

H A R V E S T

C A P I T A L C R E D I T

HARVEST CAPITAL CREDIT CORPORATION ANNOUNCES MARCH 31, 2019 FINANCIAL RESULTS

NEW YORK, May 14, 2019 — Harvest Capital Credit Corporation (the “Company”) (NASDAQ: HCAP) announced financial results for its first quarter ended March 31, 2019.

FINANCIAL HIGHLIGHTS

	Q1-19		Q1-18	
	Amount	Per share	Amount	Per share
Net investment income	\$ 762,270	\$ 0.12	\$ 1,215,288	\$ 0.19
Core net investment income (1)	\$ 762,270	\$ 0.12	\$ 1,215,288	\$ 0.19
Net realized gains (losses) on investments	\$ 35,410	\$ 0.01	\$ (885,642)	\$ (0.14)
Net change in unrealized appreciation (depreciation)	\$ (736,685)	\$ (0.12)	\$ 1,740,349	\$ 0.27
Net income	\$ 60,995	\$ 0.01	\$ 2,069,955	\$ 0.32
Weighted average shares outstanding (basic and diluted)	6,302,724		6,437,478	

(1) Core net investment income and core net investment income per share are non-GAAP financial measures. For the quarters ending March 31, 2019 and 2018, respectively, there were no adjustments to GAAP net investment income and GAAP net investment income per share to arrive at core net investment income and core net investment income per share.

PORTFOLIO ACTIVITY

	March 31, 2019	December 31, 2018
Portfolio investments at fair value	\$ 101,700,770	\$ 94,913,862
Total assets	\$ 115,318,933	\$ 125,319,701
Net assets	\$ 74,925,538	\$ 78,395,964
Shares outstanding	6,189,542	6,372,581
Net asset value per share	\$ 12.11	\$ 12.30

	Q1-19	Q1-18
Portfolio activity during the period:		
New debt investment commitments	\$ 21,349,788	\$ 8,000,000
New equity investments	158,252	150,000
Exits of debt investment commitments	(10,424,648)	(6,753,125)
Exits of equity investments	(206,435)	(4,480)
Principal repayments	(3,348,148)	(771,962)
Net activity	\$ 7,528,809	\$ 620,433

	March 31, 2019	December 31, 2018
Number of portfolio company investments	25	24
Number of debt investments	19	17

Weighted average yield of debt and other income producing investments (1):		
Cash	11.8%	12.5%
PIK	1.0%	1.0%
Fee amortization	1.7%	1.3%
Total	14.5%	14.8%

Weighted average yield on total investments (2):		
Cash	9.9%	10.7%
PIK	0.8%	0.9%
Fee amortization	1.5%	1.1%
Total	12.2%	12.7%

- (1) The dollar-weighted average annualized effective yield is computed using the effective interest rates for our debt investments and other income producing investments, including cash and PIK interest as well as the accretion of deferred fees. The individual investment yields are then weighted by the respective fair values of the investments (as of the date presented) in calculating the weighted average effective yield of the portfolio. The dollar-weighted average annualized yield on the Company's investments for a given period will generally be higher than what investors in our common stock would realize in a return over the same period because the dollar-weighted average annualized yield does not reflect the Company's expenses or any sales load that may be paid by investors. Infinite Care, LLC was excluded from the calculation as of March 31, 2019 and December 31, 2018, and CP Holding Co., Inc. was excluded from the calculation as of March 31, 2019 because they were on non-accrual status on such dates.
- (2) The dollar-weighted average yield on total investments takes the same yields but weights them to determine the weighted average effective yield as a percentage of the Company's total investments. The dollar-weighted average annualized yield on the Company's investments for a given period will generally be higher than what investors in our common stock would realize in a return over the same period because the dollar-weighted average annualized yield does not reflect the Company's expenses or any sales load that may be paid by investors.

FIRST QUARTER OF 2019 OPERATING RESULTS

Net investment income was \$0.8 million, or \$0.12 per share, for the quarter ended March 31, 2019, compared to net investment income of \$1.2 million, or \$0.19 per share, for the quarter ended March 31, 2018, a decrease of \$0.4 million. The decrease in net investment income in the quarter ended March 31, 2019, as compared to the quarter ended March 31, 2018, is primarily attributable to recording \$0.7 million less investment income as a result of a smaller portfolio at March 31, 2019 (\$101.7 million) than the portfolio at March 31, 2018 (\$118.3 million), offset by a decrease of \$0.3 million in expenses for the first quarter of 2019 as compared to the first quarter of 2018.

For the quarter ended March 31, 2019, the Company reported net income of \$0.1 million, a decrease of \$2.0 million from \$2.1 million of net income in the quarter ended March 31, 2018. Per share earnings were \$0.01 and \$0.32 per share for the three months ended March 31, 2019 and 2018, respectively. The decrease in net income of \$2.0 million for the quarter ended March 31, 2019 was primarily attributable to a \$0.7 million decrease in investment income, a negative change in net unrealized appreciation/depreciation on investments in the amount of \$2.5 million, offset by an increase of \$0.9 million of realized gains on investments, a \$0.2 million decrease in operating expenses, and by a \$0.1 million decrease in interest expense for the three months ended March 31, 2019, as compared to the three months ended March 31, 2018.

As of March 31, 2019, our total portfolio investments at fair value and total assets were \$101.7 million and \$115.3 million, respectively, compared to \$94.9 million and \$125.3 million at December 31, 2018. Net asset value per share was \$12.11 at March 31, 2019, compared to \$12.30 at December 31, 2018.

During the first quarter of 2019, the Company made investments in seven companies totaling \$21.5 million. Five investments were in new portfolio companies and two were additional investments in existing portfolio companies. The Company also had investment sales, payoffs and commitment expirations totaling \$10.6 million during the three months ended March 31, 2019. The investment activity for the quarter ended March 31, 2019 was as follows:

New and Incremental Investments

On January 18, 2019, the Company made a \$3.0 million senior secured debt investment in Dell International LLC. The debt investment consists of a \$3.0 million syndicated term loan. The loan carries an interest rate of LIBOR plus 2.0% with a 0.75% LIBOR floor.

On January 22, 2019, the Company made a \$3.0 million senior secured debt investment in HCA Inc. The debt investment consists of a \$3.0 million syndicated term loan. The loan carried an interest rate of LIBOR plus 2.0%. On March 19, 2019, the Company sold its senior secured debt investment in HCA Inc. at cost. The Company generated a nominal positive return on this broadly syndicated loan.

On February 15, 2019, the Company made a \$5.3 million senior secured debt investment in Peerless Media, LLC. The debt investment consists of a \$4.8 million term loan and a \$0.5 million revolver. The loans carry an interest rate of LIBOR plus 8.5%, plus 0.5% PIK with a 2.4% LIBOR floor.

On February 19, 2019, the Company made a \$5.0 million senior secured debt investment in General Nutrition Centers, Inc. The debt investment consists of a \$5.0 million syndicated term loan. The loan carries interest rates of LIBOR plus 8.75% or an alternative base rate plus 7.75% with a 0.75% LIBOR floor.

On March 1, 2019, the Company increased its equity investment in KC Engineering & Construction Services, LLC, with a \$22,681 pro-rata increase through one add-on funding to purchase Class A Units.

In March 2019, the Company increased its equity investment in National Program Management & Project Controls, LLC, with a \$0.1 million pro-rata increase through two add-on fundings to purchase Class A Units.

During the first quarter of 2019, the Company made a \$5.0 million senior secured debt investment in Deluxe Entertainment Services Group Inc. The debt investment consists of a \$4.8 million initial term loan (the "Initial Term Loan") and \$0.2 million new term loan (the "New Term Loan"). The Initial Term Loan carries an interest rate of LIBOR plus 5.5% with a 1.00% LIBOR floor and the New Term Loan carries an interest rate of LIBOR plus 6.0% with a 1.00% LIBOR floor.

Investment Payoffs

On January 8, 2019, the Company received a full repayment, at par, on its junior secured debt investment in Wetmore Tool and Engineering Company. The original par value of the debt investment was \$4.0 million. The Company generated an internal rate of return* ("IRR") of 15.2% on its investment.

On January 10, 2019, the Company received a full repayment, at par, on its junior secured debt investment in Douglas Machines Corp. The original par value of the debt investment was \$4.3 million. The Company generated an IRR* of 14.69% on its investment.

* IRR is the rate of return that makes the net present value of all cash flows into or from the investment equal to zero, and is calculated based on the amount of each cash flow received or invested by the Company and the day it was received or invested.

"Our first quarter results were consistent with our commentary on our year-end 2018 conference call as well as in our press release when we reduced the monthly dividend to \$0.08 per share in February—namely high levels of payoffs of well performing investments had negatively impacted our results near term," said Joseph Jolson, Chairman and CEO, "and we are working hard to re-deploy our lending capacity into new investments with attractive risk adjusted yields that could enable us to earn the current dividend in the second half of 2019. By quarter-end, total investments were \$102 million, compared to a low of \$85 million in January, although some of the increase was in lower yielding broadly syndicated loans and we remain optimistic that additional mandated deals in our current pipeline will close in the next few months. Meanwhile, we completed our 250,000 share repurchase plan in April and the Board authorized another 250,000 share plan through December 2019. At current price levels, buying our stock back is immediately accretive to net asset value and net investment income per share, but potentially not as accretive as faster loan growth at our targeted yields. We continue to believe that utilizing our dual approach of loan growth and buybacks could allow us to reach our leverage objective of 1.3:1 sooner and in a more accretive way for shareholders," concluded Mr. Jolson.

CREDIT QUALITY

The Company employs various risk management and monitoring tools to categorize and assess its investments. No less frequently than quarterly, the Company applies an investment risk rating system which uses a five-level numeric scale. The following is a description of the conditions associated with each investment rating:

- Investment Rating 1 is used for investments that are performing above expectations, and whose risks remain favorable compared to the expected risk at the time of the original investment.
- Investment Rating 2 is used for investments that are performing within expectations and whose risks remain neutral compared to the expected risk at the time of the original investment. All new loans are initially rated 2.
- Investment Rating 3 is used for investments that are performing below expectations and that require closer monitoring, but where no loss of return or principal is expected. Portfolio companies with a rating of 3 may be out of compliance with financial covenants.
- Investment Rating 4 is used for investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are often in workout. Investments with a rating of 4 are those for which there is an increased possibility of some loss of return but no loss of principal is expected.
- Investment Rating 5 is used for investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are almost always in workout. Investments with a rating of 5 are those for which some loss of return and principal is expected.

As of March 31, 2019, the weighted average risk rating of the debt investments in the Company's portfolio increased slightly to 2.32 from 2.24 in the previous quarter. Also, as of March 31, 2019, three of the Company's nineteen debt investments were rated 1, eleven investments were rated 2, three investments were rated 3, one investment was rated 4, and one investment was rated 5. As of March 31, 2019, two investments were on non-accrual status.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2019, the Company had \$11.2 million of cash and restricted cash and \$18.1 million of undrawn capacity on its \$55.0 million senior secured revolving credit facility. The credit facility is secured by all of the Company's assets and has an accordion feature that allows the size of the facility to increase up to \$85.0 million.

Additionally, the Company holds five syndicated loans totaling \$18.3 million at fair value as of March 31, 2019. These investments could be sold and the proceeds re-invested in our core lower-middle market strategy, as attractive opportunities arise.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO MARCH 31, 2019

Since the end of the first quarter of 2019, the Company has repurchased 19,775 shares of its common stock at an average price of \$10.59 per share. With those shares repurchased in the second quarter of 2019, the Company reached the 250,000 total share limit under the stock repurchase program authorized by the Company's board of directors in November 2018.

On April 4, 2019, the Company sold its senior secured term loan in Dell International L.L.C. and received approximately \$3.0 million in sale proceeds.

On April 9, 2019, the Company made a \$0.3 million equity contribution to Infinite Care, LLC.

On April 15, 2019, the Company increased its equity investment in National Program Management & Project Controls, LLC, with a \$0.3 million pro-rata increase through an add-on funding to purchase Class A Units.

On May 3, 2019, the Company declared monthly distributions of \$0.08 per share payable on each May 30, 2019, June 27, 2019, and July 25, 2019.

On May 3, 2019, the board of directors authorized an open market stock repurchase program. Pursuant to the program, the Company is authorized to repurchase up to 250,000 shares in the aggregate of the Company's outstanding common stock in the open market. The timing, manner, price and amount of any share repurchases will be determined by the Company's management at its discretion, and no assurances can be given that any common stock, or any particular amount, will be purchased. Unless amended by the Company's board of directors, the repurchase program will expire on the earlier of December 31, 2019 or the repurchase of 250,000 shares of the Company's outstanding common stock.

Effective May 4, 2019, the asset coverage ratio applicable to the Company decreased from 200% to 150% as a result of the board of directors' approval in May 2018 of the application of the modified asset coverage requirement set forth in Section 61(a)(2) of the Investment Company Act of 1940, as amended by the Small Business Credit Availability Act.

On May 10, 2019, the Company entered into an Eighth Amendment to Loan and Security Agreement (the "Amendment"), by and among the Company, HCAP Equity Holdings, LLC, HCAP ICC, LLC, Pacific Western Bank (successor-by-merger to CapitalSource Bank), as agent and a lender, and each of the other lenders from time to time party thereto, including City National Bank. The Amendment amends the credit facility to, among other things, (i) provide for a senior leverage ratio (the ratio of total borrowed money other than subordinated debt and unsecured longer-term indebtedness to equity) of 1 to 1; (ii) provide for a total leverage ratio (the ratio of total debt to equity) of 1.4 to 1, which replaces the prior 1-to-1 leverage ratio; and (iii) provide for a minimum utilization fee of 2.50% that will be payable on unused commitments below \$16.5 million at any time that Company's unsecured longer-term indebtedness (which is currently \$28.8 million) exceeds \$30 million.

CONFERENCE CALL

The Company will host a conference call on Tuesday, May 14, 2019 at 11:00 a.m. Eastern Time to discuss its first quarter results. All interested parties are invited to participate in the conference call by dialing (888) 566-6060 (domestic) or (973) 200-3100 (international). Participants should enter the Conference ID 1669897 when prompted.

ABOUT HARVEST CAPITAL CREDIT CORPORATION

Harvest Capital Credit Corporation (NASDAQ: HCAP) provides customized financing solutions to privately held small and mid-sized companies in the U.S., generally targeting companies with annual revenues of less than \$100 million and annual EBITDA of less than \$15 million. The Company's investment objective is to generate both current income and capital appreciation primarily by making direct investments in the form of subordinated debt, senior debt and, to a lesser extent, minority equity investments. Harvest Capital Credit Corporation is externally managed and has elected to be treated as a business development company under the Investment Company Act of 1940. For more information about Harvest Capital Credit Corporation, visit www.harvestcapitalcredit.com. However, the contents of such website are not and should not be deemed to be incorporated by reference herein.

Forward-Looking Statements

This press release contains forward-looking statements subject to the inherent uncertainties in predicting future results and conditions. Any statements that are not of historical fact (including statements containing the words "believes", "plans", "anticipates", "expects", "estimates", and similar expressions) should also be considered to be forward-looking statements. Certain factors could cause actual results and conditions to differ materially from those projected in these forward-looking statements. These factors are identified from time to time in our filings with the Securities and Exchange Commission. We undertake no obligation to update such statements to reflect subsequent events, except as may be required by law.

Harvest Capital Credit Corporation
Consolidated Statements of Assets and Liabilities (Unaudited)

	March 31, 2019	December 31, 2018
ASSETS:		
Non-affiliated/non-control investments, at fair value (cost of \$59,046,794 at 3/31/19 and \$59,603,853 at 12/31/18)	\$ 60,190,825	\$ 61,919,954
Affiliated investments, at fair value (cost of \$33,940,471 at 3/31/19 and \$25,848,928 at 12/31/18)	33,109,024	24,645,597
Control investments, at fair value (cost of \$13,419,123 at 3/31/19 and \$13,430,013 at 12/31/18)	8,400,921	8,348,311
Cash	9,913,316	26,963,310
Restricted cash	1,262,334	1,812,238
Interest receivable	1,256,754	721,195
Accounts receivable – other	312,273	178,883
Deferred financing costs	568,432	623,442
Other assets	305,054	106,771
Total assets	\$ 115,318,933	\$ 125,319,701
LIABILITIES:		
Revolving line of credit	\$ 5,000,000	\$ 17,000,000
2022 Notes (net of deferred offering costs of \$773,519 at 3/31/19 and \$821,879 at 12/31/18)	27,976,481	27,928,121
Payable for securities purchased	5,285,658	—
Accrued interest payable	115,864	115,919
Accounts payable - base management fees	494,846	531,628
Accounts payable - incentive management fees	—	361,090
Accounts payable - administrative services	350,000	366,667
Accounts payable - accrued expenses	1,170,546	620,312
Total liabilities	40,393,395	46,923,737
Commitments and contingencies (Note 8)		
NET ASSETS:		
Common stock, \$0.001 par value, 100,000,000 shares authorized, 6,561,732 issued and 6,189,542 outstanding at 3/31/19 and 6,554,010 issued and 6,372,581 outstanding at 12/31/18	6,562	6,554
Capital in excess of common stock	92,347,663	92,270,273
Treasury shares, at cost, 372,190 and 181,429 shares at 3/31/19 and 12/31/18, respectively	(3,959,962)	(1,956,055)
Accumulated over distributed earnings	(13,468,725)	(11,924,808)
Total net assets	74,925,538	78,395,964
Total liabilities and net assets	\$ 115,318,933	\$ 125,319,701
Common stock outstanding	6,189,542	6,372,581
Net asset value per common share	\$ 12.11	\$ 12.30

Harvest Capital Credit Corporation
Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,	
	2019	2018
Investment Income:		
Interest:		
Cash - non-affiliated/non-control investments	\$ 1,481,111	\$ 2,325,116
Cash - affiliated investments	960,946	706,571
Cash - control investments	—	83,388
PIK - non-affiliated/non-control investments	12,119	196,042
PIK - affiliated investments	194,515	167,877
Amortization of fees, discounts and premiums, net:		
Non-affiliated/non-control investments	226,862	191,033
Affiliated investments	22,732	15,841
Total interest income	2,898,285	3,685,868
Other income	139,959	54,916
Total investment income	3,038,244	3,740,784
Expenses:		
Interest expense – revolving line of credit	10,486	138,839
Interest expense - unused line of credit	101,749	81,655
Interest expense - deferred financing costs	55,011	55,121
Interest expense - 2022 Notes	440,235	440,235
Interest expense - deferred offering costs	48,360	44,986
Total interest expense	655,841	760,836
Professional fees	520,334	1,032,288
General and administrative	254,953	290,285
Base management fees	494,846	580,643
Administrative services expense	350,000	300,000
Total expenses, before reimbursement	2,275,974	2,964,052
Less: Professional fees reimbursed by HCAP Advisors, LLC	—	(438,556)
Total expenses, after reimbursement	2,275,974	2,525,496
Net Investment Income	762,270	1,215,288
Net realized gains (losses):		
Non-affiliated / Non-control investments	46,300	—
Affiliated investments	—	(885,642)
Control investments	(10,890)	—
Net realized gains (losses)	35,410	(885,642)
Net change in unrealized appreciation (depreciation) on investments:		
Non-affiliated / Non-control investments	(738,955)	54,343
Affiliated investments	(61,230)	1,781,469
Control investments	63,500	(95,463)
Net change in unrealized appreciation (depreciation) on investments	(736,685)	1,740,349
Total net unrealized and realized gains (losses) on investments	(701,275)	854,707
Net increase in net assets resulting from operations	\$ 60,995	\$ 2,069,995
Net investment income per share	\$0.12	\$0.19
Net increase in net assets resulting from operations per share	\$0.01	\$0.32
Weighted average shares outstanding (basic and diluted)	6,302,724	6,437,478

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