

HARVEST CAPITAL CREDIT CORPORATION ANNOUNCES MARCH 31, 2018 FINANCIAL RESULTS AND DECLARES DISTRIBUTIONS FOR APRIL, MAY AND JUNE

NEW YORK, May 10, 2018 — Harvest Capital Credit Corporation (the “Company”) (NASDAQ: HCAP) announced that its Board of Directors declared distributions of \$0.095 per share for the months of April, May and June. The April distribution is payable on May 29, 2018 to shareholders of record on May 22, 2018. The May distribution is payable on June 27, 2018 to shareholders of record on June 20, 2018. The June distribution is payable on July 26, 2018 to shareholders of record on July 19, 2018. The Company's distributions may include a return of capital to shareholders to the extent that the Company's net investment income and net capital gains are insufficient to support the distributions. Distributions that are treated for tax purposes as a return of capital will reduce each shareholder's basis in his, her or its shares. Returns of shareholder capital also have the effect of reducing the Company's assets.

FINANCIAL HIGHLIGHTS

	Q1-18		Q1-17	
	Amount	Per share	Amount	Per share
Net investment income	\$ 1,215,288	\$ 0.19	\$ 2,237,657	\$ 0.35
Core net investment income (1)	\$ 1,215,288	\$ 0.19	\$ 2,237,657	\$ 0.35
Net realized gains (losses) on investments	\$ (885,642)	\$ (0.14)	\$ 4,096	\$ —
Net change in unrealized appreciation	\$ 1,740,349	\$ 0.27	\$ 91,800	\$ 0.02
Net income	\$ 2,069,955	\$ 0.32	\$ 2,333,553	\$ 0.37
Weighted average shares outstanding (basic and diluted)	6,437,478		6,350,229	

- (1) Core net investment income and core net investment income per share are non-GAAP financial measures. Reconciliations of core net investment income and core net investment income per share to the most directly comparable GAAP financial measure and other information regarding these non-GAAP financial measures are set forth in Schedule 1 hereto.

PORTFOLIO ACTIVITY

	March 31, 2018	December 31, 2017
Portfolio investments at fair value	\$ 118,272,063	\$ 115,600,678
Total assets	\$ 121,934,237	\$ 128,152,840
Net assets	\$ 81,295,937	\$ 81,781,429
Shares outstanding	6,401,175	6,457,588
Net asset value per share	\$ 12.70	\$ 12.66
	Q1-18	Q1-17
Portfolio activity during the period:		
New debt investment commitments	\$ 8,000,000	\$ 15,077,425
New equity investments	150,000	1,043,640
Exits of debt investment commitments	(6,753,125)	(4,222,947)
Sale of equity investments	(4,480)	—
Principal repayments	(771,962)	(6,505,110)
Net activity	\$ 620,433	\$ 5,393,008
	March 31, 2018	December 31, 2017
Number of portfolio company investments	30	31
Number of debt investments	23	28
Weighted average yield of debt investments (1):		
Cash	11.4%	11.3%
PIK	1.3%	1.4%
Fee amortization	2.0%	2.6%
Total	14.7%	15.3%

- (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, 2018 and December 31, 2017 because it was on non-accrual status on that date. The weighted average effective yield of our debt and other income-producing investments, as of March 31, 2018 and December 31, 2017, was approximately 14.7% and 15.3%, respectively. The weighted average effective yield on the entire portfolio as of March 31, 2018 and December 31, 2017, was 13.1% and 13.7%, respectively.

FIRST QUARTER OF 2018 OPERATING RESULTS

For the quarter ended March 31, 2018, the Company reported net income of \$2.1 million, a decrease of \$0.2 million from \$2.3 million of net income in the quarter ended March 31, 2017. Per share earnings were \$0.32 and \$0.37 per share for the three months ended March 31, 2018 and 2017, respectively.

For the quarter ended March 31, 2018, the Company reported a \$1.0 million decrease in net investment income and core net investment income, compared to the quarter ended March 31, 2017. Net investment income and core net investment income was \$1.2 million, or \$0.19 per share, for the quarter ended March 31, 2018, compared to \$2.2 million, or \$0.35 per share, for the quarter ended March 31, 2017.

The decrease in net income of \$0.3 million for the quarter ended March 31, 2018 was primarily attributable to a \$0.9 million decrease in investment income, \$0.3 million increase in operating expenses, offset by \$0.1 million decrease in interest expense and \$0.8 million net unrealized and realized gains on investments for the quarter ended March 31, 2018, as compared to the quarter ended March 31, 2017.

Net investment income and core net investment income decreased in the quarter ended March 31, 2018, as compared to the quarter ended March 31, 2017, primarily as a result of lower investment income and higher operating expenses, including \$0.3 million of additional professional fees, net of reimbursement by HCAP Advisors, incurred which majority of such fees related to the material weakness the Company identified in its annual report on Form 10-K for the year ended December 31, 2017, which the Company does not expect to recur in the future, in the quarter ended March 31, 2018. Investment income was lower as a result of a smaller investment portfolio and lower weighted average effective yield for the quarter ended March 31, 2018, as compared to the quarter ended March 31, 2017.

As of March 31, 2018, our total portfolio investments at fair value and total assets were \$118.2 million and \$121.9 million, respectively, compared to \$115.6 million and \$128.2 million at December 31, 2017. Net asset value per share was \$12.70 at March 31, 2018, compared to \$12.66 at December 31, 2017.

During the first quarter of 2018, the Company made investments in three companies totaling \$7.9 million, net of fees. One investment was in a new portfolio company and two additional investments were in existing portfolio companies. The Company also had investment sales, payoffs and commitment expirations totaling \$6.8 million during the three months ended March 31, 2018. The investment activity for the quarter ended March 31, 2018 was as follows:

New and Incremental Investments

During the first quarter of 2018, the Company increased its debt investment in Infinite Care, LLC by \$0.9 million through three over-advances on its revolver commitment. The Company also took control of the borrower's equity after accelerating the debt and auctioning the borrower's equity in a public sale. The Company bid a portion of its outstanding debt to gain control of the company. Upon completion of this process, the Company converted \$2.0 million of its debt investment in the borrower to membership interests in Infinite Care.

On January 24, 2018, the Company made a \$7.0 million senior secured debt investment and a \$0.2 million preferred equity investment in Coastal Screen and Rail, LLC. The debt investment consists of a \$6.5 million term loan and a \$0.5 million revolver. The term loan carries an interest rate of 10.50% cash plus 1.50% PIK. The revolver carries an interest rate of LIBOR + 8.00% on funded balances.

On February 13, 2018, the Company increased its debt investment in Northeast Metal Works, LLC with a \$0.2 million revolver increase by an amendment to the existing credit agreement. The revolver carries a fixed interest rate of 14.25%.

Investment Payoffs

On February 13, 2018, the Company received \$4,878 from the sale of 7 Class A membership units in Northeast Metal Works, LLC.

On March 7, 2018, the Company received a full repayment at par plus a 2% prepayment fee on its \$2.0 million junior secured debt investment in Turning Point Brands, Inc. The Company generated an internal rate of return ("IRR") of 15.0% 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 invested or received.

On March 12, 2018, the Company received \$3.9 million for its \$4.6 million debt and \$0.3 million equity investments in WorkWell, LLC. The Company also entered into a royalty agreement with the sponsor allowing it to recover up to another \$0.1 million on its investment subject to certain future events. The Company generated a combined IRR of 5.2% on its debt and equity investments in WorkWell, LLC.

"We had a disappointing first quarter of 2018, with net investment income of \$0.19 per share," said Joseph Jolson, Chairman and CEO, "reflecting the performance of a 15% smaller investment portfolio compared to last year, large payoffs in the second half of 2017, and elevated expense levels related to the previously disclosed issues in reporting our fourth quarter results, which such additional expenses represent about \$0.04 per share, and are not expected to recur. On a positive note, we did report an improvement in net asset value to \$12.70 per share and our weighted average risk rating remained relatively stable during the quarter. We also successfully completed the transition of our administrative services function to personnel located in our New York City office. Looking ahead, we are focused on leveraging our investment capital to a 0.8x debt to equity ratio by year-end 2018 and returning our risk rating back to its historical levels," 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, 2018, the weighted average risk rating of the debt investments in the Company's portfolio decreased slightly to 2.24 from 2.23 in the previous quarter. Also, as of March 31, 2018, nine of the Company's twenty-three debt investments were rated 1, eight investments were rated 2, four investments were rated 3, one investment was rated 4, and one investment was rated 5. As of March 31, 2018, one investment was on non-accrual status.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2018, the Company had \$2.1 million of cash and restricted cash and \$23.8 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 three syndicated loans totaling \$8.4 million at fair value as of March 31, 2018. 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, 2018

On May 4, 2018, the Company's board of directors unanimously approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the Investment Company Act of 1940, as amended by the Small Business Credit Availability Act. As a result, the asset coverage ratio applicable to the Company will be changed from 200% to 150% effective May 4, 2019.

During the second quarter of 2018, the Company repurchased 14,678 shares of its common stock at an average price of \$10.32.

CONFERENCE CALL

The Company will host a conference call on Thursday, May 10, 2018 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 7085889 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, 2018	December 31, 2017
ASSETS:		
Non-affiliated/non-control investments, at fair value (cost of \$78,390,598 at 3/31/18 and \$80,790,705 at 12/31/17)	\$ 80,556,770	\$ 82,902,537
Affiliated investments, at fair value (cost of \$28,955,241 at 3/31/18 and \$26,365,364 at 12/31/17)	30,355,217	25,983,871
Control investments, at fair value (cost of \$12,725,889 at 3/31/18 and \$11,984,621 at 12/31/17)	7,360,076	6,714,270
Total investments, at fair value (cost of \$120,071,728 at 3/31/18 and \$119,140,690 at 12/31/17)	118,272,063	115,600,678
Cash	187,301	4,233,597
Restricted cash	1,895,942	7,230,840
Interest receivable	364,410	287,408
Accounts receivable – other	530,018	37,688
Deferred offering costs	146,446	146,446
Deferred financing costs	462,089	508,284
Other assets	75,968	107,899
Total assets	\$ 121,934,237	\$ 128,152,840
LIABILITIES:		
Revolving line of credit	\$ 9,300,000	\$ 16,721,853
Unsecured notes (net of deferred offering costs of \$959,462 at 3/31/18 and \$1,004,448 at 12/31/17)	27,790,538	27,745,552
Accrued interest payable	127,264	139,148
Accounts payable - base management fees	1,163,555	582,912
Accounts payable - administrative services	697,463	397,463
Accounts payable - accrued expenses	1,548,787	782,726
Other liabilities	10,693	1,757
Total liabilities	40,638,300	46,371,411
Commitments and contingencies (Note 8)		
NET ASSETS:		
Common stock, \$0.001 par value, 100,000,000 shares authorized, 6,528,462 issued and 6,401,175 outstanding at 3/31/18 and 6,519,978 issued and 6,457,588 outstanding at 12/31/17	6,528	6,520
Capital in excess of common stock	93,132,713	93,043,208
Treasury shares at cost, 127,287 and 62,390 shares at 3/31/18 and 12/31/17, respectively	(1,421,951)	(724,039)
Accumulated realized losses on investments	(9,809,603)	(8,923,961)
Net unrealized depreciation on investments	(1,799,664)	(3,540,012)
Undistributed net investment income	1,187,914	1,919,713
Total net assets	81,295,937	81,781,429
Total liabilities and net assets	\$ 121,934,237	\$ 128,152,840
Common stock outstanding	6,401,175	6,457,588
Net asset value per common share	\$ 12.70	\$ 12.66

Harvest Capital Credit Corporation
Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,	
	2018	2017
Investment Income:		
Interest:		
Cash - non-affiliated/non-control investments	\$ 2,325,116	\$ 3,262,380
Cash - affiliated investments	706,571	272,830
Cash - control investments	83,388	92,957
PIK - non-affiliated/non-control investments	196,042	412,818
PIK - affiliated investments	167,877	78,013
Amortization of fees, discounts and premiums, net:		
Non-affiliated/non-control investments	191,033	518,262
Affiliated investments	15,841	15,988
Control investments	—	3,526
Total interest income	3,685,868	4,656,774
Other income	54,916	12,964
Total investment income	3,740,784	4,669,738
Expenses:		
Interest expense – revolving line of credit	138,839	200,019
Interest expense - unused line of credit	81,655	65,843
Interest expense - deferred financing costs	55,121	74,848
Interest expense - unsecured notes	440,235	481,251
Interest expense - deferred offering costs	44,986	51,705
Total interest expense	760,836	873,666
Professional fees	1,032,288	221,252
General and administrative	290,285	245,728
Base management fees	580,643	680,184
Incentive management fees	—	58,005
Administrative services expense	300,000	300,000
Total expenses, before reimbursement	2,964,052	2,378,835
Less: Professional fees reimbursed by HCAP Advisors, LLC	(438,556)	—
Total expenses, after reimbursement	2,525,496	2,378,835
Net Investment Income, before taxes	1,215,288	2,290,903
Excise tax	—	53,246
Net Investment Income, after taxes	1,215,288	2,237,657
Net realized gains (losses):		
Non-Affiliated / Non-Control investments	—	4,096
Affiliated investments	(885,642)	—
Net realized gains (losses)	(885,642)	4,096
Net change in unrealized appreciation on investments	1,740,349	91,800
Total net unrealized and realized gains on investments	854,707	95,896

Net increase in net assets resulting from operations	<u>\$ 2,069,995</u>	<u>\$ 2,333,553</u>
Net investment income per share	\$0.19	\$0.35
Net increase (decrease) in net assets resulting from operations per share	\$0.32	\$0.37
Weighted average shares outstanding (basic and diluted)	6,437,478	6,350,229
Dividends paid per common share	\$0.30	\$0.34

SCHEDULE 1

Reconciliations of Net Investment Income to Core Net Investment Income

	Three months ended March 31,			
	2018		2017	
	Amount	Per share (1)	Amount	Per share (1)
Net investment income	\$1,215,288	\$0.19	\$2,237,657	\$0.35
Core net investment income	\$1,215,288	\$0.19	\$2,237,657	\$0.35

(1) All per share amounts are basic and diluted unless indicated otherwise.

The purpose of core net investment income is to present net investment income without the effect of certain non-recurring charges, without the effect of incentive fees related to items not included in net investment income, and without the effect of any excise taxes related to realized capital gains and losses.

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