

HARVEST CAPITAL CREDIT CORPORATION ANNOUNCES SEPTEMBER 30, 2019 FINANCIAL RESULTS AND DECLARES REGULAR MONTHLY DISTRIBUTIONS FOR OCTOBER, NOVEMBER, DECEMBER 2019 AND JANUARY 2020

NEW YORK, November 8, 2019 — Harvest Capital Credit Corporation (the “Company,” “we,” or “our”) (NASDAQ: HCAP) announced financial results for its third quarter ended September 30, 2019 and that its Board of Directors declared distributions of \$0.08 per share for each of the months of October, November, December of 2019 and January of 2020. The October distribution is payable on November 27, 2019 to shareholders of record on November 20, 2019. The November distribution is payable on December 27, 2019 to shareholders of record on December 20, 2019. The December distribution is payable on January 31, 2020 to shareholders of record on January 24, 2020. The January 2020 distribution is payable on February 28, 2020 to shareholders of record on February 21, 2020.*

*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. Of the aggregate distributions declared and paid during the nine months ended September 30, 2019, and paid or to be paid subsequent to September 30, 2019, and through December 31, 2019, the Company estimates that, on a tax basis and subject to revision, those distributions will be derived from the following sources: (1) 80% ordinary income (\$0.78 per share) and (2) 20% return of capital (\$0.20 per share) based on distributions of \$0.98 paid through December 31, 2019. The amount and source of these distributions, however, are estimates only and are provided solely pursuant to Section 19(a) of the 1940 Act. These estimates are not being provided for tax reporting purposes and should not be relied upon for tax reporting or any other purposes. The final determination of the amount and source of 2019 distributions will be made after the end of our fiscal year, will be reported to stockholders on Form 1099-DIV, and could differ significantly from these estimates.

FINANCIAL HIGHLIGHTS

	Q3-19		Q3-18		YTD-19		YTD-18	
	Amount	Per share	Amount	Per share	Amount	Per share	Amount	Per share
Net investment income	\$1,072,328	\$0.18	\$1,586,663	\$0.25	\$2,675,506	\$0.43	\$4,407,258	\$0.69
Core net investment income (1)	1,072,328	0.18	1,586,663	0.25	2,675,506	0.43	4,407,258	0.69
Net realized gains (losses) on investments	(92,615)	(0.02)	120,175	0.02	(30,304)	— (2)	(609,120)	(0.10)
Net change in unrealized depreciation on investments	(2,022,875)	(0.33)	(1,581,906)	(0.25)	(3,541,262)	(0.57)	(263,977)	(0.04)
Provision (benefit) for taxes on unrealized gains on investments	—	—	507,894	0.08	—	—	(15,584)	— (2)
Net income (loss)	(\$1,043,162)	(\$0.17)	\$632,826	\$0.10	(\$896,060)	(\$0.15)	\$3,518,577	\$0.55
Weighted average shares outstanding (basic and diluted)	6,053,807		6,398,077		6,171,616		6,408,547	

(1) Core net investment income and core net investment income per share are non-GAAP financial measures. For the quarters ending September 30, 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.

(2) Rounds to less than \$0.01 per share.

PORTFOLIO ACTIVITY

	September 30, 2019	December 31, 2018
Portfolio investments at fair value	\$ 115,577,300	\$ 94,913,862
Total assets	\$ 134,920,998	\$ 125,319,701
Net assets	\$ 68,828,625	\$ 78,395,964
Shares outstanding	5,975,677	6,372,581
Net asset value per share	\$ 11.52	\$ 12.30

	Q3-19	Q3-18	YTD-19	YTD-18
Portfolio activity during the period:				
New debt investments	\$ 14,633,066	\$ 5,950,000	\$ 50,895,354	\$ 18,612,500
New equity investments	597,579	447,132	3,737,138	881,899
Exits of debt investments	(6,967,480)	(12,250,109)	(21,438,059)	(19,147,825)
Exits of equity investments	—	(950,000)	(206,435)	(1,357,133)
Principal repayments	(1,088,225)	(1,035,202)	(6,183,061)	(4,241,557)
Net activity	\$ 7,174,940	\$ (7,838,179)	\$ 26,804,937	\$ (5,252,116)

	September 30, 2019	December 31, 2018
Number of portfolio company investments	26	24
Number of debt investments	20	17

Weighted average yield of debt and other income producing investments (1):		
Cash	12.1%	12.5%
PIK	0.9%	1.0%
Fee amortization	0.6%	1.3%
Total	13.6%	14.8%

Weighted average yield on total investments (2):		
Cash	9.6%	10.7%
PIK	0.7%	0.9%
Fee amortization	0.4%	1.1%
Total	10.7%	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 as a percentage of our debt and other income producing 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. Infinite Care, LLC was excluded from the calculation as of September 30, 2019 and December 31, 2018, and CP Holding Co., Inc. and Deluxe Entertainment Services Group, Inc. were excluded from the calculation as of September 30, 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.

THIRD QUARTER AND YEAR TO DATE 2019 OPERATING RESULTS

For the three months ended September 30, 2019, the Company recorded a net loss of \$1.0 million, as compared to net income of \$0.6 million in the quarter ended September 30, 2018. The decrease in net income principally resulted from the Company recording lower investment income as a result of a lower income earning portfolio and lower effective yield and an increase in unrealized depreciation offset by lower operating expenses. Per share earnings (loss) were (\$0.17) and \$0.10 per share for the three months ended September 30, 2019 and 2018, respectively.

Net investment income and core net investment income was \$1.1 million, or \$0.18 per share, for the quarter ended September 30, 2019, compared to net investment income and core net investment income of \$1.6 million, or \$0.25 per share, for the quarter ended September 30, 2018. For the three months ended September 30, 2019, the Company's net investment income and core net investment income decreased by \$0.5 million compared to the quarter ended September 30, 2018. Net investment income decreased in the quarter ended September 30, 2019, as compared to the quarter ended September 30, 2018, primarily as a result of a decrease of \$1.0 million in investment income, offset by the Company realizing lower expenses of \$0.5 million during the three months ended September 30, 2019.

For the nine months ended September 30, 2019, the Company recorded a net loss of \$0.9 million, a decrease of \$4.4 million from \$3.5 million of net income in the nine months ended September 30, 2018. The \$4.4 million decrease was primarily attributable to a \$2.8 million decrease in investment income, a \$3.2 million increase in the change in unrealized depreciation, offset by a \$0.6 million positive change in net realized gains, and a decrease in expenses of \$1.0 million. Per share earnings (loss) were (\$0.15) and \$0.55 per share for the nine months ended September 30, 2019 and 2018, respectively.

Net investment income was \$2.7 million, or \$0.43 per share, for the nine months ended September 30, 2019, compared to net investment income of \$4.4 million, or \$0.69 per share, for the nine months ended September 30, 2018. For the nine months ended September 30, 2019, the Company's net investment income decreased by \$1.7 million compared to the nine months ended September 30, 2018. Net investment income decreased in the nine months ended September 30, 2019, as compared to the nine months ended September 30, 2018, primarily as a result of the Company recording \$2.8 million of lower investment income resulting from lower investment income as a result of a lower income earning portfolio and lower effective yield, offset by lower expenses for the nine months ended September 30, 2019.

As of September 30, 2019, our total portfolio investments at fair value and total assets were \$115.6 million and \$134.9 million, respectively, compared to \$94.9 million and \$125.3 million at December 31, 2018. Net asset value per share was \$11.52 at September 30, 2019, compared to \$12.30 at December 31, 2018.

During the third quarter of 2019, the Company made investments in five companies totaling \$15.2 million. Two of the investments were in new portfolio companies and three were additional investments in existing portfolio companies. The Company also had investment sales, payoffs and commitment expirations totaling \$7.0 million during the three months ended September 30, 2019. The investment activity for the quarter ended September 30, 2019 was as follows:

New and Incremental Investments

On August 1, 2019, the Company made a \$5.5 million last-out senior secured term loan to Surge Hippodrome Holdings LLC ("Hippodrome") and purchased 10.1% of common equity for \$0.4 million. The Company also received warrants to purchase an additional 9.5% of common equity in

Hippodrome worth \$0.2 million on deal close. The last-out senior secured term loan carries an interest rate of LIBOR, plus 11.5%.

On September 6, 2019, the Company increased its senior secured debt investment in Infinite Care, LLC, with a \$0.2 million increase in its revolver.

On September 9, 2019, the Company increased its debt investment in Deluxe Entertainment Services Group Inc. by participating in its pro-rata share of the senior secured priming delayed draw term loan for \$0.5 million.

On September 17, 2019, the Company increased its senior secured debt investment in Slappy Communications, LLC, with a \$1.0 million increase in its term loan.

On September 30, 2019, the Company made a \$7.5 million senior secured debt investment in Back Porch International, Inc. The debt investment consists of a \$7.0 million term loan and a \$0.5 million revolver (unfunded at close). The loans carry interest rates of LIBOR plus 10.25% with a 2.25% LIBOR floor, plus 1.0% PIK for the term loan and LIBOR plus 8.0% with a 2.25% LIBOR floor for the revolver.

Investment Sales and Payoffs

On July 1, 2019, Peerless Media, LLC terminated its \$0.5 million revolving line of credit facility with the Company. The Company generated an internal rate of return (IRR*) of 17.2% on its investment and retains the senior secured term loan investment.

On September 6, 2019, the Company received a \$2.6 million repayment, at par, on its junior secured debt investment in Shannon Specialty Floors, LLC. The original par value of the debt investment was \$4.0 million. The Company generated an internal rate of return (IRR*) of 13.81% on its investment.

On September 13, 2019, the Company received a \$3.9 million repayment, at par, on its junior secured debt investment in Bradford Soap International. The original par value of the debt investment was \$7.5 million. The Company generated an internal rate of return (IRR*) of 13.5% 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.

"We showed some improvements in third quarter results as our investment portfolio has now grown for the third consecutive quarter and by almost 22% from December 2018 levels," said Joseph Jolson, Chairman and CEO. "Our progress on resolving our 4 and 5 rated credits has been frustratingly slow. We remain optimistic that the \$12.1 million in currently non-interest earning assets will be contributing to our net investment income in the next year. We also completed the most recent 250k share repurchase authorization recently, and have bought nearly 8% of the shares outstanding during 2019 at prices that are immediately accretive to NAV and net investment income per share," 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. In determining an investment rating, Company management takes into account various aspects of a company's performance during the measurement period and assigns an investment rating to each aspect, which are then averaged. Such averages may inform, but do not necessarily

determine, the investment rating assigned to a company. 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 September 30, 2019, the weighted average risk rating of the debt investments in the Company's portfolio increased slightly to 2.51 from 2.44 in the previous quarter. Also, as of September 30, 2019, three of the Company's twenty debt investments were rated 1, twelve investments were rated 2, one investment was rated 3, two investments were rated 4, and two investments were rated 5. As of September 30, 2019, three investments with a combined fair value of \$12.1 million were on non-accrual status.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2019, the Company had \$17.8 million of cash and restricted cash and \$3.8 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 four syndicated debt investments totaling \$12.5 million at fair value as of September 30, 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 SEPTEMBER 30, 2019

Since the end of the third quarter of 2019, the Company has repurchased 39,467 shares of its common stock at an average price of \$9.99 per share. With those shares repurchased in the fourth quarter of 2019, the Company reached the 250,000 share limit under the stock repurchase program authorized by the Company's board of directors in May 2019.

On October 31, 2019, the Company increased the commitment of its junior secured term loan in Northeast Metal Works, LLC by \$1.7 million. Northeast Metal Works, LLC used the proceeds to payoff its senior secured revolving line of credit with a third party lender and, as a result of this transaction, the Company's junior secured term loan is converted into a senior secured term loan.

On October 31, 2019, the Company sold its warrants in Fox Rent A Car, Inc. As part of the transaction, the Company received \$0.2 million in cash, 11,959 shares of Europcar Mobility Group, and contingent consideration in the form of an earn out. The Company is in the process of liquidating all of its shares in Europcar Mobility Group.

On October 31, 2019, the Company declared monthly distributions of \$0.08 per share payable on November 27, 2019, December 27, 2019, January, 31, 2020 and February 28, 2020.

CONFERENCE CALL

The Company will host a conference call on Friday, November 8, 2019 at 11:00 a.m. Eastern Time to discuss its third 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 6432449 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)

	September 30, 2019	December 31, 2018
ASSETS:		
Non-affiliated/non-control investments, at fair value (cost of \$54,372,280 at 9/30/19 and \$59,603,853 at 12/31/18)	\$ 52,806,683	\$ 61,919,954
Affiliated investments, at fair value (cost of \$54,888,708 at 9/30/19 and \$25,848,928 at 12/31/18)	54,783,841	24,645,597
Control investments, at fair value (cost of \$13,826,508 at 9/30/19 and \$13,430,013 at 12/31/18)	7,986,776	8,348,311
Cash	16,344,322	26,963,310
Restricted cash	1,417,488	1,812,238
Interest receivable	754,603	721,195
Accounts receivable – other	192,056	178,883
Deferred financing costs	477,755	623,442
Other assets	157,474	106,771
Total assets	\$ 134,920,998	\$ 125,319,701
LIABILITIES:		
Revolving line of credit	\$ 36,300,000	\$ 17,000,000
2022 Notes (net of deferred offering costs of \$674,233 at 9/30/19 and \$821,879 at 12/31/18)	28,075,767	27,928,121
Accrued interest payable	132,495	115,919
Accounts payable - base management fees	578,465	531,628
Accounts payable - incentive management fees	—	361,090
Accounts payable - administrative services	350,000	366,667
Accounts payable - accrued expenses	655,646	620,312
Total liabilities	66,092,373	46,923,737
Commitments and contingencies (Note 8)		
NET ASSETS:		
Common stock, \$0.001 par value, 100,000,000 shares authorized, 6,578,175 issued and 5,975,677 outstanding at 9/30/19 and 6,554,010 issued and 6,372,581 outstanding at 12/31/18	6,578	6,554
Capital in excess of common stock	92,507,506	92,270,273
Treasury shares, at cost, 602,498 and 181,429 shares at 9/30/19 and 12/31/18, respectively	(6,329,262)	(1,956,055)
Accumulated over distributed earnings	(17,356,197)	(11,924,808)
Total net assets	68,828,625	78,395,964
Total liabilities and net assets	\$ 134,920,998	\$ 125,319,701
Common stock outstanding	5,975,677	6,372,581
Net asset value per common share	\$ 11.52	\$ 12.30

Harvest Capital Credit Corporation
Consolidated Statements of Operations (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Investment Income:				
Interest:				
Cash - non-affiliated/non-control investments	\$ 1,416,656	\$ 2,643,751	\$ 4,247,511	\$ 7,359,565
Cash - affiliated investments	1,432,203	788,995	3,493,857	2,306,626
Cash - control investments	—	—	—	130,934
PIK - non-affiliated/non-control investments	18,471	147,340	49,236	485,168
PIK - affiliated investments	187,334	193,374	569,447	543,677
Amortization of fees, discounts and premiums				
Non-affiliated/non-control investments	121,156	266,246	548,217	897,959
Affiliated investments	60,970	41,509	118,125	75,595
Total interest income	<u>3,236,790</u>	<u>4,081,215</u>	<u>9,026,393</u>	<u>11,799,524</u>
Other income	45,508	240,680	288,454	318,153
Total investment income	<u>3,282,298</u>	<u>4,321,895</u>	<u>9,314,847</u>	<u>12,117,677</u>
Expenses:				
Interest expense – revolving line of credit	224,712	157,266	327,493	446,440
Interest expense - unused line of credit	74,586	83,325	268,470	247,461
Interest expense - deferred financing costs	58,258	58,804	168,898	171,515
Interest expense - 2022 Notes	440,235	440,235	1,320,705	1,320,705
Interest expense - deferred offering costs	50,076	46,702	147,646	137,544
Total interest expense	<u>847,867</u>	<u>786,332</u>	<u>2,233,212</u>	<u>2,323,665</u>
Professional fees	198,360	364,733	1,016,240	1,606,403
General and administrative	235,277	240,664	726,849	814,011
Base management fees	578,466	595,448	1,613,040	1,781,328
Incentive management fees	—	362,372	—	549,665
Administrative services expense	350,000	366,666	1,050,000	1,033,332
Total expenses, before reimbursement	<u>2,209,970</u>	<u>2,716,215</u>	<u>6,639,341</u>	<u>8,108,404</u>
Less: Professional fees reimbursed by HCAP Advisors, LLC	—	—	—	(449,835)
Total expenses, after reimbursement	<u>2,209,970</u>	<u>2,716,215</u>	<u>6,639,341</u>	<u>7,658,569</u>
Net Investment Income, before taxes	<u>1,072,328</u>	<u>1,605,680</u>	<u>2,675,506</u>	<u>4,459,108</u>
Excise tax expense	—	8,825	—	8,825
Current income tax expense	—	10,192	—	43,025
Net Investment Income, after taxes	<u>1,072,328</u>	<u>1,586,663</u>	<u>2,675,506</u>	<u>4,407,258</u>
Net realized gains (losses):				
Non-Affiliated / Non-Control investments	—	(35,429)	52,451	(35,429)
Affiliated investments	—	275,006	20,750	(610,636)
Control investments	(92,615)	(119,402)	(103,505)	36,945
Net realized gains (losses)	<u>(92,615)</u>	<u>120,175</u>	<u>(30,304)</u>	<u>(609,120)</u>
Net change in unrealized appreciation (depreciation) on investments:				
Non-Affiliated / Non-Control investments	(2,759,004)	19,503	(3,448,583)	142,184
Affiliated investments	658,765	(2,229,909)	665,351	(745,597)
Control investments	77,364	628,500	(758,030)	339,436
Net change in unrealized depreciation on investments	<u>(2,022,875)</u>	<u>(1,581,906)</u>	<u>(3,541,262)</u>	<u>(263,977)</u>

Total net unrealized and realized losses on investments	(2,115,490)	(1,461,731)	(3,571,566)	(873,097)
Provision for taxes on unrealized gains on investments	—	507,894	—	(15,584)
Net increase (decrease) in net assets resulting from operations	\$ (1,043,162)	\$ 632,826	\$ (896,060)	\$ 3,518,577
Net investment income per share	\$0.18	\$0.25	\$0.43	\$0.69
Net increase (decrease) in net assets resulting from operations per share	(\$0.17)	\$0.10	(\$0.15)	\$0.55
Weighted average shares outstanding (basic and diluted)	6,053,807	6,398,077	6,171,616	6,408,547

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