

Rand Capital Makes \$2.1 Million of Investments in 2015 Second Quarter; Net Asset Value Increased to \$5.16 Per Share

- **Active quarter for follow-on investments totaling \$1.6 million in seven portfolio companies**
- **Added additional medical device manufacturer to portfolio with \$500,000 investment**
- **Total assets of \$43.0 million, up 14% from 2014 second quarter**

BUFFALO, N.Y., Aug. 4, 2015 (GLOBE NEWSWIRE) -- Rand Capital Corporation (NASDAQ:RAND) ("Rand"), a business development company that makes venture capital investments in companies with emerging product, service or technology concepts, announced its results for the quarter ended June 30, 2015.

Second Quarter 2015 Financial Highlights

- Achieved \$5.16 net asset value (NAV) per share at June 30, 2015, up \$0.73 per share, or 16%, over June 30, 2014
- Provided \$1.6 million as follow-on investments in seven portfolio companies, with the largest additional investments made in SocialFlow, Rheonix, and SciAps
- Made initial investment of \$500,000 in GENICON, a medical device manufacturer and distributor focused exclusively on laparoscopic surgery
- Investment portfolio fair value now totals \$34.3 million

Allen F. ("Pete") Grum, President and Chief Executive Officer of Rand Capital, commented, "The second quarter was an active quarter of investing for us. Our conviction to our portfolio companies and their growth opportunities led to our further financial support of several of them this quarter, as well as an addition to the portfolio. We like the progress we are seeing in these companies and recognize the follow-on investments will help to support their continued development."

Investment Activity and Portfolio Overview

Highlights of several of this quarter's largest investments follow:

- New to the Rand portfolio, GENICON (<http://geniconendo.com/>) is a recognized emerging leader in the design, production, and distribution of patented surgical instrumentation focused exclusively on laparoscopic surgery. Product concepts originate from a distinguished panel of general, gynecologic, urologic and pediatric surgeons. The panel provides oversight on product design to meet the needs of a global surgeon client base. Research & development by mechanical and electrical engineers with significant experience in medical device design and manufacturing advance the development process. Rand has a \$0.5 million equity investment in GENICON.
- SocialFlow, Inc. (<http://www.socialflow.com/>) handles social publishing for the largest and most influential publishers in the world including Facebook, Twitter, and LinkedIn while also solving complex social media problems for brand marketers and providing data-driven solutions for optimized, cost effective social media marketing campaigns. SocialFlow was recently selected as an ad-tech partner for Pinterest's Marketing Developer Partners program. Rand now holds a \$1.75 million investment in SocialFlow.
- SciAps, Inc. (<http://sciaps.com/>) is an instrumentation company that provides durable, field-tested, portable analytical instruments to identify virtually any compounds, minerals and elements on the planet. The recent infusion of capital allows the company to develop proprietary laser technology aimed at a tenfold improvement in analyzer performance and vertical integration of key components. Additionally, the company intends to pursue new markets that have emerged for its industry-leading handheld laser induced breakdown spectrometer, including geochem, food and agriculture. Rand holds a \$2.0 million investment in SciAps as of June 30, 2015.

Additional follow-on investments were provided to Rheonix, Inc., Mezmeriz, Inc., Teleservices Solutions Holdings, LLC, Intrinsic Materials, Inc., and OnCore Golf Technology, Inc. At \$2.8 million, Rheonix is Rand's largest investment on a cost basis.

As of June 30, 2015, Rand's portfolio consisted of 31 businesses valued at \$34.3 million. It was comprised of approximately 46% in manufacturing, 21% in software, 11% in healthcare and 22% in a diverse group of other industry categories. The portfolio included approximately 23% in debt investments and 77% in equity investments.

Liquidity and Capital Resources

Rand is focused on increasing net asset value through capital appreciation and maintaining sufficient income to drive operational leverage.

Cash on hand at June 30, 2015 was \$6.5 million. The primary use of cash is for follow-on and new investments to grow the Company's portfolio and net asset value.

Strategy and Outlook

Rand's strategy is to invest in small-to-mid-sized companies with new or unique products or services that offer competitive advantage and strong growth potential. It focuses primarily on upstate New York and Northeast businesses to more efficiently enable the Rand team to work closely with senior management and boards of portfolio companies.

Mr. Grum concluded, "We are realizing solid success with the investments we have made and plan to replicate our approach to keep growing the portfolio. Historically, over the past decade we achieved a net asset value per share compound annual growth rate of approximately 14.5%. We believe we have the momentum to continue to achieve solid returns over the long-term. To achieve our goal, our rate of investment has accelerated over the last three years while we maintained our investment discipline."

ABOUT RAND CAPITAL

Rand Capital (NASDAQ:RAND) provides investors the ability to participate in venture capital opportunities through an investment in the Company's stock. Rand is a Business Development Company (BDC), and its wholly-owned subsidiary is licensed by the U.S. Small Business Administration (SBA) as a Small Business Investment Company (SBIC). Rand focuses its investments in early or expansion stage companies with strong leadership that are bringing to market new or unique products, technologies or services that have a high potential for growth. Additional information can be found at the Company's website where it regularly posts information: www.randcapital.com.

Safe Harbor Statement

This news release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements concerning future net asset value growth, investment returns and opportunities. These statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Corporation to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the valuation of the Corporation's portfolio, the timing and opportunity for investments or divestitures as well as conditions affecting the portfolio companies' markets, competitor responses, and market acceptance of their products and services and other factors disclosed in the Corporation's periodic reports filed with the Securities and Exchange Commission. Consequently, such forward looking statements should be regarded as the Corporation's current plans, estimates and beliefs. The Corporation assumes no obligation to update the forward-looking information contained in this release.

FINANCIAL TABLES FOLLOW.

Rand Capital Corporation and Subsidiary
Consolidated Statements of Financial Position

	June 30, 2015	December 31, 2014
ASSETS	(Unaudited)	
Investments at fair value:		
Control investments (cost of \$1,248,221 and \$1,347,300, respectively)	\$ 9,923,221	\$ 10,022,300
Affiliate investments (cost of \$18,139,387 and \$15,188,935, respectively)	17,374,393	14,617,378

Non-affiliate investments (cost of \$7,100,532 and \$5,677,241, respectively)	<u>6,961,261</u>	5,665,698
Total investments, at fair value (cost of \$26,488,140 and \$22,213,476, respectively)	<u>34,258,875</u>	30,305,376
Cash	<u>6,520,170</u>	13,230,717
Interest receivable (net of allowance: \$122,000 at 6/30/15 and \$128,311 at 12/31/14)	<u>207,441</u>	165,094
Prepaid income taxes	<u>148,807</u>	--
Other assets	<u>1,817,277</u>	1,824,800
Total assets	<u>\$ 42,952,570</u>	<u>\$ 45,525,987</u>

LIABILITIES AND STOCKHOLDERS' EQUITY (NET ASSETS)

Liabilities:

Debentures guaranteed by the SBA	<u>\$ 8,000,000</u>	\$ 8,000,000
Income tax payable	--	2,065,795
Deferred tax liability	<u>1,862,464</u>	1,838,351
Profit sharing and bonus payable - officers	<u>194,740</u>	953,490
Accounts payable and accrued expenses	<u>184,017</u>	290,646
Deferred revenue	<u>35,264</u>	24,264
Total liabilities	<u>10,276,485</u>	13,172,546

Commitments and contingencies

Stockholders' equity (net assets):

Common stock, \$.10 par; shares authorized 10,000,000; shares issued 6,863,034; shares outstanding of 6,328,538 as of 6/30/15 and 12/31/14	<u>686,304</u>	686,304
Capital in excess of par value	<u>10,581,789</u>	10,581,789
Accumulated net investment (loss)	<u>(506,475)</u>	(867,482)
Undistributed net realized gain on investments	<u>18,463,557</u>	18,290,374
Net unrealized appreciation on investments	<u>4,898,401</u>	5,109,947
Treasury stock, at cost; 534,496 shares as of 6/30/15 and 12/31/14	<u>(1,447,491)</u>	(1,447,491)
Total stockholders' equity (net assets) (per share 6/30/15: \$5.16, 12/31/14: \$5.11)	<u>32,676,085</u>	32,353,441
Total liabilities and stockholders' equity	<u>\$ 42,952,570</u>	<u>\$ 45,525,987</u>

Rand Capital Corporation and Subsidiary Consolidated Statements of Operations (Unaudited)

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Investment income:				
Interest from portfolio companies:				
Control investments	<u>\$ 20,275</u>	\$ 29,460	<u>\$ 42,420</u>	\$ 61,759
Affiliate investments	<u>96,522</u>	130,517	<u>211,651</u>	253,373
Non-Control/Non-Affiliate investments	<u>66,422</u>	41,320	<u>115,222</u>	79,344
Total interest from portfolio companies	<u>183,219</u>	201,297	<u>369,293</u>	394,476
Interest from other investments:				
Non-Control/Non-Affiliate investments	<u>8,369</u>	3,031	<u>15,190</u>	8,197
Total interest from other investments	<u>8,369</u>	3,031	<u>15,190</u>	8,197
Dividend and other investment income:				
Control investments	<u>491,208</u>	399,895	<u>903,359</u>	682,981
Affiliate investments	<u>29,061</u>	59,232	<u>58,429</u>	90,065
Non-Control/Non-Affiliate investments	<u>--</u>	2,531	<u>--</u>	2,531
Total dividend and other investment income	<u>520,269</u>	461,658	<u>961,788</u>	775,577

Fee income:				
Control investments	2,000	2,500	4,000	6,000
Affiliate investments	416	1,767	1,833	2,700
Non-Control/Non-Affiliate investments	4,251	1,306	8,167	2,556
Total fee income	6,667	5,573	14,000	11,256
Total investment income	718,524	671,559	1,360,271	1,189,506
Operating expenses:				
Salaries	149,555	147,669	299,110	295,338
Bonus and profit sharing	--	(45,635)	--	(45,635)
Employee benefits	29,394	24,689	59,801	62,756
Directors' fees	29,300	55,500	51,050	74,250
Professional fees	20,433	44,021	93,502	100,512
Stockholders and office operating	55,717	55,361	115,114	85,650
Insurance	6,300	7,500	17,554	19,909
Corporate development	14,400	16,431	31,381	27,556
Other operating	2,224	1,979	5,874	3,256
	307,323	307,515	673,386	623,592
Interest on SBA obligations	77,569	68,137	151,891	126,417
Bad debt expense	--	--	--	6,311
Total operating expenses	384,892	375,652	825,277	756,320
Investment income before income taxes	333,632	295,907	534,994	433,186
Income tax expense	101,920	48,712	173,987	97,843
Net investment income	231,712	247,195	361,007	335,343
Net Realized gain (loss) on investments:				
Affiliate investments	--	--	--	(778,253)
Non-Control/Non-Affiliate investments	131,181	(444,172)	262,925	(446,939)
Net realized gain (loss) before income taxes	131,181	(444,172)	262,925	(1,225,192)
Income tax expense (benefit)	42,591	(142,701)	89,742	(422,226)
Net realized gain (loss) on investments	88,590	(301,471)	173,183	(802,966)
Net (decrease) increase in unrealized appreciation on investments:				
Affiliate investments	(193,436)	(356,900)	(193,436)	29,980
Non-Control/Non-Affiliate investments	(73,219)	1,236,251	(127,728)	1,236,251
Change in unrealized appreciation before income taxes	(266,655)	879,351	(321,164)	1,266,231
Deferred income tax (benefit) expense	(89,449)	305,299	(109,618)	448,445
Net (decrease) increase in unrealized appreciation on investments	(177,206)	574,052	(211,546)	817,786
Net realized and unrealized (loss) gain on investments	(88,616)	272,581	(38,363)	14,820
Net increase in net assets from operations	\$ 143,096	\$ 519,776	\$ 322,644	\$ 350,163
Weighted average shares outstanding	6,328,538	6,411,892	6,328,538	6,411,892
Basic and diluted net increase in net assets per share from operations	\$ 0.02	\$ 0.08	\$ 0.05	\$ 0.05

Rand Capital Corporation and Subsidiary
Top Five Portfolio Companies at June 30, 2015
(Unaudited)

<u>Company</u>	<u>Industry</u>	<u>Fair Value</u>	<u>% of Total Assets</u>
Gemcor II, LLC	Manufacturing – Aerospace Machinery	\$9,823,721	23%
Rheonix, Inc.	Health Care – Testing Devices	\$2,916,474	7%
SciAps, Inc.	Manufacturing – Instrumentation	\$2,004,710	5%
Microcision LLC	Manufacturing – Medical Products	\$1,891,964	4%
SocialFlow, Inc.	Software – Social Publishing	\$1,750,000	4%
TOTAL			43%

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Source: Rand Capital Corporation