

H A R V E S T

CAPITAL CREDIT

HARVEST CAPITAL CREDIT CORPORATION ANNOUNCES JUNE 30, 2020 FINANCIAL RESULTS

NEW YORK, August 7, 2020 — Harvest Capital Credit Corporation (the “Company,” “we,” or “our”) (NASDAQ: HCAP) announced financial results for its second quarter ended June 30, 2020.

FINANCIAL HIGHLIGHTS

	Q2-2020		Q2-2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	Amount	Per share	Amount	Per share	Amount	Per share	Amount	Per share
	Net investment income	\$203,184	\$0.03	\$840,910	\$0.14	\$1,191,854	\$0.20	\$1,603,180
Core net investment income (1)	203,184	0.03	840,910	0.14	1,191,854	0.20	1,603,180	0.26
Net realized gains (losses) on investments	(2,154,326)	(0.36)	26,901	—	(2,240,753)	(0.38)	62,311	0.01
Net change in unrealized appreciation (depreciation) on investments	1,191,129	0.20	(781,701)	(0.13)	(3,388,408)	(0.57)	(1,518,386)	(0.24)
Net income (loss)	(\$760,013)	(\$0.13)	\$86,110	\$0.01	(\$4,437,307)	(\$0.75)	\$147,105	\$0.02
Weighted average shares outstanding (basic and diluted)	5,958,479		6,161,052		5,954,014		6,231,496	

(1) Core net investment income and core net investment income per share are non-GAAP financial measures. For each of the three months ended June 30, 2020 and 2019, 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

			June 30, 2020	December 31, 2019
Portfolio investments at fair value			\$ 104,283,736	\$ 116,809,390
Total assets			\$ 135,824,588	\$ 140,059,736
Net assets			\$ 61,001,877	\$ 66,781,482
Shares outstanding			5,958,479	5,945,854
Net asset value per share			\$ 10.24	\$ 11.23
			Six Months Ended	Six Months Ended
	Q2-2020	Q2-2019	June 30, 2020	June 30, 2019
Portfolio activity during the period:				
New debt investments	\$ —	\$ 14,912,500	\$ 1,255,000	\$ 36,262,288
New equity investments	\$ —	\$ 2,981,307	\$ 200,000	\$ 3,139,559
Exits of debt investments	\$ (6,899,852)	\$ (4,045,931)	\$ (9,096,452)	\$ (14,470,579)
Exits of equity investments	\$ —	\$ —	\$ (102,421)	\$ (206,435)
Principal repayments	\$ (899,892)	\$ (1,746,688)	\$ (1,746,133)	\$ (5,094,836)
Net activity	\$ (7,799,744)	\$ 12,101,188	\$ (9,490,006)	\$ 19,629,997
			June 30, 2020	December 31, 2019
Number of portfolio companies			22	25
Number of debt investments			17	20
Weighted average yield of debt and other income producing investments (1):				
Cash			10.6 %	12.0 %
PIK			1.5 %	1.1 %
Fee amortization			0.7 %	0.9 %
Total			12.8 %	14.0 %
Weighted average yield on total investments (2):				
Cash			7.5 %	9.7 %
PIK			1.0 %	0.9 %
Fee amortization			0.5 %	0.7 %
Total			9.0 %	11.3 %

- (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 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, General Nutrition Centers, Inc., GK Holdings, Inc., and ProAir Holdings Corporation were excluded from the calculation as of June 30, 2020 because they were on non-accrual status as of that date. Infinite Care, LLC and CP Holding Co., Inc. (Choice Pet) were excluded from the calculation as of December 31, 2019 because they were on non-accrual status as of that date.
- (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.

SECOND QUARTER AND YEAR TO DATE 2020 OPERATING RESULTS

For the three months ended June 30, 2020, the Company recorded a net operating loss of \$0.8 million, as compared to net operating income of \$0.1 million in the quarter ended June 30, 2019. The \$0.9 million decrease in net operating results in comparable periods principally resulted from the Company recording lower investment income as a result of a lower weighted average effective yield on the Company's income-earning portfolio and the addition of two portfolio companies to non-accrual status, which resulted in a smaller income-earning portfolio, an increase in interest expense, and an increase in realized losses offset by an increase in unrealized appreciation on investments. Per share earnings (loss) were (\$0.13) and \$0.01 per share for the three months ended June 30, 2020 and 2019, respectively.

Net investment income was \$0.2 million, or \$0.03 per share, for the quarter ended June 30, 2020, compared to net investment income of \$0.8 million, or \$0.14 per share, for the quarter ended June 30, 2019, a decrease of \$0.6 million in the second quarter of 2020 compared to 2019. The decrease in net investment income during the 2020 second quarter as compared to the 2019 second quarter primarily resulted from a decrease of \$0.4 million in investment income between periods and an increase in expenses, principally interest, of \$0.2 million during the three months ended June 30, 2020 as compared to the three months ended June 30, 2019.

For the six months ended June 30, 2020, the Company recorded a net operating loss of \$4.4 million, compared to \$0.2 million of net operating income in the six months ended June 30, 2019. Per share operating loss was \$0.75 in the six months ended June 30, 2020 compared to net operating income of \$0.02 per share in the six months ended June 30, 2019. The \$4.6 million decrease between periods was primarily attributable to a \$0.4 million decrease in net investment income, a \$1.9 million increase in net unrealized depreciation, a \$2.3 million increase in net realized loss, and a \$0.2 million increase in expenses, principally interest. The increase in unrealized depreciation during the six months ended June 30, 2020 is primarily the result of the immediate adverse economic effects of the COVID-19 pandemic and the continuing uncertainty surrounding its long-term impact.

Net investment income was \$1.2 million, or \$0.20 per share, for the six months ended June 30, 2020, compared to net investment income of \$1.6 million, or \$0.26 per share, for the six months ended June 30, 2019, a decrease of \$0.4 million in the first six months of 2020 compared to the first six months of 2019. The decrease in net investment income during the first six months of 2020 as compared to the first six months of 2019 primarily resulted from a decrease of \$0.2 million in investment income between periods and an increase in expenses of \$0.2 million during the six months ended June 30, 2020 as compared to the six months ended June 30, 2019.

As of June 30, 2020, our total portfolio investments at fair value and total assets were \$104.3 million and \$135.8 million, respectively, compared to \$116.8 million and \$140.1 million at December 31, 2019. Net asset value per share was \$10.24 at June 30, 2020, compared to \$11.23 at December 31, 2019.

During the second quarter of 2020, the Company did not make additional investments in portfolio companies. The Company had two payoffs during the three months ended June 30, 2020. The significant investment activity for the quarter ended June 30, 2020 was as follows:

Investment Sales and Payoffs

On June 15, 2020, the Company sold its \$2.9 million junior secured debt investment in CP Holding Co., Inc. and received proceeds of \$1.1 million. The Company generated an internal rate of return (IRR*) of 9.9% on its investment.

On June 25, 2020, the Company received a \$4.0 million repayment, at par, on its junior secured debt investment in Flavors Holdings Inc. The original par value of the debt investment was \$4.0 million. The Company generated an internal rate of return (IRR*) of 13.3% 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 second quarter results reflect the negative impact on certain of our portfolio companies that resulted from the sharp economic recession since February 2020, due to forced business closures in the US caused by the COVID-19 global pandemic, and the high costs associated with the recent short term extension of our revolving line of credit," said Joseph Jolson, Chairman and CEO. "We continue to work with our portfolio companies that have been hurt by the current economic environment, with a focus on minimizing the negative impact, wherever possible, to net asset value, including by lowering cash interest rates to affordable levels. We are also focused on maintaining high levels of liquidity given the uncertainty about replacing the agent bank in our credit line in the context of this difficult environment. While these tactics will continue to have a negative short term effect on our net investment income, we are optimistic they will help support shareholders' value until business conditions normalize over time," 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 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 loss of return and principal is expected.

As of June 30, 2020, the weighted average risk rating of the debt investments in the Company's portfolio deteriorated to 3.00 from 2.75 in the previous quarter. Also, as of June 30, 2020, two of the Company's seventeen debt investments were rated 1, six investments were rated 2, four investments were rated 3, four investments were rated 4, and one investment was rated 5. As of June 30, 2020, four investments with a combined fair value of \$17.8 million were on non-accrual status.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2020, the Company had \$30.2 million of cash and restricted cash and was fully drawn on its \$45.0 million senior secured revolving credit facility. The credit facility is secured by all of the Company's assets. The revolving period under the credit facility was scheduled to end on July 31, 2020. However, on August 6, 2020, the Company amended the credit facility to, among other things, (i) extend the revolving period to October 31, 2020, until which date the Company may receive additional advances at the discretion of the lenders; and (ii) commence the amortization period beginning August 1, 2020. Please see the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, as filed with the Securities and Exchange Commission on August 6, 2020, for more information.

COVID-19 DEVELOPMENTS

The COVID-19 pandemic, and the related effects on the U.S. and global economies, has had, and may continue to have, adverse consequences for the business operations of some of the Company's portfolio companies and has adversely affected, and threatens to continue to adversely affect, the Company's operations and the operations of HCAP Advisors. Given the dynamic nature of this situation, the Company cannot reasonably estimate the full impact of COVID-19 on its financial condition, results of operations or cash flows in the future. However, the Company does expect that it could have a material adverse impact on its future net investment income, the fair value of its portfolio investments, and the Company's results of operations and financial condition as well as its portfolio companies. Please see the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, as filed with the Securities and Exchange Commission on August 6, 2020, for more information.

CONFERENCE CALL

The Company will host a conference call on Friday, August 7, 2020 at 11:00 a.m. Eastern Time to discuss its second 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 6167939 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 senior debt, subordinated 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 events, results and conditions to differ materially from those discussed or projected in these forward-looking statements, including, without limitation, changes in our relationships and contractual arrangements with lenders and changes in economic, market or other conditions, including with respect to the impact of the COVID-19 pandemic and its effects on the Company and its portfolio companies' results of operations and financial condition. These factors are identified from time to time in our filings with the Securities and Exchange Commission, including our most recent annual report on Form 10-K and subsequently filed quarterly reports on Form 10-Q. 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

	June 30, 2020	December 31, 2019
ASSETS:		
Non-affiliated/non-control investments, at fair value (cost of \$50,851,230 at 6/30/20 and \$61,379,670 at 12/31/19)	\$ 46,680,895	\$ 60,973,556
Affiliated investments, at fair value (cost of \$49,417,580 at 6/30/20 and \$48,111,833 at 12/31/19)	49,354,892	47,431,234
Control investments, at fair value (cost of \$14,043,651 at 6/30/20 and \$13,958,202 at 12/31/19)	8,247,949	8,404,600
Cash	8,764,304	11,199,083
Restricted cash	21,458,381	10,648,199
Interest receivable	560,097	663,191
Accounts receivable – other	143,819	184,804
Deferred financing costs	332,330	425,379
Other assets	281,921	129,690
Total assets	\$ 135,824,588	\$ 140,059,736
LIABILITIES:		
Revolving line of credit	\$ 45,000,000	\$ 43,700,000
2022 Notes (net of deferred offering costs and unamortized discount of \$518,659 at 6/30/20 and \$623,276 at 12/31/19)	28,231,341	28,126,724
Accrued interest payable	96,378	152,544
Accounts payable - base management fees	549,808	593,266
Accounts payable - administrative services	350,000	350,000
Accounts payable - accrued expenses	595,184	355,720
Total liabilities	74,822,711	73,278,254
Commitments and contingencies		
NET ASSETS:		
Common stock, \$0.001 par value, 100,000,000 shares authorized, 6,600,444 issued and 5,958,479 outstanding at 6/30/20 and 6,587,819 issued and 5,945,854 outstanding at 12/31/19	6,601	6,588
Capital in excess of common stock	90,962,284	90,876,759
Treasury shares, at cost, 641,965 shares at 6/30/20 and 12/31/19	(6,723,505)	(6,723,505)
Accumulated over distributed earnings	(23,243,503)	(17,378,360)
Total net assets	61,001,877	66,781,482
Total liabilities and net assets	\$ 135,824,588	\$ 140,059,736
Common stock outstanding	5,958,479	5,945,854
Net asset value per common share	\$ 10.24	\$ 11.23

Harvest Capital Credit Corporation
Consolidated Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Investment Income:				
Interest:				
Cash - non-affiliated/non-control investments	\$ 1,067,603	\$ 1,349,743	\$ 2,631,690	\$ 2,830,855
Cash - affiliated investments	1,105,081	1,100,708	2,406,871	2,061,654
PIK - non-affiliated/non-control investments	110,582	18,647	220,216	30,766
PIK - affiliated investments	144,527	187,598	299,855	382,112
Amortization of fees, discounts and premiums				
Non-affiliated/non-control investments	103,647	200,200	193,642	427,062
Affiliated investments	55,797	34,423	115,544	57,155
Total interest income	2,587,237	2,891,319	5,867,818	5,789,604
Other income	3,610	102,987	9,790	242,946
Total investment income	2,590,847	2,994,306	5,877,608	6,032,550
Expenses:				
Interest expense – revolving line of credit	339,900	92,295	661,019	102,781
Interest expense - unused line of credit	34,105	92,135	89,501	193,884
Interest expense - deferred financing costs	124,155	55,629	182,160	110,640
Interest expense - 2022 Notes	440,235	440,235	880,470	880,470
Interest expense - deferred offering costs and discount	52,765	49,210	104,618	97,570
Total interest expense	991,160	729,504	1,917,768	1,385,345
Professional fees	248,279	297,546	457,324	817,880
General and administrative	248,416	236,619	479,688	491,572
Base management fees	549,808	539,727	1,130,974	1,034,573
Administrative services expense	350,000	350,000	700,000	700,000
Total expenses	2,387,663	2,153,396	4,685,754	4,429,370
Net Investment Income	203,184	840,910	1,191,854	1,603,180
Net realized gains (losses):				
Non-Affiliated / Non-Control investments	(2,089,775)	6,151	(2,176,202)	52,451
Affiliated investments	(64,551)	20,750	(64,551)	20,750
Control investments	—	—	—	(10,890)
Net realized gains (losses)	(2,154,326)	26,901	(2,240,753)	62,311
Net change in unrealized appreciation (depreciation) on investments:				
Non-Affiliated / Non-Control investments	(522,115)	49,377	(3,764,219)	(689,578)
Affiliated investments	2,345,794	67,816	617,911	6,586
Control investments	(632,550)	(898,894)	(242,100)	(835,394)
Net change in appreciation (depreciation) on investments	1,191,129	(781,701)	(3,388,408)	(1,518,386)
Total net unrealized and realized losses on investments	(963,197)	(754,800)	(5,629,161)	(1,456,075)
Net increase (decrease) in net assets resulting from operations	\$ (760,013)	\$ 86,110	\$ (4,437,307)	\$ 147,105
Net investment income per share	\$0.03	\$0.14	\$0.20	\$0.26
Net increase (decrease) in net assets resulting from operations per share	(\$0.13)	\$0.01	(\$0.75)	\$0.02
Weighted average shares outstanding, basic and diluted	5,958,479	6,161,052	5,954,014	6,231,496

Investor & Media Relations Contacts

Harvest Capital Credit Corporation

Joseph Jolson
Chairman & Chief Executive Officer
(415) 835-8970
jjolson@harvestcaps.com

William E. Alvarez, Jr
Chief Financial Officer
(212) 906-3589
balvarez@harvestcaps.com