50	$ 13.61	$ 13.70	$ 12.72
Shares outstanding end of period	23,243,088	23,162,667	20,546,032	20,546,032	20,546,032
Ratios/Supplemental Data:[3]					
Ratio of expenses before incentive fees to average net assets[4]	12.54 %	10.96 %	9.78 %	8.88 %	8.50 %
Ratio of incentive fees to average net assets	2.04 %	2.30 %	2.49 %	2.43 %	3.95 %
Ratio of total expenses to average net assets[4]	14.58 %	13.26 %	12.27 %	11.31 %	12.45 %
Ratio of net investment income to average net assets[4]	10.81 %	8.81 %	7.90 %	9.83 %	8.14 %
Portfolio turnover ratio	35.81 %	60.79 %	35.86 %	48.15 %	57.74 %

(1) Based on actual number of shares outstanding at the end of the period or the weighted average shares outstanding for the period, unless otherwise noted, as appropriate.
(2) Total return is based on the change in market price per share during the period and takes into account distributions, if any, reinvested in accordance with the DRIP.
(3) With the exception of the portfolio turnover rate, ratios are reported on an annualized basis.
(4) Calculated using total expenses, including income tax provision.

Financial highlights are calculated for each securities class taken as a whole. An individual stockholder's return and ratios may vary based on the timing of capital transactions.

NOTE 11 - CHANGE IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE

The following information sets forth the computation of the basic and diluted per share net increase in net assets resulting from operations:

	Year Ended December 31,		
($ in thousands except share and per share amounts)	2022	2021	2020
Net increase in net assets resulting from operations	$ 15,683	$ 30,094	$ 31,685
Weighted average shares outstanding	23,229,552	21,150,168	20,546,032
Basic and diluted per share net increase in net assets resulting from operations	$ 0.68	$ 1.42	$ 1.55

NOTE 12 – INCOME TAXES

The Company has elected to be treated as a RIC under Subchapter M of the Code, and as a result must distribute substantially all of its taxable income. Accordingly, no provision for federal income tax has been made in the consolidated financial statements.

The Company distributed 100% of its taxable income in each of its fiscal and taxable years.

Distributions from net investment income and distributions from net realized capital gains are determined in accordance with U.S. federal tax regulations, which may differ from amounts determined in accordance with GAAP and those differences could be material. These book-to-tax differences are either temporary or permanent in nature. Reclassifications due to permanent book-tax differences have no impact on net assets. Such reclassifications have been reflected in the consolidated statements of changes in net assets.

The reconciliation of net increase in net assets resulting from operations to taxable income is as follows:

	Years ended December 31,		
($ in thousands)	2022	2021	2020
Net increase (decrease) in net assets resulting from operations	$ 15,683	$ 30,094	$ 31,685
Change in net unrealized (appreciation) depreciation on investments and foreign currency	7,307	7,512	(3,365)
Other book-to-tax differences	9,498	451	3,140
Taxable income before deductions for distributions	$ 32,488	$ 38,057	$ 31,460

The tax character of distributions was as follows:

	Years ended December 31,					
($ in thousands)	2022		2021		2020	
Ordinary income	$ 34,150	100.0 %	$ 31,953	95.7 %	$ 26,420	83.2 %
Return of capital	—	—	—	—	—	—
Long-term capital gains	—	—	1,452	4.3 %	5,323	16.8 %
Total distributions	$ 34,150	100.0 %	33,405	100.0 %	$ 31,743	100.0 %

The Company may make certain adjustments to the classification of stockholders' equity as a result of permanent book-to-tax differences. During the current fiscal year, permanent differences primarily due to nondeductible federal taxes resulted in a net increase in accumulated undistributed net investment income and a net decrease in paid-in capital.

WHITEHORSE FINANCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022
(in thousands, except share and per share data)

As of December 31, 2022, 2021 and 2020, the tax basis components of distributable earnings were as follows:

	December 31,		
($ in thousands)	**2022**	**2021**	**2020**
Ordinary income	$ 24,217	$ 29,500	$ 24,100
Accumulated capital and other losses	—	—	—
Net unrealized (depreciation) appreciation on investments and foreign currency	(22,287)	(15,910)	(11,226)
Distributions deferred	—	—	—
Total (accumulated deficit) distributable earnings – tax basis	$ 1,930	$ 13,590	$ 12,874

There were no late year ordinary losses for the fiscal years ended December 31, 2022, December 31, 2021 and December 31, 2020.

For tax purposes, net capital losses may be carried over to offset future capital gains, if any. The Company is permitted to carry forward capital losses incurred for an unlimited period, and such losses will retain their character as either short-term or long-term capital losses. As of December 31, 2022 and 2021, the Company had $9,333 and zero, respectively of long-term capital loss carryforwards. As of December 31, 2022 and 2021, the Company did not have any short-term capital loss carryforwards

As of December 31, 2022, the cost of investments for U.S. federal income tax purposes was $784,812, resulting in net unrealized depreciation of $24,584. This is comprised of gross unrealized appreciation of $7,881 and gross unrealized depreciation of $32,465 on a tax basis. As of December 31, 2021, the cost of investments for U.S. federal income tax purposes was $835,502, resulting in net unrealized depreciation of $16,293. This is comprised of gross unrealized appreciation of $10,769 and gross unrealized depreciation of $27,062 on a tax basis.

The Company did not have any uncertain tax positions that met the recognition or measurement criteria of ASC 740-10-25, *Income Taxes*, nor did the Company have any unrecognized tax benefits as of the period presented herein. Although the Company files federal and state tax returns, its major tax jurisdiction is federal. Tax returns for each of the federal tax years since 2018 remain subject to examination by the Internal Revenue Service.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated events that have occurred after the balance sheet date but before the consolidated financial statements are issued and other than the items discussed below, the Company has determined that there were no additional subsequent events requiring adjustment or disclosure in the consolidated financial statements.

In February 2023, the Company increased our its commitment to the STRS JV in the amount of an additional $15 million, which brings the Company’s total capital commitment to the STRS JV to $115 million, comprised of $92 million of subordinated notes and $23 million of LLC equity interests, and STRS Ohio increased its capital commitment to the STRS JV in the amount of an additional $10 million, which brings its total capital commitment to the STRS JV to $60 million, comprised of $48 million of subordinated notes and $12 million of LLC equity interests. In connection with these increases in capital commitments, the Company’s and STRS Ohio’s amended economic ownership in the STRS JV is approximately 65.71% and 34.29%, respectively.

Subsequent to December 31, 2022, the Company received financial information related to its investment in Playmonster Group LLC. Based on this information, the Company expects to place the first lien secured term loan investment on non-accrual status during the first quarter. This conclusion remains subject to change if additional information becomes available.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of December 31, 2022 (the end of the period covered by this report), we, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on that evaluation, our management, including the chief executive officer and chief financial officer, concluded that, at the end of such period, our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

(b) Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system is a process designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements.

WhiteHorse Finance's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions recorded necessary to permit the preparation of financial statements in accordance with GAAP. Our policies and procedures also provide reasonable assurance that receipts and expenditures are being made only in accordance with authorizations of management and the directors of WhiteHorse Finance, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness as to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of WhiteHorse Finance's internal control over financial reporting as of December 31, 2022. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework* issued in 2013. Based on the assessment, management believes that, as of December 31, 2022, our internal control over financial reporting is effective based on those criteria.

This annual report does not include an integrated audit report of WhiteHorse Finance's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to audit by WhiteHorse Finance's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit WhtiteHorse Finance (non-accelerated filer) to provide only management's report in this annual report.

(c) Changes in Internal Control Over Financial Reporting

Management has not identified any change in our internal control over financial reporting that occurred during the fourth fiscal quarter of 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors

Set forth below is certain information regarding the members of our board of directors, including the name, age, principal occupation, business experience and length of service as a director.

Name	Age	Position	Director Since	Expiration of Term
Interested Directors				
John Bolduc	58	Chairman of the Board of Directors	2012	2024
Stuart Aronson	60	Chief Executive Officer and Director	2017	2023
Jay Carvell	57	Director	2012	2023
Independent Directors				
Rick P. Frier	61	Director, Chairman of the Compensation Committee	2016	2023
Rick D. Puckett	69	Director, Chairman of the Audit Committee	2012	2024
G. Stacy Smith	54	Director, Co-Chairman of the Nominating and Corporate Governance Committee	2015	2025
Kevin F. Burke	69	Director, Co-Chairman of the Nominating and Corporate Governance Committee	2017	2025

The address for each director is c/o WhiteHorse Finance, Inc., 1450 Brickell Avenue, 31st Floor, Miami, Florida 33131.

Our directors have been divided into two groups — interested directors and independent directors. Interested directors are “interested persons” as defined in the 1940 Act.

Interested Directors

John Bolduc: Mr. Bolduc has been Chairman of our Board since 2012. Mr. Bolduc is an Executive Managing Director of H.I.G. Capital, having joined the firm in 1993. Mr. Bolduc is responsible for leading H.I.G. Capital’s credit platform, which manages approximately $19 billion of capital across multiple investment funds. He has more than 25 years of experience focused on credit investments, including primary loans and distressed debt, as well as private equity investments. Mr. Bolduc currently serves on the boards of directors of several privately held companies. Prior to joining H.I.G. Capital in 1993, Mr. Bolduc was at the management-consulting firm of Bain & Company, a leading worldwide management-consulting firm, where he directed domestic and international assignments for Fortune 500 clients. Prior to joining Bain & Company, Mr. Bolduc worked for three years as the Assistant to the President of Chemed Corporation (NYSE: CHE), a specialty chemical company. Mr. Bolduc is a graduate of Lehigh University with a B.S. degree in Computer Science and earned his M.B.A. from the University of Virginia's Darden School of Business.

Mr. Bolduc was selected to serve as Chairman of our Board due, in part, to his familiarity with our portfolio companies, his broad experience with the day-to-day management and operation of other investment funds and his significant background investing in debt and working in the financial services industry.

Stuart Aronson: Mr. Aronson has served as our Chief Executive Officer since 2016 and has served as a director since 2017. Mr. Aronson also currently serves as Group Head of the U.S. direct lending platform of H.I.G. Capital, a position he has held since February 2016. In this position, Mr. Aronson is responsible for building the debt solutions offered by H.I.G. Capital to non-sponsor and sponsor borrowers in the U.S. middle market. Prior to joining H.I.G. Capital, from July 1990 through December 2015 Mr. Aronson served as an officer of the General Electric Company and as the President and Chief Executive Officer of GSF. Mr. Aronson also served during this period on the board of directors of Peacock Equity Partners, a mid-to-late stage venture capital fund organized as a joint venture between GE Capital and NBC Universal. Prior to joining GSF, Mr. Aronson led the commercial and industrial platform of GE Structured Finance (Americas), Inc., which provided structured debt and equity solutions to borrowers in the United States, Europe and Asia. Before that, he held several positions with GE Capital Markets Group, Inc., including serving as leader of domestic product execution, including syndications, private placements, securitization and trade finance. Mr. Aronson began his career in the syndications group of Chemical Banking Corporation. He also currently serves on the Board of Kids in Crisis in Greenwich, Connecticut. Mr. Aronson graduated cum laude from Tufts University and received an M.B.A. with honors from Columbia Business School.

Mr. Aronson's expertise in sponsored lending and his experience as our Chief Executive Officer and Group Head of the U.S. direct lending platform of H.I.G. Capital are among the attributes that led to the conclusion that Mr. Aronson should serve on our Board.

Jay Carvell: Mr. Carvell has served as a director since 2012. Mr. Carvell also served as a Managing Director at an H.I.G. Capital-affiliated investment adviser until June 2022. He was responsible for all aspects of our investment process, including sourcing, structuring and post-closing strategies, as well as portfolio management. Until May 2016, Mr. Carvell served as Chief Executive Officer of the Company. Prior to joining H.I.G. Capital, Mr. Carvell was a founding partner of WhiteHorse Capital Partners, L.P., a leading credit investor and manager of collateralized loan obligations. At WhiteHorse Capital Partners, Mr. Carvell co-managed portfolios of par and distressed loans across numerous industries and sectors through several market cycles. Mr. Carvell has over 22 years of experience in credit investment and management, including structuring and placement, trading and restructuring and reorganization. This experience branches across lower mid-cap, mid-cap and broadly syndicated investments. Before founding WhiteHorse Capital Partners in 2003, Mr. Carvell held various positions with Highland Capital Management, L.P. and PricewaterhouseCoopers LLP. Mr. Carvell earned both a B.A. and an M.B.A. from the University of Texas at Austin and holds the Chartered Financial Analyst designation.

Mr. Carvell was selected to serve as a director on our Board due to his experience investing in credit instruments and managing WhiteHorse Capital Partners. Mr. Carvell's experience building WhiteHorse Capital Partners brings expertise in developing a successful credit investment firm to our Board.

Independent Directors

Kevin F. Burke: Mr. Burke has served as a director since 2017. He currently serves as an Independent Investment Professional to Churchill Asset Management LLC, a leading provider of senior and unitranche debt financing to middle market companies and as a consultant to Encina Private Credit, a non-bank specialty finance company. From February 2017 to February 2020, Mr. Burke served as a Senior Advisor to THL Credit Advisors LLC, an alternative credit investment manager for both direct lending and broadly syndicated investments through public and private vehicles. From January 2016 until December 2016, Mr. Burke served as Senior Managing Director of the loan syndication sales and trading department of Antares Capital, a company specializing in acquisition finance for private equity firms. Prior to this position, from April 2003 until December 2015, Mr. Burke was a Senior Managing Director of GE Capital, a leading provider of debt financing to the U.S. sponsor middle market. Mr. Burke received a Bachelor of Arts in History from Harvard University in 1976.

Mr. Burke's experience as a senior managing director and his debt financing expertise is among the attributes that led to the conclusion that Mr. Burke should serve on our Board.

Rick P. Frier: Mr. Frier has served as a director since 2016. He is currently the Vice-Chairman of the Board and Chairman of the Audit Committee for Trivium Corporation. He is currently the Chairman of the Board for US Salt Corporation, to which he was elected in October 2021. He previously served as the Chairman of the Board and Chairman of the Audit Committee for Exal Corporation. He previously served on the Board of Affinion Group, Inc., where he was the Chairman of the Audit Committee. Mr. Frier also served as a Chairman of the Board of Shearer's Foods Inc. Prior to these positions, Mr. Frier was the Executive Vice President and Chief Financial Officer of Chiquita Brands International, Inc. Before his position with Chiquita Brands, Mr. Frier served as the Executive Vice President, Chief Financial Officer and director of Catalina Marketing Corporation. Mr. Frier received a Bachelor of Science in Business Administration from the University of Southern California, and an M.B.A. from the Claremont Graduate University.

Mr. Frier's experience as a board member and chief financial officer of several companies are among the attributes that led to the conclusion that Mr. Frier should serve on our Board.

Rick D. Puckett: Mr. Puckett has served as a director since 2012. Mr. Puckett currently serves as (i) a director and member of Audit Committee of Pet Valu Holdings LTD., a Canadian retail company that trades on the Toronto Stock Exchange, (ii) a director and chair of the Audit Committee of Driven Brands, Inc., a consumer products and services company (NASDAQ: DRVN), and (iii) a director and chair of the Compensation Committee of SPX Corporation, a public company in the heavy industrial equipment industry (NYSE: SPXC). He previously served on the Board of Advisors of Wake Forest University in Charlotte, North Carolina from 2012 to 2018 and also served on the Board of Blumenthal Performing Arts as chairman and director from February 2007 to 2017. From 2006 to 2017, Mr. Puckett held various positions at Snyder's-Lance, Inc., including (i) was Executive Vice President and Chief Financial and Administrative Officer from January 2006 to December 2016 and (ii) a consultant in 2017. Mr. Puckett has been retired from Snyder's-Lance, Inc. since December 2017. From December 2003 to January 2006, Mr. Puckett served as Executive Vice President and Chief Financial Officer of United Natural Foods Inc. where he was responsible for the company's finance, technology, human resources, legal, accounting and treasury functions. From 1998 to 2002, Mr. Puckett was employed at Suntory Water Group Inc., where he held several executive positions, including Chief Financial Officer, Chief Information Officer, Vice President, Corporate Controller and Vice President, Business Development and Planning. Mr. Puckett is a Certified Public Accountant and holds an MBA in Finance from Gatton College of Business and Economics at the University of Kentucky and a BA in Accounting from the University of Kentucky.

Mr. Puckett's experience as Executive Vice President and Chief Financial and Administrative Officer at a public company and his training as a Certified Public Accountant are among the attributes that led to the conclusion that Mr. Puckett should serve on our Board.

G. Stacy Smith: Mr. Smith has served as a director since 2015. Mr. Smith currently serves on the board of directors of Independent Bank Group, a bank holding company (NASDAQ: IBTX), to which he was elected in February 2013. He also currently serves on the board of directors of USD Partners LP, an energy-related logistics company (NYSE: USDP), to which he was elected in October 2015. Mr. Smith co-founded in February 2013 and remains a partner of Trinity Investment Group, a firm which invests in private equity transactions, public equity securities and other assets. Since 2013, he has also served as a partner of SCW Capital, LP, a hedge fund. In 1997, Mr. Smith co-founded Walker Smith Capital, a Dallas-based small- and mid-cap equity hedge fund, where he was a partner and served as a portfolio manager until December 2012. Mr. Smith received a Bachelor of Business Administration in Finance and Accounting from the University of Texas at Austin in 1990.

Mr. Smith's experience as a board member, partner for several investment companies and manager for a hedge fund are among the attributes that led to the conclusion that Mr. Smith should serve on our Board.

Officers Who are Not Directors

Name	Age	Position
Joyson C. Thomas	41	Chief Financial Officer
Marco Collazos	47	Chief Compliance Officer

The address for each officer is c/o WhiteHorse Finance, Inc., 1450 Brickell Avenue, 31st Floor, Miami, Florida 33131. Each officer holds office until his successor is chosen and qualifies or until his earlier resignation or removal.

Joyson C. Thomas: Mr. Thomas has served as our Chief Financial Officer since August 2019. Mr. Thomas joined H.I.G. Capital in April 2017. Before becoming our Chief Financial Officer, Mr. Thomas was Controller for the WhiteHorse Direct Lending platform within H.I.G. Capital's Credit platform, which includes the Company as well as other pooled investment vehicles and separately managed accounts. He is responsible for the financial reporting and operations oversight of all WhiteHorse Direct Lending vehicles. Mr. Thomas has more than 15 years of experience in the asset management industry with a focus on credit strategies. From January 2014 until joining H.I.G. Capital, Mr. Thomas was a Principal and Controller for MatlinPatterson's Asset Management ("MPAM") platform, where he oversaw the finance function for various credit strategies spanning performing and distressed credit, mortgage-backed securities as well as CLO structures. Prior to joining MPAM, Mr. Thomas was the Global Controller at Clearwater Capital Partners (now a subsidiary of Fiera Capital), an Asian credit-focused investment firm. Earlier in his career, Mr. Thomas was a Manager in the Transaction Services practice and prior to that a Senior Associate in the audit practice of PricewaterhouseCoopers LLP. He currently serves on the Board of Trustees for Canisius College and also serves on the Board of Directors for ACG South Florida. Mr. Thomas holds a Bachelor of Science degree in Accounting and Finance, summa cum laude, from Canisius College — Richard J. Wehle School of Business. He is a Certified Public Accountant licensed in the State of New York, a Chartered Global Management Accountant and is a member of the American Institute of Certified Public Accountants as well as the New York State Society of Certified Public Accountants.

Marco Collazos: Mr. Collazos has served as our Chief Compliance Officer since 2014. Mr. Collazos also currently serves as Deputy Chief Compliance Officer for H.I.G. Capital. Prior to joining H.I.G. Capital, Mr. Collazos served as Chief Compliance Officer in the Americas for EFG International from March 2011 until April 2013. Mr. Collazos previously worked as a Principal Consultant with ACA Compliance Group, a regulatory and compliance consulting firm, as well as a Compliance Examiner for several years with the SEC and with the Federal Reserve Bank of Atlanta. Mr. Collazos received a B.S. from the University of Central Florida and an M.B.A. from the University of Notre Dame.

Code of Ethics

We and WhiteHorse Advisers have each adopted and maintain a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures that apply to our directors, executive officers, officers, their respective staffs and the employees of WhiteHorse Advisers with respect to their personal investments and investment transactions. Personnel subject to each code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. Our code of ethics is included as Exhibit 14.1 to this annual report on Form 10-K, and you may access our code of ethics via the Internet at the website of the SEC at *http://www.sec.gov* or our website at *www.whitehorsefinance.com*. We intend to disclose any material amendments to or waivers of required provisions of the code of ethics on a current report on Form 8-K.

Corporate Governance

Our Board has established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee of the Company (the "Compensation Committee"). For the fiscal year ended December 31, 2022, our Board held four meetings, the Audit Committee held four meetings and the Compensation Committee and the Nominating and Corporate Governance Committee held three joint meetings. All directors attended at least 75% of the aggregate number of meetings of the Board and of the respective committees on which they served that were held while they were members of the Board. The Company requires each director to make a diligent effort to attend all Board and committee meetings and encourages directors to attend the annual meetings of Stockholders. All of the then-serving directors attended the 2022 annual meeting of Stockholders.

Committees of the Board of Directors

Audit Committee

The members of the Audit Committee are Messrs. Burke, Frier, Puckett and Smith, each of whom is independent for purposes of the 1940 Act and the Nasdaq corporate governance regulations. Mr. Puckett serves as Chairman of the Audit Committee. The Audit Committee is responsible for pre-approving the engagement of the independent accountants to render audit and/or permissible non-audit services, approving the terms of compensation of such independent accountants, reviewing with our independent accountants the plans and results of the audit engagement, reviewing the independence of our independent accountants and reviewing the adequacy of our internal accounting controls. The Audit Committee is also responsible for aiding our Board in fair value pricing debt and equity securities that are not publicly-traded or for which current market values are not readily available. The Board and Audit Committee use the services of one or more independent valuation firms to help them determine the fair value of these securities. Our Board has determined that Mr. Puckett is an "audit committee financial expert," as defined under Item 407(d)(5) of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act"). In addition, each member of our Audit Committee meets the current independence and experience requirements of Rule 10A-3 under the Exchange Act. The Audit Committee has adopted a written charter that is available on our website at *www.whitehorsefinance.com*.

Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are Messrs. Burke, Frier, Puckett and Smith, each of whom is independent for purposes of the 1940 Act and the Nasdaq corporate governance regulations. Messrs. Burke and Smith serve as the Co-Chairmen of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for selecting, researching and nominating directors for election by our Stockholders, selecting nominees to fill vacancies on the Board or a committee of the Board, developing and recommending to the Board a set of corporate governance principles and overseeing the evaluation of the Board and our management. The Nominating and Corporate Governance Committee has adopted a written charter that is available on our website at *www.whitehorsefinance.com*.

The Nominating and Corporate Governance Committee considers Stockholders' recommendations for possible nominees for election as directors when such recommendations are submitted in accordance with our Bylaws, the Nominating and Corporate Governance Committee charter and any applicable law, rule or regulation regarding director nomination. Our Bylaws provide that a Stockholder who wishes to nominate a person for election as a director at a meeting of Stockholders must deliver written notice to our Secretary, Richard Siegel, c/o WhiteHorse Finance, Inc., 1450 Brickell Avenue, 31st Floor, Miami, Florida 33131. This notice must contain, as to each nominee, all of the information relating to such person as would be required to be disclosed in a proxy statement meeting the requirements of Regulation 14A under the Exchange Act and certain other information set forth in our Bylaws, including the following information for each director nominee: full name, age and address; principal occupation during the past five years; directorships on publicly held companies and investment companies during the past five years; number of shares of our Common Stock owned, if any; and a written consent of the individual to stand for election if nominated by the Board and to serve if elected by the Stockholders. In order to be eligible to be a nominee for election as a director by a Stockholder, such potential nominee must deliver to our Secretary a written questionnaire providing the requested information about the background and qualifications of such person and a written representation and agreement that such person is not and will not become a party to any voting agreements, any agreement or understanding with any person with respect to any compensation or indemnification in connection with service on the Board and would be in compliance with all of ourpublicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines.

Criteria considered by the Nominating and Corporate Governance Committee in evaluating the qualifications of individuals for election as members of the Board include compliance with the independence and other applicable requirements of the Nasdaq corporate governance requirements, the 1940 Act and the SEC, and all other applicable laws, rules, regulations and listing standards, the criteria, policies and principles set forth in the Nominating and Corporate Governance Committee charter and the ability to contribute to the effective management of the Company, taking into account its needs and such factors as the individual's experience, perspective, skills and knowledge of the industry in which the Company operates. The Nominating and Corporate Governance Committee has not adopted a formal policy with regard to the consideration of diversity in identifying individuals for election as members of the Board, but the Nominating and Corporate Governance Committee will consider such factors as it may deem are in the best interests of the Company and its Stockholders. Such factors may include the individual's professional experience, education, skills and other individual qualities or attributes, including gender, race or national origin.

Compensation Committee

We established a Compensation Committee in May 2014. The members of our Compensation Committee are Messrs. Burke, Frier, Puckett and Smith, each of whom meets the independence standards established by the SEC and the Nasdaq corporate governance regulations. Mr. Frier serves as Chairman of the Compensation Committee. The Compensation Committee is responsible for determining, or recommending to the Board for determination, the compensation, if any, of our Independent Directors, our chief executive officer and all of our other executive officers. Currently none of our executive officers is compensated by us and, as a result, the Compensation Committee does not produce and/or review a report on executive compensation practices. The Compensation Committee also has the authority to engage compensation consultants following consideration of certain factors related to such consultants' independence. The Compensation Committee has adopted a written charter that is available on our website at *www.whitehorsefinance.com*.

Item 11. Executive Compensation

Compensation of Chief Executive Officer and Other Executive Officers

None of our officers receives direct compensation from us. An allocable portion of the compensation of our chief financial officer and our chief compliance officer is paid by WhiteHorse Administration, subject to reimbursement by us of an allocable portion of such compensation for services rendered by them to us. To the extent that our administrator outsources any of its functions, we pay the fees associated with such functions on a direct basis without profit to the administrator.

Compensation Committee Interlocks and Insider Participation

The current members of the Compensation Committee are Messrs. Burke, Frier, Puckett and Smith. All members of the Compensation Committee are independent directors and none of the members is a present or past employee of the Company. No member of the Compensation Committee: (i) has had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K under the Exchange Act; or (ii) is an executive officer of another entity, at which one of our executive officers serves on the board.

Compensation Committee Report

Currently none of our executive officers are compensated by us and, as a result, the Compensation Committee does not produce and/or review a report on executive compensation practices.

Compensation of Directors

Prior to November 10, 2022, the Independent Directors each received an annual fee of $100,000. Post November 10, 2022, the Independent Directors will each receive an annual fee of $102,500.

Prior to November 10, 2022, The Independent Directors also receive reasonable out-of-pocket expenses relating to attendance at in-person meetings. In addition, the chairman of the audit committee receives an annual fee of $10,000 and the chairman of each other committee of the board of directors receives an annual fee of $5,000 for their additional services in these capacities. Post November 10, 2022, the chairman of the audit committee receives an annual fee of $15,000 and the chairman of each other committee of the board of directors receives an annual fee of $10,000 for their additional services in these capacities. In addition, we have purchased directors' and officers' liability insurance on behalf of our directors and officers.

The following table shows information regarding the compensation earned by our directors (excluding any reimbursed out-of-pocket expenses relating to attendance at in-person meetings) for the fiscal year ended December 31, 2022. No compensation is paid by us to any interested director or executive officer of WhiteHorse Finance.

Name	Aggregate Fees Earned or Paid in Cash	Pension or Retirement Benefits Accrued as Part of Our Expenses[(1)]	Total Compensation from WhiteHorse Finance
Independent Directors			
Kevin F. Burke	$ 105,000	—	$ 105,000
Rick P. Frier	105,000	—	105,000
Rick D. Puckett	110,000	—	110,000
G. Stacy Smith	105,000	—	105,000
Interested Directors			
Stuart Aronson	—	—	—
John Bolduc	—	—	—
Jay Carvell	—	—	—

(1) We do not have a profit-sharing or retirement plan, a stock or option plan or a non-equity incentive plan and directors do not receive any pension or retirement benefits.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plans

No stock has been authorized for issuance under any equity compensation plan.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of February 28, 2023, certain ownership information with respect to our common stock for those persons who directly or indirectly own, control or hold with the power to vote, five percent or more of our outstanding shares of common stock and all officers and directors, as a group.

Name and Address	Type of Ownership	Shares Owned	Percentage
H.I.G. Bayside Loan Opportunity Fund IV, L.P.[(1)]	Beneficial	4,976,258	21.4 %
Stuart Aronson[(2)]	Beneficial	36,000	*
John Bolduc[(2)(3)]	Beneficial	370,048	1.6 %
Jay Carvell[(2)]	Beneficial	15,630	*
Sami Mnaymneh[(4)]	Beneficial	4,976,258	21.4 %
Anthony Tamer[(4)(5)]	Beneficial	5,409,616	23.3 %
Kevin F. Burke[(2)]	Beneficial	7,530	*
Rick P. Frier[(2)(7)]	Beneficial	3,700	*
Rick D. Puckett[(2)(6)]	Beneficial	19,912	*
G. Stacy Smith[(2)]	Beneficial	3,700	*
Marco Collazos[(2)]	Beneficial	10,000	*
Joyson C. Thomas[(2)]	Beneficial	12,254	*
All officers and directors as a group (9 persons)	Beneficial	478,774	2.1 %

* Represents less than 1.0%.

(1) The address of H.I.G. Bayside Loan Opportunity Fund IV, L.P., a Delaware limited partnership, is 1450 Brickell Avenue, 31st Floor, Miami, Florida 33131. The number of shares of common stock shown in the above table as being owned by H.I.G. Bayside Loan Opportunity Fund IV, L.P. reflects the fact it may be viewed as having investment power over 4,976,258 shares of our common stock indirectly owned of record by such entity, although

voting rights to such securities have been passed through to the respective limited partners. H.I.G. Bayside Loan Opportunity Fund IV, L.P. disclaims beneficial ownership of such shares of common stock, except to the extent of its pecuniary interests therein.

(2) The address for each of our officers and directors is c/o WhiteHorse Finance, Inc., 1450 Brickell Avenue, 31st Floor, Miami, Florida 33131.

(3) Mr. Bolduc is the sole shareholder of the general partner of Bolduc Family L.P. and a member of Bolduc Investments X, LLC. The number of shares of common stock shown in the above table as being owned by Mr. Bolduc reflects the fact that, due to his control of Bolduc Family, L.P., Mr. Bolduc may be viewed as having investment power over 370,048 shares of common stock owned by these two entities. Mr. Bolduc disclaims beneficial ownership of shares of common stock held by Bolduc Family, L.P. and Bolduc Investments X, LLC, except to the extent of his direct pecuniary interest therein.

(4) Messrs. Mnaymneh and Tamer are control persons of H.I.G.-GP II, Inc., which is the manager of the general partner of H.I.G. Bayside Loan Opportunity Fund IV, L.P. The number of shares of common stock shown in the above table as being owned by each named individual reflects the fact that, due to their control of such entities, each may be viewed as having investment power over 4,976,258 shares of common stock indirectly owned by such entities, although voting rights to such securities have been passed through to the respective members and limited partners. Messrs. Mnaymneh and Tamer disclaim beneficial ownership of such shares of common stock except to the extent of their respective pecuniary interests therein. The address for each of Messrs. Mnaymneh and Tamer is c/o H.I.G. Capital, L.L.C., 1450 Brickell Avenue, 31st floor, Miami, Florida 33131.

(5) Mr. Tamer is the President of Tamer H.I.G. Management, L.P. The number of shares of common stock shown in the above table as being owned by Mr. Tamer reflects the fact that, due to his control of Tamer H.I.G. Management, L.P., Mr. Tamer may be viewed as having investment power over 423,911 shares of common stock owned by such entity. Mr. Tamer disclaims beneficial ownership of shares of common stock held by Tamer H.I.G. Management, L.P., except to the extent of his direct pecuniary interest therein.

(6) Mr. Puckett is a member of the Jen and Rick Puckett Foundation. The number of shares of common stock shown in the above table as being owned by Mr. Puckett reflects the fact that, due to his control of the Jen and Rick Puckett Foundation, Mr. Puckett has shared voting and dispositive power over 19,912 shares of common stock owned by such entity.

(7) Mr. Frier is the grantor of the Rick P Frier Revocable Trust Dated 12/30/2015. The number of shares of common stock shown in the above table as being owned by Mr. Frier reflects the fact that, due to his control of the Rick P. Frier Revocable Trust Dated 12/30/2015, Mr. Frier may be viewed as having dispositive power over 3,700 shares of common stock owned by such entity.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Director Independence

Nasdaq corporate governance regulations require listed companies to have a board of directors with at least a majority of independent directors. Under Nasdaq corporate governance regulations, in order for a director to be deemed independent, our board of directors must determine that the individual does not have a relationship that would interfere with the director's exercise of independent judgment in carrying out his responsibilities. On an annual basis, each of our directors is required to complete an independence questionnaire designed to provide information to assist the board of directors in determining whether the director is independent under Nasdaq corporate governance rules, the 1940 Act and our corporate governance guidelines. Our board of directors has determined that each of our directors, other than Messrs. Aronson, Carvell and Bolduc, is independent under the listing standards of the Nasdaq Global Select Market and the 1940 Act. Our corporate governance guidelines require any director who has previously been determined to be independent to inform the chairman of the board of directors, the chairman of the nominating and corporate governance committee and our corporate secretary of any change in circumstance that may cause his status as an independent director to change. The board of directors limits membership on the audit committee and the nominating and corporate governance committee to independent directors.

Transactions With Related Persons

See "Business — Management Agreements," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Related Party Transactions" and "Risk Factors — Risks Relating to Our Business and Structure — The Investment Advisory Agreement with WhiteHorse Advisers and the Administration Agreement with WhiteHorse Administration were not negotiated on an arm's length basis and may not be as favorable to us as if they had been negotiated with an unaffiliated third party" for a description of our transactions with related persons.

Item 14. Principal Accountant Fees and Services

Crowe LLP, an independent registered public accounting firm, audited our consolidated financial statements for the fiscal year ended December 31, 2022 and has been selected as the independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending December 31, 2022. The audit committee selected Crowe LLP, and that selection was ratified by a majority of our board of directors, including all of the independent directors. We do not know of any direct or indirect financial interest of Crowe LLP in WhiteHorse Finance.

The following table sets forth Crowe LLP's fees:

	Years ended December 31,	
($ in thousands)	**2022**	**2021**
Audit Fees	$ 445	$ 420
Audit-Related Fees	88	160
Tax Fees	—	—
All Other Fees	—	—
Total Fees	$ 533	$ 580

"*Audit Fees*" are those fees billed for professional services rendered for the audit of our year-end financial statements and services that are normally provided in connection with statutory and regulatory filings.

"*Audit-Related Fees*" are those fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees." These services include attestation services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

"*Tax Fees*" are those fees billed for professional services for tax compliance. Crowe LLP provided no professional services for tax compliance during the fiscal years ended December 31, 2022 and 2021.

"*All Other Fees*" are those fees billed for services, other than the services reported above, related to our registration statements and related prospectuses.

The audit committee has established a pre-approval policy that describes the permitted audit, audit-related, tax and other services to be provided by Crowe LLP. The policy requires that the audit committee pre-approve the audit and permissible non-audit services performed by the independent auditor in order to assure that the provision of such services does not impair the auditor's independence. Any requests for audit, audit-related, tax and other services that have not received general pre-approval must be submitted to the audit committee for specific pre-approval, and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings of the audit committee. However, the audit committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated shall report any pre-approval decisions to the audit committee at its next scheduled meeting. The audit committee does not delegate its responsibilities to pre-approve services performed by the independent auditor to management. All services described in the table above were pre-approved by the Audit Committee.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this annual report on Form 10-K:

(1) Financial Statements — Refer to Item 8 starting on page 105

(2) Financial Statements Schedules — None.

Number	
3.1	Form of Certificate of Incorporation (Incorporated by reference to Exhibit (a)(2) to the Registrant's Pre-effective Amendment No. 1 to the Registration Statement on Form N-2, filed on September 25, 2012)
3.2	Second Amended and Restated Bylaws (Incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q, filed on November 14, 2022)
4.1	Form of Stock Certificate (Incorporated by reference to Exhibit (d) to the Registrant's Pre-effective Amendment No. 1 to the Registration Statement on Form N-2, filed on September 25, 2012)
4.2	Indenture, dated as of November 13, 2018, by and between WhiteHorse Finance, Inc. and American Stock Transfer & Trust Company, LLC, as trustee (incorporated herein by reference to Exhibit (d) (5) of Post-Effective Amendment No. 5 to Registration Statement on Form N-2 (File No. 333-217093), filed on November 13, 2018)
4.3	First Supplemental Indenture, dated as of November 13, 2018, by and between WhiteHorse Finance, Inc. and American Stock Transfer & Trust Company, LLC, as trustee (incorporated herein by reference to Exhibit (d)(6) of Post-Effective Amendment No. 5 to Registration Statement on Form N-2 (File No. 333-217093), filed on November 13, 2018)
4.4	Form of 6.50% Notes due 2025 (incorporated herein by reference to Exhibit 4.2)
4.5	Description of Securities (Incorporated by reference to Exhibit 4.5 to the Registrant's Annual Report on Form 10-K, filed on March 16, 2020)
4.6	Second Supplemental Indenture, dated November 24, 2021, between WhiteHorse Finance, Inc. and American Stock Transfer & Trust Company, LLC, as trustee (Incorporated by reference to Exhibit 4.1 to the Registrant's current report on Form 8-K, filed on November 24, 2021)
4.7	Form of 4.00% Notes due 2026 (Incorporated by reference to Exhibit 4.1 to the Registrant's current report on Form 8-K, filed on November 24, 2021)
10.1	Form of Custody Agreement (Incorporated by reference to Exhibit (j) to the Registrant's Pre-effective Amendment No. 2 to the Registration Statement on Form N-2, filed on November 8, 2012)

10.2	Administration Agreement between Registrant and H.I.G. WhiteHorse Administration, LLC (Incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K, filed on March 5, 2013)
10.3	Form of Trademark License Agreement between the Registrant and Bayside Capital, Inc. (Incorporated by reference to Exhibit (k)(3) to the Registrant's Pre-effective Amendment No. 1 to the Registration Statement on Form N-2, filed on September 25, 2012)
10.4	Dividend Reinvestment Plan (Incorporated by reference to Exhibit (e) to the Registrant's Pre-effective Amendment No. 1 to the Registration Statement on Form N-2, filed on September 25, 2012)
10.5	Note Purchase Agreement, dated July 13, 2018, by and among WhiteHorse Finance, Inc. and the Purchasers signatory thereto (Incorporated by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on July 17, 2018)
10.6	Form of 6.00% Senior Notes due 2023 (included in Exhibit 10.5)
10.7	Amended and Restated Investment Advisory Agreement, dated November 1, 2018, between Registrant and WhiteHorse Advisers (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on November 6, 2018)
10.8	Limited Liability Company Agreement of WHF STRS Senior Loan Fund LLC, dated January 14, 2019, by and between WhiteHorse Finance, Inc. and State Teachers Retirement System of Ohio (Incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K, filed on March 14, 2019)
10.9	Note Purchase Agreement, dated October 20, 2020, by and among WhiteHorse Finance, Inc. and the Purchasers signatory thereto (Incorporated by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on October 21, 2020)
10.10	Note Purchase Agreement, dated December 4, 2020, by and among WhiteHorse Finance, Inc. and the Purchasers signatory thereto (Incorporated by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on December 4, 2020)
10.11	Fifth Amended and Restated Loan Agreement, dated April 28, 2021, by and among WhiteHorse Finance Credit I, LLC, as borrower, WhiteHorse Finance, Inc., as the portfolio manager, JPMorgan Chase Bank, National Association, as administrative agent and lender, and the financial providers party thereto (Incorporated by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on April 30, 2021)
10.12	First Amendment to Fifth Amended and Restated Loan Agreement, dated July 15, 2021, by and among WHF Finance Credit I, LLC, as borrower, JPMorgan Chase Bank, National Association, as lender and administrative agent, Citibank, N.A., as collateral agent and securities intermediary, WhiteHorse Finance, Inc., as portfolio manager, and Virtus Group LP, as collateral administrator (Incorporated by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on July 21, 2021)
10.13	Second Amendment to Fifth Amended and Restated Loan Agreement, dated October 4, 2021, by and among WHF Finance Credit I, LLC, as borrower, JPMorgan Chase Bank, National Association, as lender and administrative agent, Citibank, N.A., as collateral agent and securities intermediary, WhiteHorse Finance, Inc., as portfolio manager, and Virtus Group LP, as collateral administrator (Incorporated by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on October 8, 2021)
10.14	Note Purchase Agreement, dated December 6, 2021, by and between WhiteHorse Finance, Inc. and the Purchaser signatory thereto (Incorporated by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on December 6, 2021)
10.15	Third Amendment to Fifth Amended and Restated Loan Agreement, dated January 4, 2022, by and among WHF Finance Credit I, LLC, as borrower, JPMorgan Chase Bank, National Association, as lender and administrative agent, Citibank, N.A., as collateral agent and securities intermediary, WhiteHorse Finance, Inc., as portfolio manager, and Virtus Group LP, as collateral administrator (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on January 10, 2022)

10.16	Fourth Amendment to Fifth Amended and Restated Loan Agreement, dated February 4, 2022, by and among WHF Finance Credit I, LLC, as borrower, JPMorgan Chase Bank, National Association, as lender and administrative agent, Citibank, N.A., as collateral agent and securities intermediary, WhiteHorse Finance, Inc., as portfolio manager, and Virtus Group LP, as collateral administrator (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on February 10, 2022)
10.17	Fifth Amendment to Fifth Amended and Restated Loan Agreement, dated March 30, 2022, by and among WHF Finance Credit I, LLC, as borrower, JPMorgan Chase Bank, National Association, as lender and administrative agent, Citibank, N.A., as collateral agent and securities intermediary, WhiteHorse Finance, Inc., as portfolio manager, and Virtus Group LP, as collateral administrator (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on April 5, 2022)
14.1	Code of Ethics of the Registrant (Incorporated by reference to Exhibit (r)(1) to the Registrant's Pre-effective Amendment No. 1 to the Registration Statement on Form N-2, filed on September 25, 2012)
14.2	Code of Ethics of WhiteHorse Advisers (Incorporated by reference to Exhibit (r)(2) to the Registrant's Pre-effective Amendment No. 1 to the Registration Statement on Form N-2, filed on September 25, 2012)
21.1*	List of Subsidiaries
23.1*	Consent of Crowe LLP related to Exhibit 99.1
23.2*	Consent of Crowe LLP related to Exhibit 99.2
24	Power of attorney (included on the signature page hereto)
31.1*	Certification by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2*	Certification by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1*	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2*	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
99.1*	Report of Crowe LLP on Senior Securities Table
99.2*	Audited Consolidated Financial Statements of WHF STRS Ohio Senior Loan Fund LLC as of and for the year ended December 31, 2022
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

WhiteHorse Finance, Inc.

Dated: March 3, 2023	By	/s/ Stuart Aronson
		Name: Stuart Aronson Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Stuart Aronson and Joyson C. Thomas as his true and lawful attorneys-in-fact, each with full power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Stuart Aronson Stuart Aronson	Chief Executive Officer and Director (Principal Executive Officer)	March 3, 2023
/s/ Joyson C. Thomas Joyson C. Thomas	Chief Financial Officer (Principal Financial and Accounting Officer)	March 3, 2023
/s/ John Bolduc John Bolduc	Chairman of the Board of Directors	March 3, 2023
/s/ Jay Carvell Jay Carvell	Director	March 3, 2023
/s/ Kevin F. Burke Kevin F. Burke	Director	March 3, 2023
/s/ Rick P. Frier Rick P. Frier	Director	March 3, 2023
/s/ Rick D. Puckett Rick D. Puckett	Director	March 3, 2023
/s/ G. Stacy Smith G. Stacy Smith	Director	March 3, 2023

Exhibit 21.1

SUBSIDIARIES OF WHITEHORSE FINANCE, INC.

Name	Jurisdiction
WhiteHorse Finance Credit I, LLC	Delaware
WhiteHorse Finance (CA), LLC	Delaware
WHF American Craft Blocker, LLC	Delaware
WhiteHorse RCKC Holdings, LLC	Delaware
WhiteHorse Finance Holdings, LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-265864 on Form N-2 of WhiteHorse Finance, Inc. (the "Registration Statement") of our report dated March 3, 2023 relating to the financial statements, appearing in this Annual Report on Form 10-K (the "Form 10-K"), and to the report dated March 3, 2023, on the Senior Securities table of WhiteHorse Finance, Inc. attached as an exhibit to the Form 10-K. We also consent to the reference to us under the headings "Senior Securities" in the Form 10-K and "Selected Consolidated Financial Data", "Senior Securities" and "Independent Registered Public Accounting Firm" in the Registration Statement.

/s/Crowe LLP

Crowe LLP

Costa Mesa, California

March 3, 2023

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-265864 on Form N-2 of WhiteHorse Finance, Inc. of our report dated March 3, 2023, with respect to the consolidated statements of assets, liabilities and members' equity of WHF STRS Ohio Senior Loan Fund LLC, including the consolidated schedule of investments, as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes, which report appears in the Annual Report on Form 10-K of WhiteHorse Finance, Inc. dated March 3, 2023.

/s/Crowe LLP

Crowe LLP

Costa Mesa, California

March 3, 2023

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302
CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Stuart Aronson, Chief Executive Officer of WhiteHorse Finance, Inc. and Subsidiaries, certify that:

1. I have reviewed this Annual Report on Form 10-K of WhiteHorse Finance, Inc. and Subsidiaries;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2023

By: /s/ Stuart Aronson
Stuart Aronson
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302
CHIEF FINANCIAL OFFICER CERTIFICATION

I, Joyson C. Thomas, Chief Financial Officer of WhiteHorse Finance, Inc. and Subsidiaries, certify that:

1. I have reviewed this Annual Report on Form 10-K of WhiteHorse Finance, Inc. and Subsidiaries;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2023

By: /s/ Joyson C. Thomas
Joyson C. Thomas
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

In connection with the Annual Report on Form 10-K of WhiteHorse Finance, Inc. and Subsidiaries (the "Company") for the annual period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stuart Aronson, as Chief Executive Officer of the Company hereby certify, to the best of my knowledge that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stuart Aronson
Name: Stuart Aronson
Title: Chief Executive Officer

Date: March 3, 2023

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

In connection with the Annual Report on Form 10-K of WhiteHorse Finance, Inc. and Subsidiaries (the “Company”) for the annual period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joyson C. Thomas, as Chief Financial Officer of the Company hereby certify, to the best of my knowledge that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joyson C. Thomas
Name: Joyson C. Thomas
Title: Chief Financial Officer

Date: March 3, 2023

Exhibit 99.1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON SUPPLEMENTAL INFORMATION

Shareholders and the Board of Directors
of WhiteHorse Finance, Inc.
Miami, Florida

We have audited and reported separately herein on the consolidated financial statements of WhiteHorse Finance, Inc. (the "Company") as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022. We have also previously audited and reported on the consolidated financial statements of the Company as of and for the years ended December 31, 2020, 2019 and 2018 (not presented herein) appearing under Item 8 of the Company's 2020, 2019 and 2018 Annual Report on Form 10-K.

The senior securities information included in Part II, Item 7 of the Annual Report on Form 10-K of the Company for the year ended December 31, 2022, under the caption "Senior Securities" (the "Senior Securities Table"), has been subjected to audit procedures performed in conjunction with the audit of the Company's consolidated financial statements. The Senior Securities Table is the responsibility of the Company's management. Our audit procedures included determining whether the Senior Securities Table reconciles to the consolidated financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the Senior Securities Table. In forming our opinion on the Senior Securities Table, we evaluated whether the Senior Securities Table, including its form and content, is presented in conformity with the instructions to Form N-2. In our opinion, the Senior Securities Table is fairly stated, in all material respects, in relation to the Company's respective consolidated financial statements as a whole.

/s/Crowe LLP
Crowe LLP

Costa Mesa, California
March 3, 2023

Exhibit 99.2

WHF STRS OHIO SENIOR LOAN FUND LLC

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2022 and 2021 and for the years ended
December 31, 2022, 2021 and 2020

(With Independent Auditor’s Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

Members and Board of Managers
WHF STRS Ohio Senior Loan Fund LLC

Opinion

We have audited the consolidated financial statements of WHF STRS Ohio Senior Loan Fund LLC (the "Company"), which comprise the consolidated statements of assets, liabilities and members' equity, including the consolidated schedules of investments, as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations, changes in members' equity and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The accompanying consolidated statements of operations, changes in members' equity, and cash flows for the year ended December 31, 2020 were not audited, reviewed or compiled by us and, accordingly, we do not express an opinion or any form of assurance on them.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

/s/ Crowe LLP
Crowe LLP
Costa Mesa, California
March 3, 2023

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Statements of Assets, Liabilities and Members' Equity
(in thousands)

	December 31, 2022	December 31, 2021
Assets		
Investments, at fair value (amortized cost of $287,940 and $260,472, respectively)	$ 284,259	$ 259,510
Cash and cash equivalents	1,310	3,991
Restricted cash and cash equivalents	17,650	9,013
Interest receivable	1,404	735
Unrealized appreciation on foreign currency forward contracts	—	19
Other assets	673	255
Total assets	$ 305,296	$ 273,523
Liabilities and Members' Equity		
Credit facility (net of unamortized debt issuance costs of $1,643 and $1,779, respectively)	$ 150,634	$ 145,003
Notes payable to members	120,000	100,000
Interest payable on credit facility	796	282
Interest payable on notes to members	3,069	1,575
Advances received from unfunded credit facilities	184	310
Unrealized depreciation on foreign currency forward contracts	75	—
Accounts payable and other liabilities	299	341
Total liabilities	275,057	247,511
Commitments and contingencies (See Note 8)		
Members' equity	30,239	26,012
Total liabilities and members' equity	$ 305,296	$ 273,523

See accompanying notes to the consolidated financial statements.

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Schedule of Investments
December 31, 2022
(in thousands)

Issuer	Investment Type[1]	Floor	Reference Rate[2]	Spread Above Index	Interest Rate[3]	Acquisition Date[4]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[5]	Fair Value As A Percentage of Members' Equity
North America											
Debt Investments											
Advertising											
I&I Sales Group, LLC (d/b/a Avision Sales Group)	First Lien Secured Term Loan	1.00%	LIBOR	5.75%	10.48%	02/18/22	12/15/26	9,193	$ 9,047	$ 9,007	29.79 %
I&I Sales Group, LLC (d/b/a Avision Sales Group)[6]	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	5.75%	10.43%	03/11/22	12/15/26	2,756	2,713	2,699	8.93
I&I Sales Group, LLC (d/b/a Avision Sales Group)	First Lien Secured Revolving Loan	1.00%	LIBOR	5.75%	10.43%	02/18/22	12/15/26	—	—	(3)	—
									11,760	11,703	38.70
Air Freight & Logistics											
ITS Buyer Inc.	First Lien Secured Term Loan	1.00%	LIBOR	6.00%	10.73%	02/17/22	06/15/26	3,577	3,523	3,542	11.71
ITS Buyer Inc.	First Lien Secured Revolving Loan	1.00%	LIBOR	6.00%	10.73%	02/17/22	06/15/26	—	—	3	0.01
									3,523	3,545	11.72
Application Software											
MEP-TS Midco, LLC (d/b/a Tax Slayer)	First Lien Secured Term Loan	1.00%	LIBOR	6.00%	10.38%	01/21/21	12/31/26	13,353	13,162	13,353	44.16
MEP-TS Midco, LLC (d/b/a Tax Slayer)	First Lien Secured Revolving Loan	1.00%	LIBOR	6.00%	10.38%	01/21/21	12/31/26	—	—	22	0.07
									13,162	13,375	44.23
Building Products											
Drew Foam Companies Inc	First Lien Secured Term Loan	1.00%	SOFR	6.75%	11.48%	11/09/20	11/05/25	14,270	14,105	14,132	46.73
									14,105	14,132	46.73
Construction & Engineering											
Road Safety Services, Inc.	First Lien Secured Term Loan	1.00%	SOFR	6.50%	10.92%	12/31/19	03/18/25	8,603	8,522	8,432	27.88
									8,522	8,432	27.88
Data Processing & Outsourced Services											
Geo Logic Systems Ltd.[7]	First Lien Secured Term Loan	1.00%	CDOR	6.50%	11.38%	01/22/20	12/19/24	20,088	15,413	14,545	48.10
Geo Logic Systems Ltd.[7]	First Lien Secured Revolving Loan	1.00%	CDOR	6.50%	11.38%	01/22/20	12/19/24	—	—	(9)	(0.03)
									15,413	14,536	48.07
Diversified Support Services											
Quest Events, LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.00%	10.73%	07/19/19	12/28/24	11,805	11,728	11,298	37.36
Quest Events, LLC	First Lien Secured Revolving Loan	1.00%	LIBOR	6.00%	10.73%	07/19/19	12/28/24	468	464	431	1.43
									12,192	11,729	38.79
Electronic Equipment & Instruments											
LMG Holdings, Inc.	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	11.23%	06/28/21	04/30/26	13,466	13,284	13,193	43.63
LMG Holdings, Inc.	First Lien Secured Revolving Loan	1.00%	LIBOR	6.50%	11.23%	06/28/21	04/30/26	—	—	(6)	(0.02)
									13,284	13,187	43.61
Environmental & Facilities Services											
Juniper Landscaping Holdings LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.00%	11.15%	03/01/22	12/29/26	11,306	11,147	11,079	36.64
Juniper Landscaping Holdings LLC[6]	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	6.00%	11.14%	03/01/22	12/29/26	1,909	1,882	1,868	6.18
Juniper Landscaping Holdings LLC	First Lien Secured Revolving Loan	1.00%	LIBOR	6.00%	10.54%	03/01/22	12/29/26	298	294	287	0.95
WH Lessor Corp. (d/b/a Waste Harmonics, LLC)	First Lien Secured Term Loan	1.00%	LIBOR	5.59%	9.97%	01/22/20	12/26/24	7,470	7,402	7,470	24.70
WH Lessor Corp. (d/b/a Waste Harmonics, LLC)	First Lien Secured Revolving Loan	1.00%	LIBOR	5.59%	9.97%	01/22/20	12/26/24	—	—	4	0.01
									20,725	20,708	68.48

See accompanying notes to the consolidated financial statements.

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Schedule of Investments
December 31, 2022
(in thousands)

Issuer	Investment Type(1)	Floor	Reference Rate(2)	Spread Above Index	Interest Rate(3)	Acquisition Date(4)	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value(5)	Fair Value As A Percentage of Members' Equity
Household Appliances											
Smalto Inc. (d/b/a PEMCO International)(9)	First Lien Secured Term Loan	1.00%	EurIBOR	6.25%	9.00%	05/04/22	04/28/28	6,642	$ 6,865	$ 6,899	22.81 %
Smalto Inc. (d/b/a PEMCO International)	First Lien Secured Term Loan	1.00%	SOFR	6.00%	11.04%	05/04/22	04/28/28	1,012	994	986	3.26
									7,859	7,885	26.08
Industrial Machinery											
BLP Buyer, Inc. (d/b/a Bishop Lifting Products, Inc.)	First Lien Secured Term Loan	1.25%	SOFR	6.25%	10.49%	02/18/22	02/01/27	8,188	8,054	7,939	26.25
BLP Buyer, Inc. (d/b/a Bishop Lifting Products, Inc.)	First Lien Secured Revolving Loan	1.00%	SOFR	6.25%	10.67%	02/18/22	02/01/27	274	270	259	0.86
Pennsylvania Machine Works, LLC (d/b/a Penn Western)	First Lien Secured Term Loan	1.00%	SOFR	6.25%	11.09%	03/25/22	03/08/27	6,907	6,821	6,801	22.49
									15,145	14,999	49.60
Internet & Direct Marketing Retail											
Marlin DTC-LS Midco 2, LLC (d/b/a Clarus Commerce, LLC)	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	11.23%	07/19/19	07/01/25	19,105	18,920	19,105	63.18
Marlin DTC-LS Midco 2, LLC (d/b/a Clarus Commerce, LLC)	First Lien Secured Revolving Loan	1.00%	LIBOR	6.50%	11.23%	07/19/19	07/01/25	—	—	8	0.03
									18,920	19,113	63.21
Investment Banking & Brokerage											
TOUR Intermediate Holdings, LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	10.88%	05/19/20	05/15/25	3,077	3,049	3,077	10.18
TOUR Intermediate Holdings, LLC	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	6.50%	10.88%	05/19/20	05/15/25	2,468	2,458	2,468	8.16
									5,507	5,545	18.34
IT Consulting & Other Services											
Cennox Holdings Limited (d/b/a Cennox)(8)	First lien Secured Term Loan	1.00%	LIBOR	6.00%	10.02%	07/16/21	05/04/26	2,837	3,863	3,343	11.06
Cennox Holdings Limited (d/b/a Cennox)(9)	First lien Secured Term Loan	1.00%	LIBOR	6.25%	10.99%	06/28/22	05/04/26	9,458	9,834	9,926	32.83
Cennox Holdings Limited (d/b/a Cennox)(8)	First lien Secured Revolving Loan	1.00%	LIBOR	6.00%	10.99%	07/16/21	05/04/26	—	—	(161)	(0.53)
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)	First Lien Secured Term Loan	1.00%	LIBOR	6.25%	10.98%	01/27/21	12/31/26	11,150	11,000	10,929	36.14
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)	First Lien Secured Delayed Draw Loan	1.00%	LIBOR	6.25%	10.65%	01/27/21	12/31/26	3,007	2,963	2,947	9.75
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)(6)	First Lien Secured Revolving Loan	1.00%	LIBOR	6.25%	10.60%	01/27/21	12/31/26	533	526	517	1.71
Turnberry Solutions, Inc.	First Lien Secured Term Loan	1.00%	SOFR	6.00%	9.19%	08/10/21	09/02/26	6,087	5,998	5,964	19.72
Turnberry Solutions, Inc.	First Lien Secured Revolving Loan	1.00%	SOFR	6.00%	9.19%	08/10/21	09/02/26	—	—	(4)	(0.01)
									34,184	33,461	110.66
Packaged Foods & Meats											
Poultry Holdings LLC (HPP)	First Lien Secured Term Loan	1.00%	SOFR	7.25%	11.67% (10.17% Cash + 1.50% PIK)	10/21/19	06/28/25	7,162	7,101	7,011	23.19
Stella & Chewy's LLC	First Lien Secured Term Loan	1.00%	SOFR	8.75%	13.40% (11.40% Cash + 2.00% PIK)	12/29/20	12/16/25	3,893	3,849	3,738	12.36
Stella & Chewy's LLC	First Lien Secured Delayed Draw Loan	1.00%	SOFR	8.75%	13.17% (11.17% Cash + 2.00% PIK)	03/26/21	12/16/25	1,375	1,362	1,320	4.37
									12,312	12,069	39.91
Paper Packaging											
Max Solutions, Inc.	First Lien Secured Term Loan	1.00%	SOFR	6.50%	11.23%	10/07/22	09/29/28	8,244	8,085	8,085	26.74
Max Solutions, Inc.(6)	First Lien Secured Delayed Draw Loan	1.00%	SOFR	6.50%	11.23%	10/07/22	09/29/28	—	—	(26)	(0.09)
Max Solutions, Inc.(10)	First Lien Secured Revolving Loan	1.00%	CDOR	6.50%	11.23%	10/07/22	09/29/28	—	—	—	—
Max Solutions, Inc.(6)	First Lien Secured Revolving Loan	1.00%	SOFR	6.50%	11.23%	10/07/22	09/29/28	—	—	—	—
									8,085	8,059	26.65

See accompanying notes to the consolidated financial statements.

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Schedule of Investments
December 31, 2022
(in thousands)

Issuer	Investment Type(1)	Floor	Reference Rate(2)	Spread Above Index	Interest Rate(3)	Acquisition Date(4)	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value(5)	Fair Value As A Percentage of Members' Equity
Personal Products											
Sunless, Inc.	First Lien Secured Term Loan	1.00%	LIBOR	6.50%	11.23%	10/21/19	08/13/25	3,679	$ 3,631	$ 3,679	12.18 %
Sunless, Inc.(6)	First Lien Secured Revolving Loan	1.00%	LIBOR	6.50%	11.24%	10/21/19	08/13/25	266	264	270	0.89
									3,895	3,949	13.06
Pharmaceuticals											
Meta Buyer LLC (d/b/a Metagenics, Inc.)(9)	First Lien Secured Term Loan	1.00%	EurIBOR	6.00%	8.17%	12/16/21	11/01/27	12,287	13,643	12,876	42.57
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Term Loan	1.00%	SOFR	6.00%	10.62%	12/16/21	11/01/27	981	966	963	3.18
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Delayed Draw Loan	1.00%	SOFR	6.00%	10.81%	10/01/22	11/01/27	892	878	876	2.90
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Revolving Loan	1.00%	SOFR	6.00%	10.81%	12/16/21	11/01/27	—	—	(3)	(0.01)
									15,487	14,712	48.65
Real Estate Operating Companies											
HRG Management, LLC (d/b/a HomeRiver Group, LLC)	First Lien Secured Term Loan	1.00%	LIBOR	6.25%	10.48%	12/28/21	10/19/26	9,653	9,505	9,412	31.13
HRG Management, LLC (d/b/a HomeRiver Group, LLC)(6)(11)	First Lien Secured Delayed Draw Loan	1.00%	Base Rate	6.10%	10.92%	02/18/22	10/19/26	1,768	1,741	1,720	5.69
HRG Management, LLC (d/b/a HomeRiver Group, LLC)	First Lien Secured Revolving Loan	1.00%	LIBOR	6.25%	10.48%	02/18/22	10/19/26	—	—	(11)	(0.04)
									11,246	11,121	36.78
Real Estate Services											
NPAV Lessor Corp. (d/b/a Nationwide Property & Appraisal Services, LLC)	First Lien Secured Term Loan	1.00%	SOFR	6.50%	10.92%	03/01/22	01/21/27	8,924	8,778	8,301	27.45
NPAV Lessor Corp. (d/b/a Nationwide Property & Appraisal Services, LLC)	First Lien Secured Revolving Loan	1.00%	SOFR	6.50%	10.92%	03/01/22	01/21/27	290	285	247	0.82
									9,063	8,548	28.27
Research & Consulting Services											
E-Phoenix Acquisition Co. Inc. (d/b/a Integreon, Inc.)	First Lien Secured Term Loan	1.00%	LIBOR	5.50%	10.23%	07/15/21	06/23/27	8,865	8,782	8,686	28.72
									8,782	8,686	28.72
Technology Hardware, Storage & Peripherals											
Source Code Holdings, LLC (d/b/a Source Code Corporation)	First Lien Secured Term Loan	1.00%	SOFR	6.50%	10.92%	08/10/21	07/30/27	15,105	14,874	14,882	49.21
Source Code Holdings, LLC (d/b/a Source Code Corporation)(6)	First Lien Secured Delayed Draw Loan	1.00%	SOFR	6.50%	10.92%	08/10/21	07/30/27	—	—	2	0.01
									14,874	14,884	49.22
Trading Companies & Distributors											
LINC Systems, LLC	First Lien Secured Term Loan	1.00%	LIBOR	6.25%	10.42%	06/22/21	02/24/26	10,033	9,895	9,882	32.68
LINC Systems, LLC	First Lien Secured Revolving Loan	1.00%	LIBOR	6.25%	10.42%	06/22/21	02/24/26	—	—	(1)	(0.00)
									9,895	9,881	32.68
Total Investments									$ 287,940	$284,259	940.04 %

See accompanying notes to the consolidated financial statements.

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Schedule of Investments
December 31, 2022
(in thousands)

Forward Currency Contracts

Counterparty	Currency to be sold			Currency to be purchased		Settlement date	Unrealized appreciation		Unrealized depreciation	
Morgan Stanley	C$	256	CAD	$	189 USD	1/27/2023	$	—	$	—
Morgan Stanley	€	1,111	EUR	$	1,128 USD	1/27/2023		—		(64)
Morgan Stanley	£	229	GBP	$	266 USD	1/27/2023		—		(10)
Total							$	—	$	(74)

(1) Except as noted, all investments 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"), the Secured Overnight Financing Rate ("SOFR"), the Canadian Dollar Offered Rate ("CDOR"), the U.S. Prime Rate ("Prime"), or the Euro Interbank Offered Rate ("EurIBOR"), which periodically resets monthly, quarterly or semiannually.

(3) The interest rate is the "all-in-rate" including the current index and spread, the fixed rate, and the payment-in-kind ("PIK") interest rate, as the case may be.

(4) Except as otherwise noted, all of the Company's portfolio company investments, which as of the date of the portfolio represented 940% of members' equity or 93% of total assets, are subject to legal restrictions on sales.

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

(6) The investment or a portion of the investment does not provide collateral for the Company's Credit Facility.

(7) Principal amount is denominated in Canadian dollars and the issuer is domiciled in Canada.

(8) Principal amount is denominated in British Pounds and the issuer is domiciled in the United Kingdom.

(9) Principal amount is denominated in Euros.

(10) Principal amount is denominated in Canadian dollars.

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

See accompanying notes to the consolidated financial statements.

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Schedule of Investments
December 31, 2021
(in thousands)

Issuer	Investment Type(1)	Floor	Spread Above Index(2)	Interest Rate(3)	Acquisition Date(4)	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value(5)	Fair Value As A Percentage of Member's Equity
North America										
Debt Investments										
Application Software										
MEP-TS Midco, LLC (d/b/a Tax Slayer)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	01/21/21	12/31/26	13,490	$ 13,247	$13,490	51.86 %
MEP-TS Midco, LLC (d/b/a Tax Slayer)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	01/21/21	12/31/26	—	—	28	0.11
								13,247	13,518	51.97
Building Products										
Drew Foam Companies Inc	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	11/09/20	11/05/25	7,207	7,096	7,183	27.61
LHS Borrower, LLC (d/b/a Leaf Home, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.75%	7.75%	10/09/20	09/30/25	9,506	9,345	9,416	36.20
LHS Borrower, LLC (d/b/a Leaf Home, LLC)	First Lien Secured Revolving Loan	1.00%	L+ 6.75%	7.75%	10/09/20	09/30/25	—	—	4	0.02
								16,441	16,603	63.83
Construction & Engineering										
Road Safety Services, Inc.	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	12/31/19	03/18/25	6,427	6,340	6,405	24.62
Road Safety Services, Inc.	First Lien Secured Revolving Loan	3.25%	P+ 5.50%	8.75%	12/31/19	09/18/23	496	489	501	1.93
Tensar Corporation	First Lien Secured Term Loan	1.00%	L+ 6.75%	7.75%	11/24/20	08/20/25	6,930	6,797	7,069	27.18
								13,626	13,975	53.73
Data Processing & Outsourced Services										
Geo Logic Systems Ltd.(7)	First Lien Secured Term Loan	1.00%	C+ 6.50%	7.50%	01/22/20	12/19/24	20,632	15,766	16,156	62.11
Geo Logic Systems Ltd.(7)	First Lien Secured Revolving Loan	1.00%	C+ 6.50%	7.50%	01/22/20	12/19/24	—	—	4	0.02
								15,766	16,160	62.13
Diversified Support Services										
Quest Events, LLC(10)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	07/19/19	12/28/24	11,966	11,848	9,729	37.40
Quest Events, LLC(10)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	07/19/19	12/28/24	935	925	760	2.92
								12,773	10,489	40.32
Electronic Equipment & Instruments										
LMG Holdings, Inc.	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	06/28/21	04/30/26	6,802	6,680	6,687	25.71
LMG Holdings, Inc.	First Lien Secured Revolving Loan	1.00%	L+ 6.50%	7.50%	06/28/21	04/30/26	—	—	—	—
								6,680	6,687	25.71
Environmental & Facilities Services										
WH Lessor Corp. (d/b/a Waste Harmonics, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	01/22/20	12/26/24	6,870	6,780	6,866	26.40
WH Lessor Corp. (d/b/a Waste Harmonics, LLC)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	01/22/20	12/26/24	—	—	6	0.02
								6,780	6,872	26.42
Industrial Machinery										
FR Flow Control CB LLC	First Lien Secured Term Loan B	1.00%	L+ 5.50%	6.50%	07/19/19	06/28/26	6,815	6,727	6,815	26.20
								6,727	6,815	26.20
Internet & Direct Marketing Retail										
Marlin DTC-LS Midco 2, LLC (d/b/a Clarus Commerce, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	07/19/19	07/01/25	15,342	15,153	15,342	58.98
Marlin DTC-LS Midco 2, LLC (d/b/a Clarus Commerce, LLC)	First Lien Secured Revolving Loan	1.00%	L+ 6.50%	7.50%	07/19/19	07/01/25	—	—	11	0.04
								15,153	15,353	59.02

See accompanying notes to the consolidated financial statements.

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Schedule of Investments
December 31, 2021
(in thousands)

Issuer	Investment Type[1]	Floor	Spread Above Index[2]	Interest Rate[3]	Acquisition Date[4]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[5]	Fair Value As A Percentage of Member's Equity
Investment Banking & Brokerage										
TOUR Intermediate Holdings, LLC	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	05/19/20	05/15/25	7,438	$ 7,343	$ 7,438	28.59 %
TOUR Intermediate Holdings, LLC	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.50%	7.50%	05/19/20	05/15/25	2,616	2,600	2,616	10.06
								9,943	10,054	38.65
IT Consulting & Other Services										
Cennox, Inc. (d/b/a Cennox)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	06/28/21	05/04/26	8,525	8,365	8,438	32.44
Cennox, Inc. (d/b/a Cennox)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.00%	7.00%	06/28/21	05/04/26	8,915	8,755	8,915	34.27
Cennox, Inc. (d/b/a Cennox)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	06/28/21	05/04/26	561	551	569	2.19
Cennox Holdings Limited (d/b/a Cennox)[8]	First lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	07/16/21	05/04/26	2,866	3,889	3,877	14.90
Cennox Holdings Limited (d/b/a Cennox)[8]	First lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	07/16/21	05/04/26	864	1,173	1,169	4.49
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	01/27/21	12/31/26	11,264	11,074	11,151	42.87
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)[6]	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.25%	7.25%	01/27/21	12/31/26	—	—	(5)	(0.02)
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)[6]	First Lien Secured Revolving Loan	1.00%	L+ 6.25%	7.25%	01/27/21	12/31/26	818	804	814	3.13
Turnberry Solutions, Inc.	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	08/10/21	09/02/26	5,791	5,689	5,684	21.85
Turnberry Solutions, Inc.	First Lien Secured Revolving Loan	3.25%	P+ 5.00%	8.25%	08/10/21	09/02/26	86	84	85	0.33
								40,384	40,697	156.45
Leisure Products										
Unleashed Brands, LLC (d/b/a Unleashed Brands Group)	First Lien Secured Term Loan	1.00%	L+ 5.50%	6.50%	11/30/21	11/19/26	3,887	3,848	3,848	14.79
Unleashed Brands, LLC (d/b/a Unleashed Brands Group)[6]	First Lien Secured Delayed Draw Loan	1.00%	L+ 5.50%	6.50%	11/30/21	11/19/26	5,133	5,083	5,082	19.54
Unleashed Brands, LLC (d/b/a Unleashed Brands Group)	First Lien Secured Revolving Loan	1.00%	L+ 5.50%	6.50%	11/30/21	11/19/26	—	—	—	—
								8,931	8,930	34.33
Packaged Foods & Meats										
Mikawaya Holdings, LLC (aka MyMo)	First Lien Secured Term Loan	1.25%	L+ 5.50%	6.75%	02/18/20	01/29/25	3,026	2,988	3,026	11.63
Poultry Holdings LLC (HPP)	First Lien Secured Term Loan	1.00%	L+ 7.25%	8.25% (6.75% Cash + 1.50% PIK)	10/21/19	06/28/25	7,770	7,676	6,993	26.88
Stella & Chewy's LLC	First Lien Secured Term Loan	1.00%	L+ 6.75%	7.75%	12/29/20	12/16/25	5,313	5,228	4,967	19.10
Stella & Chewy's LLC[6]	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.75%	7.75%	12/29/20	12/16/25	1,893	1,877	1,697	6.52
Westrock Coffee Company, LLC	First Lien Secured Term Loan	1.50%	L+ 8.50%	10.00% (9.75% Cash + 0.25% PIK)	03/20/20	02/28/25	9,105	9,033	8,923	34.31
								26,802	25,606	98.44
Personal Products										
Sunless, Inc.	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	10/21/19	08/13/24	4,259	4,185	4,259	16.38
Sunless, Inc.[6]	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	10/21/19	08/13/24	—	—	14	0.05
								4,185	4,273	16.43
Pharmaceuticals										
Meta Buyer LLC (d/b/a Metagenics, Inc.)[9]	First Lien Secured Term Loan	1.00%	E + 6.00%	7.00%	12/16/21	11/01/27	12,411	13,737	13,843	53.21
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	12/16/21	11/01/27	991	972	972	3.74
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.00%	7.00%	12/16/21	11/01/27	—	—	—	—
Meta Buyer LLC (d/b/a Metagenics, Inc.)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	12/16/21	11/01/27	251	246	246	0.95
								14,955	15,061	57.90

See accompanying notes to the consolidated financial statements.

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Schedule of Investments
December 31, 2021
(in thousands)

Issuer	Investment Type(1)	Floor	Spread Above Index(2)	Interest Rate(3)	Acquisition Date(4)	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value(5)	Fair Value As A Percentage of Member's Equity
Real Estate Operating Companies										
HRG Management, LLC (d/b/a HomeRiver Group, LLC)	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	12/28/21	10/19/26	4,875	$ 4,781	$ 4,780	18.38 %
								4,781	4,780	18.38
Research & Consulting Services										
E-Phoenix Acquisition Co. Inc. (d/b/a Integreon, Inc.)	First Lien Secured Term Loan	1.00%	L+ 5.75%	6.75%	07/15/21	06/23/27	8,955	8,852	8,901	34.22
								8,852	8,901	34.22
Systems Software										
IDIG Parent, LLC (d/b/a IDIQ)	First Lien Secured Term Loan	1.00%	L+ 6.00%	7.00%	06/25/21	12/15/26	8,482	8,404	8,482	32.61
IDIG Parent, LLC (d/b/a IDIQ)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.00%	7.00%	09/21/21	12/15/26	1,411	1,397	1,411	5.42
IDIG Parent, LLC (d/b/a IDIQ)	First Lien Secured Revolving Loan	1.00%	L+ 6.00%	7.00%	06/25/21	12/15/26	—	—	5	0.02
								9,801	9,898	38.05
Technology Hardware, Storage & Peripherals										
PS Lightwave, Inc.	First Lien Secured Term Loan	1.50%	L+ 6.75%	8.25%	05/19/20	03/10/25	7,304	7,207	7,230	27.79
PS Lightwave, Inc.(6)	First Lien Secured Delayed Draw Loan	1.50%	L+ 6.75%	8.25%	05/19/20	03/10/25	—	—	5	0.02
Source Code Holdings, LLC (d/b/a Source Code Corporation)	First Lien Secured Term Loan	1.00%	L+ 6.50%	7.50%	08/10/21	07/30/27	7,629	7,487	7,489	28.79
Source Code Holdings, LLC (d/b/a Source Code Corporation)(6)	First Lien Secured Delayed Draw Loan	1.00%	L+ 6.50%	7.50%	08/10/21	07/30/27	—	—	1	0.00
								14,694	14,725	56.61
Trading Companies & Distributors										
LINC Systems, LLC	First Lien Secured Term Loan	1.00%	L+ 6.25%	7.25%	06/22/21	02/24/26	10,135	9,951	10,101	38.83
LINC Systems, LLC	First Lien Secured Revolving Loan	1.00%	L+ 6.25%	7.25%	06/22/21	02/24/26	—	—	12	0.05
								9,951	10,113	38.88
Total Investments								$ 260,472	$259,510	997.65 %

See accompanying notes to the consolidated financial statements.

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Schedule of Investments
December 31, 2021
(in thousands)

Forward Currency Contracts

Counterparty	Currency to be sold			Currency to be purchased		Settlement date	Unrealized appreciation		Unrealized depreciation	
Morgan Stanley	C$	856	CAD	$	692 USD	1/27/2022	$	15	$	—
Morgan Stanley	£	175	GBP	$	241 USD	1/27/2022		4		—
Total							$	19	$	—

(1) Except as noted, all investments provide collateral for the Company’s Credit Facility.

(2) The investments bear interest at a rate that may be determined by reference to LIBOR, which resets monthly, quarterly or semiannually, CDOR, or Prime. The one-, three- and six-month LIBOR were 0.10%, 0.21% and 0.34%, respectively, as of December 31, 2021. The one-, three- and six-month GBP LIBOR were 0.19%, 0.26% and 0.47%, respectively, as of December 31, 2021. The three month Euro EurIBOR, CDOR and Prime were (0.57)%, 0.52% and 3.25%, respectively, as of December 31, 2021.

(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) Except as otherwise noted, all of the Company’s portfolio company investments, which as of the date of the portfolio represented 998% of the members’ equity or 95% of total assets, are subject to legal restrictions on sales.

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

(6) The investment or a portion of the investment does not provide collateral for the Company’s Credit Facility.

(7) Principal amount is denominated in Canadian dollars and the issuer is domiciled in Canada.

(8) Principal amount is denominated in British Pounds and the issuer is domiciled in the United Kingdom.

(9) Principal amount is denominated in Euros.

(10) At the option of the issuer, interest can be paid in cash or cash and PIK. The issuer may elect to pay up to 7.00% PIK.

See accompanying notes to the consolidated financial statements.

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Statements of Operations
(in thousands)

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020 (Unaudited)
Investment income			
Interest income	$ 27,641	$ 18,172	$ 12,789
Fees and other income	1,315	647	527
Total investment income	28,956	18,819	13,316
Expenses			
Interest expense on credit facility	7,470	4,105	3,256
Interest expense on notes to members	9,680	5,512	4,465
Administrative fee	629	443	308
Professional fees and other expenses	564	498	317
Total expenses	18,343	10,558	8,346
Net investment income	10,613	8,261	4,970
Realized and unrealized gains (losses) on investments and foreign currency transactions			
Net realized gains (losses) on investments	27	(70)	(9)
Net realized gains (losses) on foreign currency transactions	165	16	(1)
Net realized gains (losses) on foreign currency forward contracts	137	(1)	—
Net change in unrealized appreciation (depreciation) on investments	(2,718)	1,201	(2,514)
Net change in unrealized appreciation (depreciation) on foreign currency transactions	1,937	(67)	(285)
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	(94)	19	—
Net realized and unrealized gains (losses) on investments and foreign currency transactions	(546)	1,098	(2,809)
Net increase in members' equity resulting from operations	$ 10,067	$ 9,359	$ 2,161

See accompanying notes to the consolidated financial statements.

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Statements of Changes in Members' Equity
(in thousands)

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020 (Unaudited)
Members' equity beginning balance	$ 26,012	$ 16,945	$ 11,581
Contributions	5,000	7,886	6,137
Distributions	(10,840)	(8,178)	(2,934)
	20,172	16,653	14,784
Net increase in members' equity resulting from operations:			
Net investment income	10,613	8,261	4,970
Net realized gains (losses) on investments and foreign currency transactions	329	(55)	(10)
Net change in unrealized appreciation (depreciation) on investments and foreign currency transactions	(875)	1,153	(2,799)
Net increase in members' equity resulting from operations	10,067	9,359	2,161
Members' equity ending balance	$ 30,239	$ 26,012	$ 16,945

See accompanying notes to the consolidated financial statements.

WHF STRS Ohio Senior Loan Fund LLC
Consolidated Statements of Cash Flows
(in thousands)

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020 (Unaudited)
Cash flows from operating activities			
Net increase in members' equity resulting from operations	$ 10,067	$ 9,359	$ 2,161
Adjustments to reconcile net increase in members' equity resulting from operations to net cash (used in) operating activities:			
Paid-in-kind income	(434)	(659)	(1,001)
Net realized (gains) losses on investments	(27)	70	(9)
Net unrealized depreciation (appreciation) on investments	2,718	(1,201)	2,514
Net unrealized (appreciation) depreciation on translation of assets and liabilities in foreign currencies	(2,185)	67	285
Net unrealized (appreciation) depreciation on foreign currency forward contracts	94	(19)	—
Accretion of discount	(1,990)	(1,610)	(1,044)
Amortization of deferred financing costs	616	524	404
Acquisition of investments	(123,432)	(154,536)	(110,879)
Proceeds from principal payments and sales of portfolio investments	98,416	72,978	33,127
Net changes in operating assets and liabilities:			
Interest and dividend receivable	(669)	(131)	—
Prepaid expenses and other receivables	94	(88)	(107)
Amounts receivable on unsettled investment transactions	(512)	108	(50)
Accounts payable and accrued expenses	(42)	94	138
Interest payable	2,018	532	297
Advances received from unfunded credit facilities	(126)	166	12
Net cash used in operating activities	(15,394)	(74,346)	(74,152)
Cash flows from financing activities			
Proceeds from issuance of subordinated notes	20,000	31,544	24,549
Contributions from members	5,000	7,886	6,137
Distributions paid to members	(10,840)	(8,178)	(2,934)
Borrowings under credit facility	61,392	100,104	56,661
Repayments of credit facility	(53,730)	(49,100)	(5,885)
Deferred financing costs	(480)	(876)	—
Net cash provided by financing activities	21,342	81,380	78,528
Effect of exchange rate changes on cash	8	24	19
Net change in cash, cash equivalents and restricted cash	5,956	7,057	4,395
Cash, cash equivalents and restricted cash at beginning of period	13,004	5,947	1,552
Cash, cash equivalents and restricted cash at end of period	$ 18,960	$ 13,004	$ 5,947
Supplemental disclosure of cash flow information:			
Interest paid	$ 14,523	$ 8,577	$ 7,008
Taxes paid during the year	45	21	95
Supplemental noncash disclosures:			
In-kind investment contributions from members	25,000	23,658	18,411

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of assets and liabilities that sum to the total of the same amounts presented in the consolidated statements of cash flows:

	December 31, 2022	2021	2020 (Unaudited)
Cash and cash equivalents	$ 1,310	$ 3,991	$ 653
Restricted cash and restricted foreign currency	17,650	9,013	5,294
Total cash, cash equivalents and restricted cash presented in consolidated statements of cash flows	$ 18,960	$ 13,004	$ 5,947

See accompanying notes to the consolidated financial statements.

NOTE 1 – ORGANIZATION

WHF STRS Ohio Senior Loan Fund LLC (and, together with its subsidiary, the "Company") was organized as a Delaware limited liability company on December 19, 2018. On January 14, 2019, WhiteHorse Finance, Inc. ("WhiteHorse Finance") and the State Teachers Retirement System of Ohio ("STRS Ohio" and, together with WhiteHorse Finance, the "Members" and, each, a "Member") entered into a Limited Liability Company Agreement (the "LLCA") to co-manage the Company as a joint venture.

The Company is managed by a four-person board of managers (the "Board"), two of whom are selected by WhiteHorse Finance and two of whom are selected by STRS Ohio. All material decisions with respect to the Company, including those involving its investment portfolio, require unanimous approval of a quorum of the Board. Quorum is defined as (i) the presence of two members of the Board; provided that at least one individual is present that was elected, designated or appointed by each member; (ii) the presence of three members of the Board; provided that the individual that was elected, designated or appointed by the member with only one individual present shall be entitled to cast two votes on each matter; or (iii) the presence of four members of the Board; provided that two individuals are present that were elected, designated or appointed by each member.

The Members committed to provide up to $150,000 of subordinated notes and equity to the Company, with WhiteHorse Finance providing up to $100,000 and STRS Ohio providing up to $50,000, respectively. WhiteHorse Finance's economic ownership of the Company is 66.67% and STRS Ohio's economic ownership of the Company is 33.33%.

Prior to February 2022, the Members committed to provide up to $125,000 of subordinated notes and equity to the Company, with WhiteHorse Finance providing up to $75,000 and STRS Ohio providing up to $50,000, respectively. WhiteHorse Finance's economic ownership of the Company was 60.0% and STRS Ohio's economic ownership of the Company was 40.0%.

The Company shall continue without dissolution until all investments are liquidated by the Company, or until the occurrence of an event of dissolution, as set forth in the LLCA.

The Company will invest primarily in lower middle market, senior secured debt facilities, to performing lower middle market companies across a broad range of industries that typically carry a floating interest rate based on a risk-free index rate such as LIBOR or SOFR and have a term of three to six years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of WHF STRS Ohio Senior Loan Fund LLC and its wholly owned subsidiary, WHF STRS Credit I, LLC ("STRS Credit"). The Company meets the definition of an investment company under Accounting Standards Codification ("ASC") Topic 946, *Financial Services - Investment Companies*, and therefore applies the accounting and reporting guidance discussed therein to its consolidated financial statements. Disclosures and amounts as of and for the year and period ended December 31, 2020 (as the case may be) are not audited.

Principles of Consolidation: Under the investment company rules and regulations pursuant to ASC Topic 946, WHF STRS Ohio Senior Loan Fund LLC is precluded from consolidating any entity other than another investment company. As provided under ASC Topic 946, the Company generally consolidates any investment company when it owns 100% of its partners' or members' capital or equity units. All intercompany balances and transactions have been eliminated.

Use of Estimates: The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the financial statements. Actual results could differ from those estimates.

Fair Value of Financial Instruments: The Company determines the fair value of its financial instruments in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures.* ASC Topic 820 defines fair value, establishes a framework used to measure fair value and requires disclosures for fair value measurements. In accordance with ASC Topic 820, the Company has categorized its financial instruments carried at fair value, based on the priority of the valuation technique, into a three-level fair value hierarchy. Fair value is a market-based measure considered from the perspective of the market participant who holds the financial instrument. Therefore, when market assumptions are not readily available, the Company's own assumptions are set to reflect those that management believes market participants would use in pricing the financial instrument at the measurement date.

Investments are measured at fair value as determined in good faith by the Board, generally on a quarterly basis, and such valuations are reviewed and approved by the Company's Board, based on, among other factors, consistently applied valuation procedures on each measurement date. Any changes to the valuation methodology and valuation policy are reviewed by the Company's Board to confirm that the changes are justified. The Company continues to review and refine its valuation procedures in response to market changes.

The Company engages independent external valuation firms to periodically review its investments. These external reviews are used by the Company's Board to review the Company's internal valuation of each investment over the year.

Investment Transactions: The Company records investment transactions on a trade date basis. These transactions may settle subsequent to the trade date depending on the transaction type. Certain expenses related to legal and tax consultation, due diligence, rating fees, valuation expenses and independent collateral appraisals may arise when the Company makes certain investments. These expenses are recognized in the consolidated statements of operations as they are incurred.

Foreign currency translation: The Company's books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

(1) cash and cash equivalents, restricted cash and cash equivalents, fair value of investments, interest receivable, and other assets and liabilities — at the spot exchange rate on the last business day of the period; and

(2) purchases and sales of investments, income and expenses — at the exchange rates prevailing on the respective dates of such transactions.

Although net assets and fair values are presented based on the applicable foreign exchange rates described above, the Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in fair values of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Fluctuations arising from the translation of assets other than investments and liabilities are included with the net change in unrealized appreciation (depreciation) on foreign currency transactions in the consolidated statements of operations.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with investing in U.S. companies. These risks include, but are not limited to, currency fluctuations and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices to be more volatile than those of comparable U.S. companies or U.S. government securities.

As of December 31, 2022, restricted cash and cash equivalents included 971 Canadian Dollars ("CAD"), 1,208 Euros ("EUR") and 496 British Pound Sterling ("GBP"). As of December 31, 2021, restricted cash and cash equivalents included 863 CAD and 21 GBP.

Revenue Recognition: The Company's revenue recognition policies are as follows:

Sales: Realized gains or losses on the sales of investments are calculated by using the specific identification method.

Investment Income: Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. The Company may also receive closing, commitment, prepayment, amendment and other fees from portfolio companies in the ordinary course of business.

Dividend income is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Closing fees associated with investments in portfolio companies are deferred and recognized as interest income over the respective terms of the applicable loans. Upon the prepayment of a loan or debt security, any unamortized loan closing fees are recorded as part of interest income. Commitment fees are based upon the undrawn portion committed by the Company and are recorded as interest income on an accrual basis. Prepayment, amendment and other fees are recognized when earned, generally when such fees are receivable, and are included in fee income on the consolidated statements of operations.

The Company may invest in loans that contain a PIK interest rate provision. PIK interest is accrued at the contractual rates and added to loan principal on the reset dates to the extent such amounts are expected to be collected.

Non-accrual loans: Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected. The Company may conclude that non-accrual status is not required if the loan has sufficient collateral value and is in the process of collection. Accrued interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current.

Cash and Cash Equivalents: Cash and cash equivalents include cash, deposits with financial institutions, and short-term liquid investments in money market funds with original maturities of three months or less.

Restricted Cash and Cash Equivalents: Restricted cash include amounts that are collected and held by the trustee appointed as custodian of the assets securing the Credit Facility (as defined in Note 6). Restricted cash is held by the trustee for the payment of interest expense and principal on the outstanding borrowings or reinvestment into new assets. Restricted cash that represents interest or fee income is transferred to unrestricted cash accounts by the trustee generally once a quarter after the payment of operating expenses and amounts due under the Credit Facility (as defined in Note 6).

Deferred Financing Costs: Deferred financing costs represent fees and other direct incremental costs incurred in connection with the Company's borrowings. These amounts are amortized and are included in interest expense in the consolidated statements of operations over the estimated life of the borrowings. Deferred financing costs are presented in the consolidated statements of assets and liabilities as a direct reduction from the carrying amount of the related debt liability.

Advances Received from Unfunded Credit Facilities: The Company invests in credit facilities of which a portion of such facilities may be undrawn by the beneficiary borrower at the time of investment. Upon settlement, the Company may receive an advance from the beneficiary borrower at an amount equal to the purchase discount of the entire credit facility applied against any undrawn portion of such facilities. Such advances are initially recorded as liabilities and recognized as income over the respective terms of the applicable credit facility or until the credit facility expires or is sold by the Company.

Amounts due to or from Affiliate: The Company records amounts owed on or due from Affiliates for which the cash settlement has not occurred.

Income Taxes: No provision for federal income taxes has been made in the consolidated financial statements, as each Member is individually responsible for reporting income or loss, to the extent required by federal income tax laws and regulations, based upon its respective share of the Company's revenues and expenses as reported for income tax purposes. The Company periodically reviews its activities to determine whether taxes are due to various state and other jurisdictions during the normal course of business.

During the years ended December 31, 2022, 2021 and 2020, the Company recognized $45, $47 and $26, respectively, in income tax expense relating to taxes incurred in various states and other jurisdictions, which is included as a net debit in professional fees and other expenses in the consolidated statements of operations.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. As of December 31, 2022, no accrual was deemed necessary.

Federal and state tax returns of the Company for the period July 19, 2019 (commencement of operations) through December 31, 2019 and subsequent years can be examined by the relevant tax authorities (U.S. tax returns are generally subject to audit for three years from the date filed). Because many types of transactions are susceptible to varying interpretations under federal and state income tax laws and regulations, the amounts reported in the consolidated financial statements may be subject to change at a later date by the respective tax authorities. Penalties or interest that may be assessed related to any income taxes would be classified as other expenses in the consolidated financial statements. The Company had no unpaid amounts accrued for interest or penalties as of December 31, 2022. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months.

Risks and Uncertainties: In the normal course of business, the Company encounters primarily two significant types of economic risks: credit and market. Credit risk is the risk of default on the Company's investments that result from an issuer's, borrower's or derivative counterparty's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of investments due to changes in interest rates, spreads or other market factors, including the value of the collateral underlying investments held by the Company. Management believes that the carrying value of the Company's investments are fairly stated, taking into consideration these risks along with estimated collateral values, payment histories and other market information.

The U.K. Financial Conduct Authority (the "FCA"), which regulates LIBOR and other interbank offered rates ("IBORs"), has announced that it will not compel the use of the majority of USD LIBOR tenors as a benchmark interest rate after June 2023. In light of feedback received, the FCA has proposed that the 1-, 3- and 6-month U.S. dollar LIBOR tenors continue to be published on a synthetic basis through September 2024. The Company has exposure to USD LIBOR, including in financial instruments and other contracts that mature after June 2023. Upon the cessation of these IBORs, the Company may need to renegotiate the credit agreements extending beyond 2023 with any portfolio companies or other counterparties that utilize such IBORs as a factor in determining the interest rate to replace LIBOR with the new standard that is established.

(in thousands)

Recent Accounting Pronouncements:

In March 2020, the Financial Accounting Standards Board issued ASU 2020-04, *Reference Rate Reform (Topic 848) Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting if certain criteria are met. The guidance is effective from March 12, 2020 through December 31, 2022. In December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which deferred the sunset day of this guidance to December 31, 2024. The adoption of this ASU did not have a material impact on the consolidated financial statements.

NOTE 3 - FORWARD CURRENCY CONTRACTS

The Company may enter into foreign currency forward contracts from time to time to facilitate settlement of purchases and sales of investments denominated in foreign currencies and to economically hedge the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies. A foreign currency forward contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. These contracts are marked-to-market by recognizing the difference between the contract forward exchange rate and the forward market exchange rate on the last day of the period presented as unrealized appreciation or depreciation. Realized gains or losses are recognized when forward contracts are settled. Risks arise as a result of the potential inability of the counterparties to meet the terms of their contracts. The Company attempts to limit counterparty risk by only dealing with well-known counterparties.

The Company utilizes forward foreign currency exchange contracts to protect itself against fluctuations in exchange rates. The Company may choose to renew contracts quarterly unless otherwise settled by the Company or the counterparty.

The following table provides a breakdown of our forward currency contracts:

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020 (Unaudited)
Realized gain (loss) on forward currency contracts	$ 137	$ (1)	$ —
Unrealized appreciation (depreciation) on forward currency contracts	(94)	19	—
Total net realized and unrealized gains on forward currency contracts	$ 43	$ 18	$ —

The value associated with unrealized gains or losses on open contracts is included in unrealized depreciation on foreign currency forward contracts within the statement of assets and liabilities. Open contracts as of December 31, 2022 were as follows.

Counterparty	Currency to be sold	Currency to be purchased	Settlement date	Unrealized appreciation	Unrealized depreciation
Morgan Stanley	C$ 256 CAD	$ 189 USD	1/27/2023	$ —	$ —
Morgan Stanley	€ 1,111 EUR	$ 1,128 USD	1/27/2023	—	(64)
Morgan Stanley	£ 229 GBP	$ 266 USD	1/27/2023	—	(10)
Total				$ —	$ (74)

The value associated with unrealized gains or losses on open contracts is included in unrealized appreciation on foreign currency forward contracts within the statement of assets and liabilities. Open contracts as of December 31, 2021 were as follows.

Counterparty	Currency to be sold		Currency to be purchased		Settlement date	Unrealized appreciation	Unrealized depreciation
Morgan Stanley	C$	856 CAD	$	692 USD	1/27/2022	$ 15	$ —
Morgan Stanley	£	175 GBP	$	241 USD	1/27/2022	4	—
Total						$ 19	$ —

The following table is a summary of the average USD notional exposure to foreign currency forward contracts for the year ended December 31, 2022 and 2021.

	Year ended December 31,	
Average USD notional outstanding	**2022**	**2021**
Forward currency contracts	$ 706	$ 186

Offsetting of Derivative Instruments

The Company has derivative instruments that are subject to master netting agreements. These agreements include provisions to offset positions with the same counterparty in the event of default by one of the parties. The Company's unrealized appreciation and depreciation on derivative instruments are reported as gross assets and liabilities, respectively, in the consolidated statements of assets and liabilities. The following tables present the Company's assets and liabilities related to derivatives by counterparty, net of amounts available for offset under a master netting arrangement and net of any collateral received or pledged by the Company for such assets and liabilities as of December 31, 2022.

	As of December 31, 2022								
Counterparty ($ in thousands)	**Derivative Assets Subject to Master Netting Agreement**	**Derivative Liabilities Subject to Master Netting Agreement**	**Derivatives Available for Offset**	**Non-cash Collateral Received**	**Non-cash Collateral Pledged(1)**	**Cash Collateral Received(1)**	**Cash Collateral Pledged(1)**	**Net Amount of Derivative Assets(2)**	**Net Amount of Derivative Liabilities(3)**
Morgan Stanley (CAD)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Morgan Stanley (EUR)	—	(64)	—	—	—	—	—	—	(64)
Morgan Stanley (GBP)	—	(10)	—	—	—	—	—	—	(10)
Total	$ —	$ (74)	$ —	$ —	$ —	$ —	$ —	$ —	$ (74)

(1) In some instances, the actual amount of the collateral received and/or pledged may be more than the amount shown due to overcollateralization.
(2) Net amount of derivative assets represents the net amount due from the counterparty to the Company in the event of default.
(3) Net amount of derivative liabilities represents the net amount due from the Company to the counterparty in the event of default.

The following tables present the Company's assets and liabilities related to derivatives by counterparty, net of amounts available for offset under a master netting arrangement and net of any collateral received or pledged by the Company for such assets and liabilities as of December 31, 2021.

	As of December 31, 2021								
Counterparty ($ in thousands)	**Derivative Assets Subject to Master Netting Agreement**	**Derivative Liabilities Subject to Master Netting Agreement**	**Derivatives Available for Offset**	**Non-cash Collateral Received**	**Non-cash Collateral Pledged(1)**	**Cash Collateral Received(1)**	**Cash Collateral Pledged(1)**	**Net Amount of Derivative Assets(2)**	**Net Amount of Derivative Liabilities(3)**
Morgan Stanley	$ 15	$ —	$ —	$ —	$ —	$ —	$ —	$ 15	$ —
Morgan Stanley	4	—	—	—	—	—	—	4	—
Total	$ 19	$ —	$ —	$ —	$ —	$ —	$ —	$ 19	$ —

(1) In some instances, the actual amount of the collateral received and/or pledged may be more than the amount shown due to overcollateralization.
(2) Net amount of derivative assets represents the net amount due from the counterparty to the Company in the event of default.
(3) Net amount of derivative liabilities represents the net amount due from the Company to the counterparty in the event of default.

NOTE 4 – FAIR VALUE MEASUREMENTS

Accounting standards establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active public markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about what market participants would use in pricing an asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the financial instrument.

Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in or out of the Level 3 category as of the beginning of the quarter in which the reclassifications occur. During the year ended December 31, 2022 and year ended December 31, 2021, there were no changes in the observability of valuation inputs that would have resulted in a reclassification of assets between any levels.

Fair value for each investment is derived using a combination of valuation methodologies that, in the judgment of the Board are most relevant to such investment, including, without limitation, being based on one or more of the following: (i) market prices obtained from market makers for which the Board has deemed there to be enough breadth (number of quotes) and depth (firm bids) to be indicative of fair value, (ii) the price paid or realized in a completed transaction or binding offer received in an arm's-length transaction or (iii) a discounted cash flow analysis.

(in thousands)

The following table presents investments (as shown in the consolidated schedule of investments) that were measured at fair value as of December 31, 2022:

	Fair Value Measurements as of December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Investments				
First lien secured loans	$ —	$ —	$ 284,259	$ 284,259
Total investments, at fair value	$ —	$ —	$ 284,259	$ 284,259

The following table presents investments (as shown in the consolidated schedule of investments) that were measured at fair value as of December 31, 2021:

	Fair Value Measurements as of December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Investments				
First lien secured loans	$ —	$ —	$ 259,510	$ 259,510
Total investments, at fair value	$ —	$ —	$ 259,510	$ 259,510

The Company's forward currency contracts, which were valued at ($74) and $19 as of December 31, 2022 and 2021, respectively, are characterized in Level 2 of the hierarchy.

(in thousands)

The following table presents the changes in investments measured at fair value using Level 3 inputs for the years ended December 31, 2022 and December 31, 2021:

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Fair value, beginning of period	$ 259,510	$ 174,552
Acquisition of investments	123,432	154,536
Paid-in-kind income	434	659
Accretion of discount	1,990	1,610
Proceeds from principal payments and sales of portfolio investments	(98,416)	(72,978)
Net realized gains/(losses)	27	(70)
Net unrealized appreciation (depreciation)	(2,718)	1,201
Fair value, end of period	$ 284,259	$ 259,510

The significant unobservable inputs used in the fair value measurement of the Company's investments are the discount rate, recent transaction and EBITDA multiples. An increase or decrease in the discount rate in isolation would result in significantly lower or higher fair value measurement, respectively. An increase or decrease in the recent transaction for an investment would in isolation result in significantly higher or lower fair value measurement, respectively. An increase or decrease in the EBITDA multiple in isolation may result in significantly higher or lower fair value measurement, respectively. As the fair value of a debt investment diverges from par, which would generally be the case for non-accrual loans, the fair value measurement of that investment is more susceptible to volatility from changes in EBITDA multiples as a significant unobservable input.

The following tables summarize the significant unobservable inputs the Company used to value the majority of its investments categorized within Level 3 as of December 31, 2022 and December 31, 2021. The tables are not intended to be all-inclusive, but instead capture the significant unobservable inputs relevant to the Company's determination of fair values. These ranges represent the significant unobservable inputs that were used in the valuation of each type of investment, but they do not represent a range of values for any one investment.

Investment Type	Fair Value as of December 31, 2022	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)(1)
First lien secured loans	$ 276,199	Discounted cash flow analysis	Discount rate	9.1% - 15.6% (11.6%)
	8,060	Recent transaction	Transaction price	98.1 - 98.1 (98.1)
Total Level 3 Investments	**$ 284,259**			

(1) Unobservable inputs were weighted by the relative fair value of the investments.

Investment Type	Fair Value as of December 31, 2021	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)(1)
First lien secured loans	$ 155,677	Discounted cash flows	Discount rate	2.9%-16.2% (8.7%)
			Exit EBITDA multiple	4.5x-13.0x (8.6x)
	56,003	Discounted cash flows and recent transaction	Discount rate	7.0%-8.8% (7.6%)
			Transaction price	98.1-99.1 (98.5)
			Exit EBITDA multiple	7.5x-13.0x (9.8x)
	40,761	Recent transaction	Transaction price	98.0-99.0 (98.3)
	7,069	Expected repayment	–	–
Total Level 3 Investments	**$ 259,510**			

(1) Unobservable inputs were weighted by the relative fair value of the investments.

Valuation of investments may be determined by weighting various valuation techniques. Significant judgment is required in selecting the assumptions used to determine the fair values of these investments. The valuation methods selected for a particular investment are based on the circumstances and on the sufficiency of data available to measure fair value. If more than one valuation method is used to measure fair value, the results are evaluated and weighted, as appropriate, considering the reasonableness of the range indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

The availability of observable inputs can vary depending on the financial instrument and is affected by a wide variety of factors, including, for example, the nature of the instrument, whether the instrument is traded on an active exchange or in the secondary market and the current market conditions. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires a greater degree of judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for financial instruments classified as Level 3.

The determination of fair value using the selected methodologies takes into consideration a range of factors including the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public and private exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment, compliance with agreed upon terms and covenants, and assessment of credit ratings of an underlying borrower. These valuation methodologies involve a significant degree of judgment to be exercised.

As it relates to investments which do not have an active public market, there is no single standard for determining the estimated fair value. Valuations of privately held investments are inherently uncertain, and they may fluctuate over short periods of time and may be based on estimates. The determination of fair value may differ materially from the values that would have been used if a ready market for these investments existed.

In some cases, fair value for such investments is best expressed as a range of values derived utilizing different methodologies from which a single estimate may then be determined. Consequently, fair value for each investment may be derived using a combination of valuation methodologies that, in the judgment of the investment professionals, are most relevant to such investment. The selected valuation methodologies for a particular investment are consistently applied on each measurement date. However, a change in a valuation methodology or its application from one measurement date to another is possible if the change results in a measurement that is equally or more representative of fair value in the circumstances.

NOTE 5 - INVESTMENTS

Investments consisted of the following:

	As of December 31, 2022		As of December 31, 2021	
($ in thousands)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
First lien secured loans	$ 287,940	$ 284,259	$ 260,472	$ 259,510
Total	$ 287,940	$ 284,259	$ 260,472	$ 259,510

The following table shows the portfolio composition by industry grouping at fair value:

Industry ($ in thousands)	**As of December 31, 2022**		**As of December 31, 2021**	
Advertising	$ 11,703	4.1 %	$ —	— %
Air Freight & Logistics	3,545	1.2	—	—
Application Software	13,375	4.7	13,518	5.2
Building Products	14,132	5.0	16,603	6.4
Construction & Engineering	8,432	3.0	13,975	5.4
Data Processing & Outsourced Services	14,536	5.1	16,160	6.2
Diversified Support Services	11,729	4.1	10,489	4.0
Electronic Equipment & Instruments	13,187	4.6	6,687	2.6
Environmental & Facilities Services	20,708	7.3	6,872	2.6
Household Appliances	7,885	2.8	—	—
Industrial Machinery	14,999	5.3	6,815	2.6
Internet & Direct Marketing Retail	19,113	6.7	15,353	5.9
Investment Banking & Brokerage	5,545	2.0	10,054	3.9
IT Consulting & Other Services	33,461	11.8	40,697	15.7
Leisure Products	—	—	8,930	3.4
Packaged Foods & Meats	12,069	4.2	25,606	9.9
Paper Packaging	8,059	2.8	—	—
Personal Products	3,949	1.4	4,273	1.8
Pharmaceuticals	14,712	5.2	15,061	5.8
Real Estate Operating Companies	11,121	3.9	4,780	1.8
Real Estate Services	8,548	3.0	—	—
Research & Consulting Services	8,686	3.1	8,901	3.4
Systems Software	—	—	9,898	3.8
Technology Hardware, Storage & Peripherals	14,884	5.2	14,725	5.7
Trading Companies & Distributors	9,881	3.5	10,113	3.9
Total	**$ 284,259**	**100.0 %**	**$ 259,510**	**100.0 %**

As of December 31, 2022, the portfolio companies underlying the Company's investments are all located in the United States and its territories except for Geo Logic Systems Ltd., which is domiciled in Canada, and Cennox Holdings Limited, which is domiciled in the United Kingdom. As of December 31, 2021, the portfolio companies underlying the Company's investments are all located in the United States and its territories except for Geo Logic Systems Ltd., which is domiciled in Canada.

As of December 31, 2022 and December 31, 2021, the Company had no investments on non-accrual status.

(in thousands)

NOTE 6 – DEBT

Total borrowings outstanding and available as of December 31, 2022, were as follows:

	Maturity	Rate	Face Amount	Available
JPM Credit Facility	July 19, 2025	L+2.35 %	$ 152,277	$ 72,723
Notes payable to members	N/A	L+6.50 %	120,000	—
Total debt			$ 272,277	$ 72,723
Debt issuance cost			(1,643)	
Total debt net issuance cost			$ 270,634	

(1) The JPM Credit Facility bears interest at LIBOR plus 2.35% on outstanding USD denominated borrowings up to $175,000 and for borrowings above $175,000, a rate of SOFR plus 2.50% is applied .

Total borrowings outstanding and available as of December 31, 2021, were as follows:

	Maturity	Rate	Face Amount	Available
JPM Credit Facility	July 19, 2025	L+2.35 %	$ 146,782	$ 28,218
Notes payable to members	N/A	L+6.50 %	100,000	—
Total debt			$ 246,782	$ 28,218
Debt issuance cost			(1,779)	
Total debt net issuance cost			$ 245,003	

Credit Facility: On July 19, 2019, the Company entered into a $125,000 credit and security agreement (the “Credit Facility”) with JPMorgan Chase Bank, National Association (“JPMorgan”). On January 27, 2021, the terms of the Credit Facility were amended to, among other things, increase the size of the Credit Facility from $125,000 to $175,000. On April 28, 2021, the terms of the Credit Facility were amended and restated to, among other things, enable borrowings in British Pounds or Euros. On July 15, 2021, the terms of the Credit Facility were amended to, among other things, allow the Company to reduce the applicable margins for interest rates to 2.35%, extend the non-call period from January 19, 2022 to January 19, 2023, extend the end of the reinvestment period from July 19, 2022 to July 19, 2023 and extend the scheduled termination date from July 19, 2024, to July 19, 2025.

On March 11, 2022, the terms of the Credit Facility were further amended to, among other things, (i) permanently increase availability under the Credit Facility from $175,000 to $225,000, (ii) increase the minimum funding amount from $131,250 to $168,750, and (iii) apply an annual interest rate equal to the applicable SOFR plus 2.50% to borrowings greater than $175,000 in the Credit Facility.

As of December 31, 2022, the Company’s Credit Facility had $225,000 of commitments subject to leverage and borrowing base restrictions with an interest rate based on a floating index rate such as LIBOR, SONIA or CDOR plus 2.35% for borrowings up to $175,000 and SOFR plus 2.50% for borrowings above $175,000. The final maturity date of the Credit Facility is July 19, 2025 with an interest rate based on a risk-free index rate such as LIBOR, Sterling Overnight Index Average (“SONIA”) or CDOR plus 2.35%. The Company pays an unused fee of 0.75% per annum on the unused commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of the Company. The Credit Facility contains certain covenants, including but not limited to maintenance of a borrowing base. As of December 31, 2022, the Company was in compliance with all covenants and other requirements of the Credit Facility.

(in thousands)

As of December 31, 2022, the Company had $152,277 of outstanding borrowings, and the interest rate outstanding under the Credit Facility was 6.6% per annum. As of December 31, 2021, the Company had $146,782 of outstanding borrowings and the interest rate outstanding under the Credit Facility was 2.5% per annum.

The below table presents the summary information of the Credit Facility:

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020 (Unaudited)
Credit Facility interest expense including amortization of deferred financing costs and unused commitment fees	$ 7,470	$ 4,105	$ 3,526
Weighted average interest rate	3.9 %	2.7 %	3.4 %
Average outstanding balance	$ 166,036	$ 115,756	$ 75,835

Notes Payable to Members: The Company issues interest-bearing subordinated notes to the Members, with WhiteHorse Finance and STRS Ohio committing up to $80,000 and $40,000, respectively as of December 31, 2022. Prior to February 2022, Whitehorse Finance and STRS Ohio had committed up to $60,000 and $40,000, respectively. The subordinated notes have a stated rate of interest of LIBOR plus 6.50%. The subordinated notes are perpetual with no defined maturity date. Voluntary prepayments of any outstanding subordinated notes are without premium or penalty and are at the discretion of the Company.

As of December 31, 2022, the Company's subordinated note borrowings were $120,000 and had an interest rate outstanding of 10.7%. As of December 31, 2021, the Company's subordinated note borrowings were $100,000 and had an interest rate outstanding of 6.6%.

The below table presents the summary information for the subordinated notes:

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020 (Unaudited)
Interest expense related to the subordinated notes	$ 9,680	$ 5,512	$ 4,465
Weighted average interest rate	8.3 %	6.6 %	7.0 %
Average outstanding balance	$ 116,984	$ 83,650	$ 63,522

NOTE 7 - MEMBERS' EQUITY

Capital Commitments: Under the terms of the LLCA, the Company admitted the Members to provide an aggregate $30,000 of capital commitments. WhiteHorse Finance and STRS Ohio have a 66.67% and 33.33% economic ownership of the Company, respectively, and have commitments to fund, from time to time, aggregate capital contributions in the form of LLC equity interests of $20,000 and $10,000, respectively. Prior to February 2022, Whitehorse Finance and STRS Ohio had aggregate capital commitments of $25,000 with economic ownership of 60% and 40%, respectively and have commitments to fund, from time to time, aggregate capital contributions in the form of LLC equity interests of $15,000 and $10,000, respectively. Capital Contributions shall be made by all Members pro rata based on their respective Capital Commitments.

For the years ended December 31, 2022, 2021 and 2020, the Members made capital contributions in the form of LLC equity interests in the aggregate amount of $5,000, $7,886 and $6,137, respectively. As of December 31, 2022, the Members' commitments to fund equity interests to the Company of $30,000 were fully funded. As of December 31, 2021, the Members' commitments to fund equity interests to the Company of $25,000 were fully funded.

A Member may (i) in its discretion and upon prior notice to the other Member make loans to temporarily fund the Company until Capital Contributions are made by the Members (A) if the Company does not have sufficient liquidity to pay its obligations as they come due, or (B) in order to make investments or (ii) with Board approval, contribute property with a fair market value in excess of such Member's required Capital Contribution on such date (such loan or the amount of such excess, a "Temporary Advance"). Any Temporary Advance shall be repaid on the later of 30 days after the Temporary Advance was made or 10 business days after a capital call is made with respect to any Temporary Advance. There were no Temporary Advances during the years ended December 31, 2022, 2021 and 2020.

Allocation of Profits and Losses: Profit or loss shall be allocated among the Members in accordance with their Capital Accounts. A Capital Account is maintained on the books of the Company for each Member. The balance in each Member's Capital Account is adjusted by the Member's allocable share of net profit or loss, capital contributions, and the amount of cash or the value of securities distributed to such Member, as set forth in the LLCA. In addition, the Company is required to make allocations of net profits and losses in accordance with the LLCA.

Distributions: To the extent of available cash and cash equivalents after the payment of expenses, the Company may make quarterly distributions in such amounts as determined by the Board, shared among the Members as follows:

(i) First, to pay any Temporary Advances that have been outstanding for a period of 30 days or more and any interest accrued thereon; and
(ii) Second, to the extent of any remaining available cash or cash equivalents after distributions pursuant to item (i) above, to the Members in accordance with their respective proportionate economic ownership.

For the years ended December 31, 2022, 2021 and 2020, the Company paid aggregate distributions of $10,840, $8,178 and $2,934, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Commitments: In the normal course of business, the Company is party to financial instruments with off-balance-sheet risk to meet the financing needs of its borrowers. These financial instruments include commitments to extend credit and involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated statement of assets and liabilities. The Company attempts to limit its credit risk by conducting extensive due diligence and obtaining collateral where appropriate.

As of December 31, 2022 and December 31, 2021, the balance of unfunded commitments to extend credit was $24,549 and $22,883, respectively. Commitments to extend credit consist principally of the unused portions of commitments that obligate the Company to extend credit, such as revolving credit arrangements or similar transactions. These commitments are often subject to financial or non-financial milestones and other conditions to borrow that must be achieved before the commitment can be drawn. In addition, the commitments generally have fixed expiration dates or other termination clauses. Since commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

The following table summarizes the Company's unfunded commitments as of December 31, 2022 and December 31, 2021:

Unfunded Commitment ($ in thousands)	As of December 31, 2022	As of December 31, 2021
Revolving Loan Commitments:		
BLP Buyer, Inc. (d/b/a Bishop Lifting Products, Inc.)	$ 476	$ —
Cennox, Inc. (d/b/a Cennox)	—	436
Cennox Holdings Limited (d/b/a Cennox)(1)	1,044	—
Geo Logic Systems Ltd.(1)	951	1,019
HRG Management, LLC (d/b/a HomeRiver Group, LLC)	1,083	—
IDIG Parent, LLC (d/b/a IDIQ)	—	543
ITS Buyer Inc. (d/b/a ITS Logistics, LLC)	592	—
I&I Sales Group, LLC (d/b/a Avision Sales Group)	619	—
Juniper Landscaping Holdings LLC	895	—
LHS Borrower, LLC (d/b/a Leaf Home, LLC)	—	560
LINC Systems, LLC	672	672
LMG Holdings, Inc.	829	414
Marlin DTC-LS Midco 2, LLC (d/b/a Clarus Commerce, LLC)	981	981
Max Solutions, Inc.	1,212	—
Max Solutions, Inc.(1)	165	—
MEP-TS Midco, LLC (d/b/a Tax Slayer)	1,548	1,548
Meta Buyer LLC (d/b/a Metagenics, Inc.)	1,569	1,318
NPAV Lessor Corp. (d/b/a Nationwide Property & Appraisal Services, LLC)	435	—
Quest Events, LLC	468	—
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)	889	604
Road Safety Services, Inc.	—	379
Sunless, Inc.	621	1,330
Turnberry Solutions, Inc.	645	559
Unleashed Brands, LLC (d/b/a Unleashed Brands Group)	—	733
WH Lessor Corp. (d/b/a Waste Harmonics, LLC)	528	528
Total unfunded revolving loan commitments	16,222	11,624
Delayed Draw Loan Commitments:		
HRG Management, LLC (d/b/a HomeRiver Group, LLC)	391	—
I&I Sales Group, LLC (d/b/a Avision Sales Group)	334	—
Juniper Landscaping Holdings LLC	477	—
Max Solutions, Inc.	2,755	—
Meta Buyer LLC (d/b/a Metagenics, Inc.)	—	897
PS Lightwave, Inc.	—	1,495
RCKC Acquisitions LLC (d/b/a KSM Consulting, LLC)	—	3,200
Stella & Chewy's LLC	—	1,282
Source Code Holdings, LLC (d/b/a Source Code Corporation)	4,370	2,185
Unleashed Brands, LLC (d/b/a Unleashed Brands Group)	—	2,200
Total unfunded delayed draw loan commitments	8,327	11,259
Total Unfunded Commitments	**$ 24,549**	**$ 22,883**

(1) Unfunded commitments denominated in non-USD currencies have been converted to USD using the exchange rate as of the applicable reporting date.

Indemnification: In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties that provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not occurred. The Company expects the risk of any future obligation under these indemnifications to be remote.

Legal Proceedings: In the normal course of business, the Company may be subject to legal and regulatory proceedings that are generally incidental to its ongoing operations. While there can be no assurance of the ultimate disposition of any such proceedings, the Company does not believe any such disposition will have a material adverse effect in the Company's consolidated financial statements.

(in thousands)

NOTE 9 – RELATED PARTY TRANSACTIONS

Administrative Agreement: The Company has entered into an Administration Agreement (the Administration Agreement") with H.I.G. WhiteHorse Administration, LLC (the "Administrator") where the Administrator shall perform, oversee, or arrange for, the performance of administrative services necessary for the operations of the Company. The administrative fee is calculated based on the Company's average quarterly equity and indebtedness balances and is paid quarterly. For the years ended December 31, 2022, 2021 and 2020, the Company had incurred $629, $443 and $308 in administrative fees, respectively. As of December 31, 2022 and December 31, 2021, administrative fees payable were $154 and $130, respectively, and were recorded in accounts payable and other liabilities in the consolidated statements of assets and liabilities.

Due to Affiliates: From time to time in the normal course of business, H.I.G. Capital Management, Inc. (the "Affiliate") incur out-of-pocket expenses and other expenditures on behalf of the Company. Such amounts are reimbursed by the Company at actual cost. During the years ended December 31, 2022, 2021 and 2020, the Company collectively reimbursed the Affiliate a total of $501, $357 and $305, respectively, relating to such amounts. As of December 31, 2022 and December 31, 2021, the Company did not have any accrued expenses payable or reimbursable to the Affiliate.

Transactions with WhiteHorse Finance: During the years ended December 31, 2022, 2021 and 2020, the Company purchased investments from WhiteHorse Finance in the amounts of $108,459, $140,904 and $98,781, respectively.

Other: There are no management or incentive fees incurred by the Company.

NOTE 10 - FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights:

	For the Year Ended December 31, 2022	**For the Year Ended December 31, 2021**	**For the Year Ended December 31, 2020 (Unaudited)**
Net investment income ratio to average members' capital(1)	34.5%	39.0%	37.5%
Interest expense ratio to average members' capital(1)	55.7%	45.4%	58.2%
Other expenses ratio to average members' capital(1)	3.9%	4.4%	4.7%
Total expense ratio to average members' capital(1)	59.6%	49.8%	63.0%
Internal rate of return since inception, end of period(2)	32.1%	29.7%	14.0%

(1) Ratios are calculated by the average members' equity measured as of the end of each quarter during the period.
(2) The internal rate of return since inception ("IRR") is computed based on the actual dates of cash inflows, outflows and ending members' equity for the years ended December 31, 2022, 2021, and 2020. Pursuant to the LLCA, there are no management or incentive fees incurred by the Company.

Financial highlights are calculated for the member's equity taken as a whole. An individual Member's returns and ratios may vary.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated events that have occurred after the balance sheet date through March 3, 2023 and other than the items discussed below, the Company has determined that there were no additional subsequent events requiring adjustment or disclosure in the consolidated financial statements.

On January 13, 2023, the terms of the Credit Facility were further amended to, among other things, (i) permanently increase STRS Credit's availability under the Credit Facility from $225,000 to $262,500 (the "$37.5 Million Increase") and (ii) apply an annual interest rate equal to applicable SOFR, plus 3.0% to any borrowings under the $37.5 Million Increase in the Credit Facility. After this amendment, any borrowings above $175,000 will incur an annual interest rate of SOFR plus 2.71% in the Credit Facility.

In February 2022, WhiteHorse Finance and STRS Ohio increased its capital commitment to the Company in the amount of an additional $15,000 and $10,000, respectively. This brings WhiteHorse Finance's total capital commitment to the Company to $115,000, comprised of $92,000 of subordinated notes and $23,000 of LLC equity interests. This brings STRS Ohio's total capital commitment to the Company to $60,000, comprised of $48,000 of subordinated notes and $12,000 of LLC equity interests. In connection with this capital commitment increase, WhiteHorse Finance's and STRS Ohio's amended economic ownership in the Company is approximately 65.71% and 34.29%, respectively.