



First Quarter 2018 Earnings Call

May 2, 2018

Allen F. “Pete” Grum
President & CEO

Daniel P. Penberthy
Executive Vice President & CFO

Safe Harbor Statement

Statements included in these slides that do not relate to present or historical conditions are “forward-looking statements” within the meaning of that term in Section 27A of the Securities Act of 1933, and in Section 21E of the Securities Exchange Act of 1934. Additional oral or written forward-looking statements may be made by us from time to time, and forward-looking statements may be included in documents that are filed with the Securities and Exchange Commission. Forward-looking statements involve risks and uncertainties that could cause results or outcomes to differ materially from those expressed in the forward-looking statements. Forward-looking statements may include, without limitation, statements relating to our plans, strategies, objectives, expectations and intentions and are intended to be made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as “believes,” “forecasts,” “intends,” “possible,” “expects,” “estimates,” “anticipates,” or “plans” and similar expressions are intended to identify forward-looking statements. Among the important factors on which such statements are based are assumptions concerning the state of the national economy and the markets in which our portfolio companies operate, the state of the securities markets and the national financial markets, and inflation. Forward-looking statements are also subject to the risks and uncertainties described under the caption “Risk Factors” contained in documents that we file with the SEC, including our 2017 Annual Report on Form 10-K filed on March 8, 2018. There may be other factors not identified that affect the accuracy of our forward-looking statements. Further, any forward-looking statement speaks only as of the date it is made and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time that may cause our business to not develop as we expect, and we cannot predict all of them.



First Quarter 2018 Highlights

- NAV of \$4.97 per share at March 31, 2018; down from \$5.05 at December 31, 2017
 - Down \$0.05 from net unrealized losses on investments
 - Down \$0.03 from net investment loss
- Invested \$450,000 in two current portfolio companies
 - Centivo Corporation \$200,000
 - SciAps, Inc. \$250,000
- Investment income increased 10% over prior-year first quarter
- Portfolio valued at \$32.2 million at quarter end
- Progress with expanding relationship with SBA



Featured Portfolio Companies*



Buffalo, NY

- Dealer to dealer live mobile application in wholesale auctions for new and used cars
- Initial investment: 2016
- <1% equity position
- Cost: \$163,000
- Fair value: \$282,356



Woburn, MA

- Investment company producing portable analytical devices using XRF, LIBS and RAMAN spectroscopy to identify compounds, minerals, and elements
- Initial investment: 2013
- 6% equity position
- Cost: \$3.1 million
- Fair value: \$2.0 million



- Web-based predictive employee selection and reference checking
- Initial investment: 2010
- 4% equity position
- Cost: \$2.1 million
- Fair value: \$2.1 million

Dallas, TX



Portfolio Companies: By Revenue Stage



Several portfolio companies approaching exit stage*



Portfolio Companies: By Investment Period



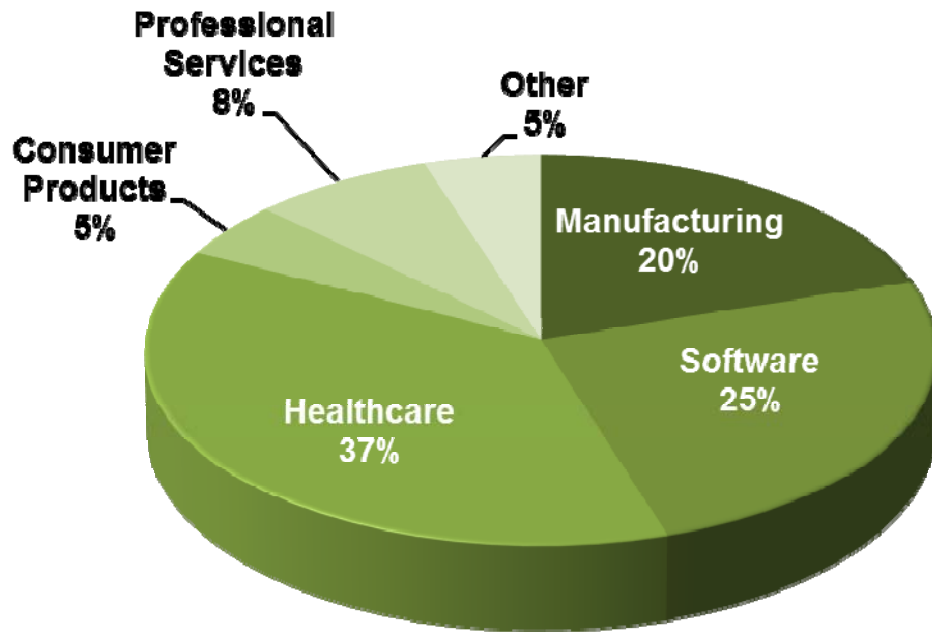
Average portfolio age is 4.8 years*



Diverse Portfolio Reflects Strategy

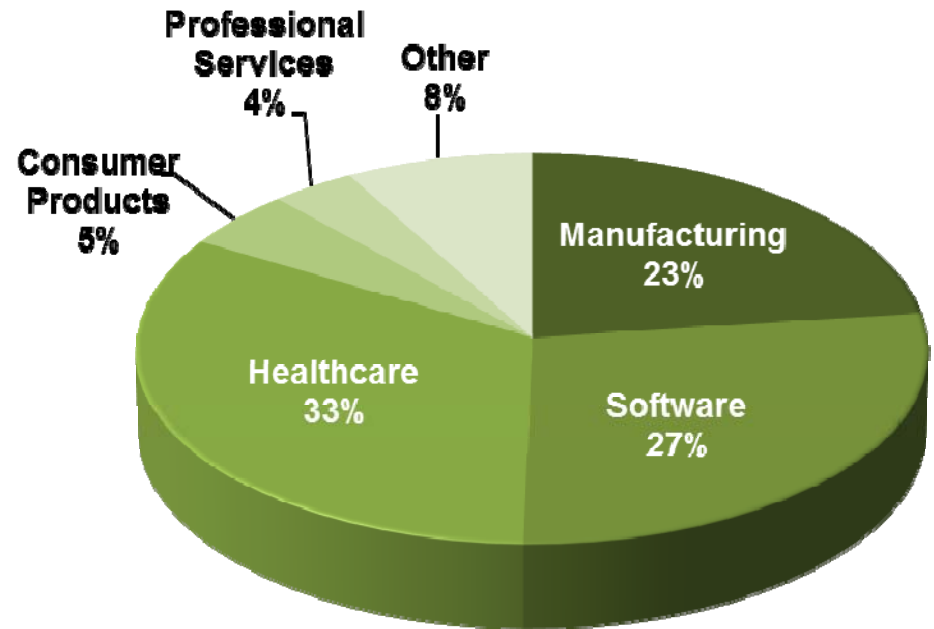
Investments by Industry Classification

March 31, 2018



*Based on total investments
at fair value of \$32.2 million
as of March 31, 2018*

March 31, 2017



*Based on total investments
at fair value of \$27.6 million
as of March 31, 2017*



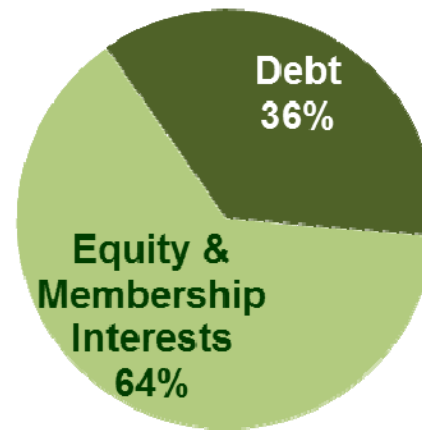
Equity Investment Focused, But Flexible

Growth Strategy

- Focused on capital appreciation and growing NAV
- Near-term objective to build investment income
- Flexibility: adjust investments to meet needs



2015



2016








2017

March 31, 2018: 60% Equity, 40% Debt



Top Five Investments in Portfolio

\$32.2 million total portfolio, 30 active companies

	Company	Investments at Fair Value (in millions)	Year Acquired	Industry	% of Total Portfolio
	Genicon	\$4.0	2015	Healthcare—Surgical Instrumentation	13%
	eHealth	\$3.5	2016	Healthcare—Clinical Record Imaging Systems	11%
	Rheonix	\$2.9	2009	Healthcare—Molecular Testing Devices	9%
	Tilson	\$2.5	2015	Professional Services	8%
	Outmatch	\$2.1	2010	Software—Predictive Talent Selection	7%
	TOTAL Top 5	\$15.0			48%



All values as of March 31, 2018, may not foot due to rounding

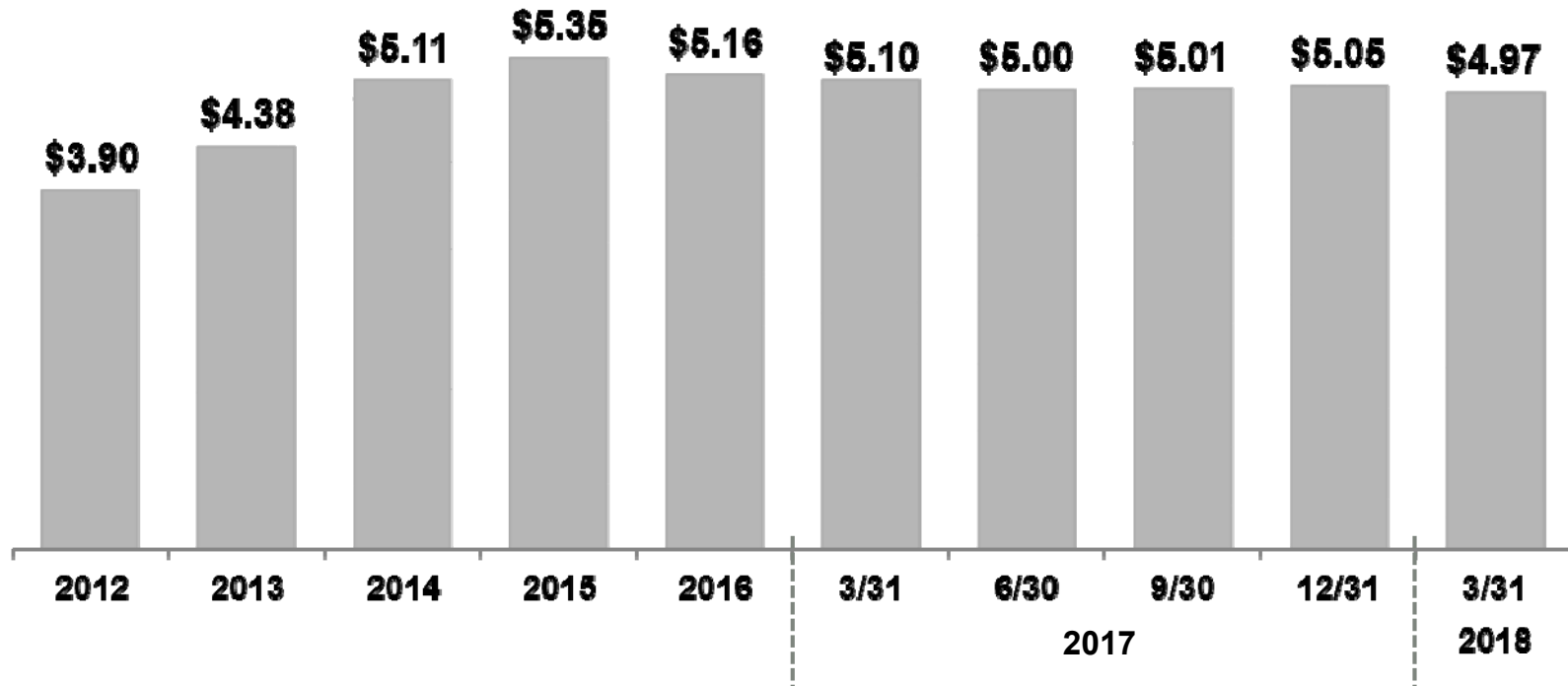


Financial Review

Daniel P. Penberthy
Executive Vice President & CFO

NAV Progression

(NAV per share, after tax)



Portfolio gains/losses drive changes in NAV



Financial Summary

(in thousands, except per share data)

	Q1 2018	Q1 2017	\$/% Δ
Investment income	\$ 363	\$ 329	\$34/10%
Total expenses	589	516	73/14%
Net unrealized loss on investments	(347)	(244)	(103)/(42%)
Net decrease in net assets from operations	(520)	(359)	(161)/(54%)
Per share	(\$0.08)	\$(0.06)	(\$0.02)/(33%)

- Income-producing investments over past year drove investment income increase
- Increase in expenses mainly due to professional services and bad debt expense
- Net unrealized loss on investments impacted by fluctuations in portfolio company operating conditions



Strong Balance Sheet

At March 31, 2018

Value/share

\$0.49	\$3.1 million cash at Corporate
\$0.38	\$2.4 million cash in SBIC
\$5.10	\$32.2 million in portfolio investments
(\$1.27)	\$8.0 million in SBA borrowings (maturity 2022-2025)
\$0.27	\$1.7 million other assets & liabilities, net
<u>\$4.97</u>	Net Asset Value (NAV) per share



Closing

Allen F. "Pete" Grum
President & CEO

Cash Flow and Capital Priorities

- Investments to deliver high returns and cash for reinvestment
- Cover operating expenses
- Return capital to shareholders opportunistically





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