



FIRST QUARTER 2020 FINANCIAL RESULTS

May 11, 2020

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SAFE HARBOR STATEMENT



This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than historical facts, including but not limited to statements regarding the intention of Rand Capital (“Rand,” “Rand Capital” or the “Company”) and Rand Capital SBIC, Inc. (“Rand SBIC”) to elect to be taxed as a regulated investment company (“RIC”) for U.S. federal tax purposes; the impact of the COVID-19 pandemic on Rand and our portfolio companies; the timing and completion of the contemplated reverse stock split; the number of shares of Rand’s common stock outstanding after the completion of the reverse stock split; the amount of Rand common stock that the Company plans to repurchase and the time period during which such repurchases are to occur; the competitive ability and position of Rand and the ability of Rand to execute on its investment strategy; and any assumptions underlying any of the foregoing, are forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words “may,” “will,” “should,” “potential,” “intend,” “expect,” “endeavor,” “seek,” “anticipate,” “estimate,” “overestimate,” “underestimate,” “believe,” “could,” “project,” “predict,” “continue,” “target” or other similar words or expressions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) the risk that Rand Capital and/or Rand SBIC may be unable to fulfill the conditions required in order to elect to be treated as a RIC for U.S. tax purposes; (2) the risk that the Company is unable to complete the reverse stock split; (3) uncertainty around the scope of the impact of the COVID-19 pandemic and its specific impact on our portfolio companies; (4) evolving legal, regulatory and tax regimes; (5) changes in general economic and/or industry specific conditions; and (6) other risk factors as detailed from time to time in Rand Capital’s reports filed with the Securities and Exchange Commission (“SEC”), including Rand Capital’s annual report on Form 10-K for the year ended December 31, 2019, later filed quarterly reports on Form 10-Q, the definitive proxy statement and other documents filed with the SEC. Consequently, such forward-looking statements should be regarded as Rand Capital’s current plans, estimates and beliefs. Except as required by applicable law, Rand Capital assumes no obligation to update the forward-looking information contained in this presentation.

The Company’s investment activities are managed by its external investment adviser, Rand Capital Management, LLC. Additional information can be found at the Company’s website where it regularly posts information: <https://www.randcapital.com/>.

ADVANCED TRANSFORMATION OF RAND CAPITAL



- **Distributed Special Dividend of \$23.7 million, or \$1.62 per share, on May 11, 2020**
 - Ex-dividend date May 12, 2020
 - Combination of \$4.75 million in cash and 8.6 million shares of Rand common stock
 - 30% elected cash or made no election/70% elected stock
- **Announced 1:9 reverse stock split to begin trading reversed on May 22, 2020**
- **Board approved new share buyback authorization to allow for repurchase of up to \$1.5 million in shares outstanding**

EXPECTED ENDING SHARE COUNT



Date		Shares Outstanding
3/31/2020	Shares Outstanding	14,655,321
5/12/2020	Shares issued for Special Dividend	8,649,103
	Total	23,304,424
5/22/2020	After 1:9 Reverse Split	2,589,380

- **Share value for dividend was \$2.20 rounded**
 - 3-day VWAP ended April 29, 2020
- **Board approved 1:9 reverse split**
 - Reverse range approved by shareholders in December 2019 was from 1:7 to 1:10

PORTFOLIO ACTIVITY Q1 2020



- **Exits:**
 - \$2.3 million gain from Outmatch Holdings, LLC
 - \$96 thousand combined in earn-outs from Microcision and Advantage 24/7
- **Invested \$1.7 million in public equity of business development companies**
- **Net asset value at March 31, 2020 increased \$0.03 per share to \$3.69 per share**
 - + Lower expenses from conversion to external management
 - + Tax benefit from CARES act benefit and other adjustments
 - + Gains from exits
 - Change in unrealized depreciation
 - Deferred tax asset eliminated from conversion to RIC

Q1 2020 INVESTMENTS



Provide dividend income and liquidity

Company	Ticker	# of shares	Cost	Annualized Dividend*
Apollo Investment Corp.	Nasdaq: AINV	35,000	\$364,084	\$1.80
Ares Capital Corp.	Nasdaq: ARCC	27,000	\$343,460	\$1.60
FS KKR Capital Corp.	NYSE: FSK	100,000	\$338,980	\$0.76
Golub Capital BDC Inc.	Nasdaq: GBDC	25,000	\$346,597	\$1.16
Owl Rock Capital Corp.	NYSE: ORCC	30,000	\$347,067	\$1.24
		TOTAL	\$1,740,188	

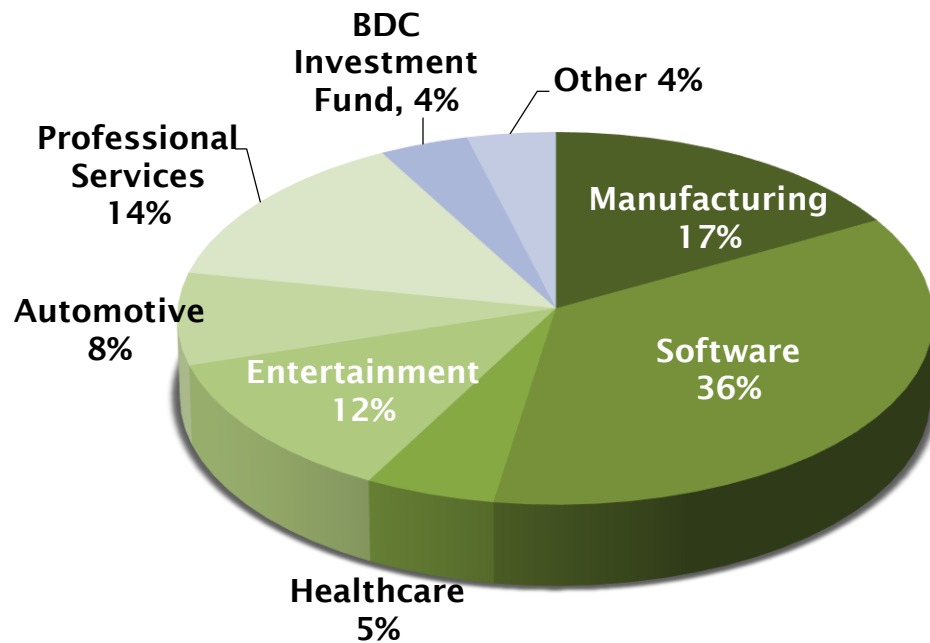
*Source: Nasdaq.com

INCREASINGLY DIVERSIFIED PORTFOLIO



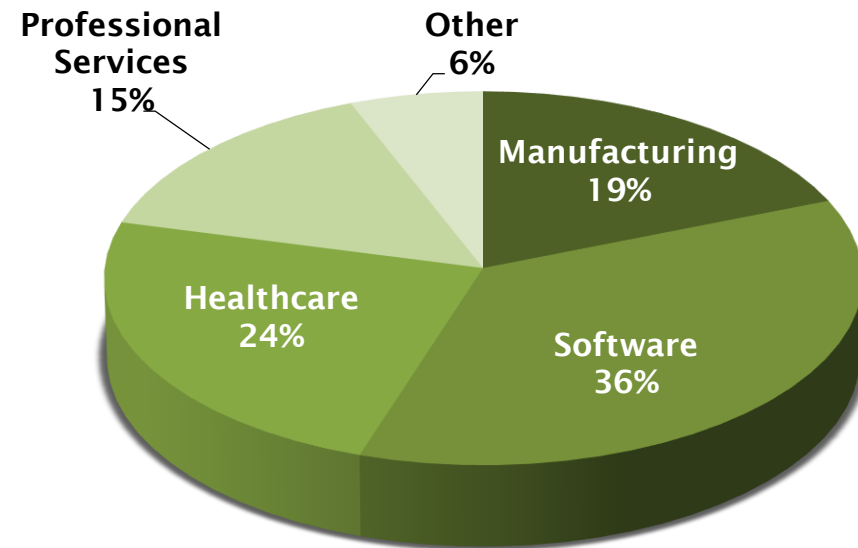
Investments by Industry Classification

March 31, 2020



Based on total investments at fair value of \$36.0 million as of March 31, 2020

March 31, 2019








Based on total investments at fair value of \$32.5 million as of March 31, 2019

TOP FIVE PORTFOLIO INVESTMENTS



\$36 million portfolio value with 36 portfolio companies

Company	Investments at Fair Value (in millions)	Year Acquired	Industry	% of Total Portfolio
 ACV Auctions	\$6.5	2016	Software—Live Mobile Auctions for Automobile Dealers	18%
 Andretti (AIKG LLC)	\$4.4	2019	Entertainment—Indoor karting, games and food	12%
 Tilson	\$4.0	2015	Professional Services—Cellular Info Systems, Construction, Mgmt.	11%
 Filterworks USA	\$2.9	2019	Automotive—Mechanical contractor	8%
 Carolina Skiff	\$1.8	2004	Manufacturing— Fresh water and ocean, fishing and pleasure boats	5%
TOTAL Top 5	\$19.6			54%

All values as of March 31, 2020, may not foot due to rounding

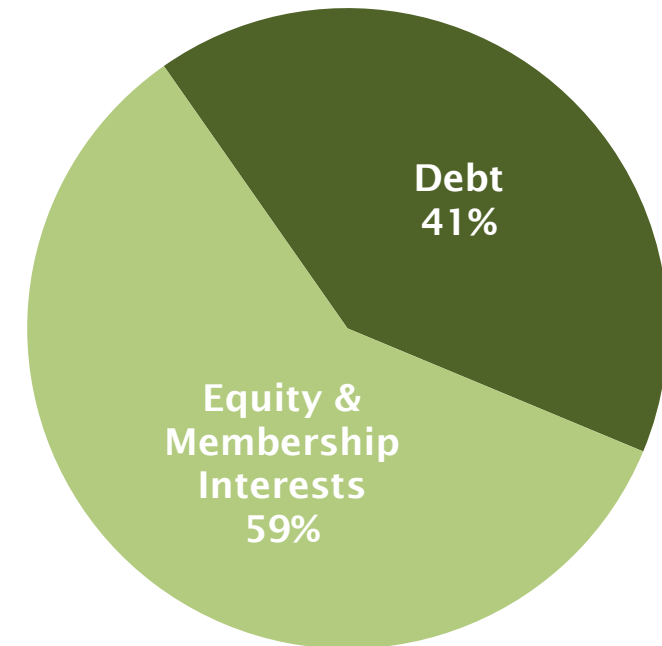
Equity interests down from 65% at 12/31/19

- Sale of Outmatch - formerly had been 6% of portfolio
- Investments in public equity of BDCs comprise ~4%
 - Provide dividend income and highly liquid as public equity

Targeted investment structure:

- Subordinated debt with warrants or preferred equity
- For expansion capital, growth or ownership transition
- Co-investor with institutional funds; minority owner
- Current interest combined with equity interests

Portfolio Asset Mix



\$36.0 million
March 31, 2020



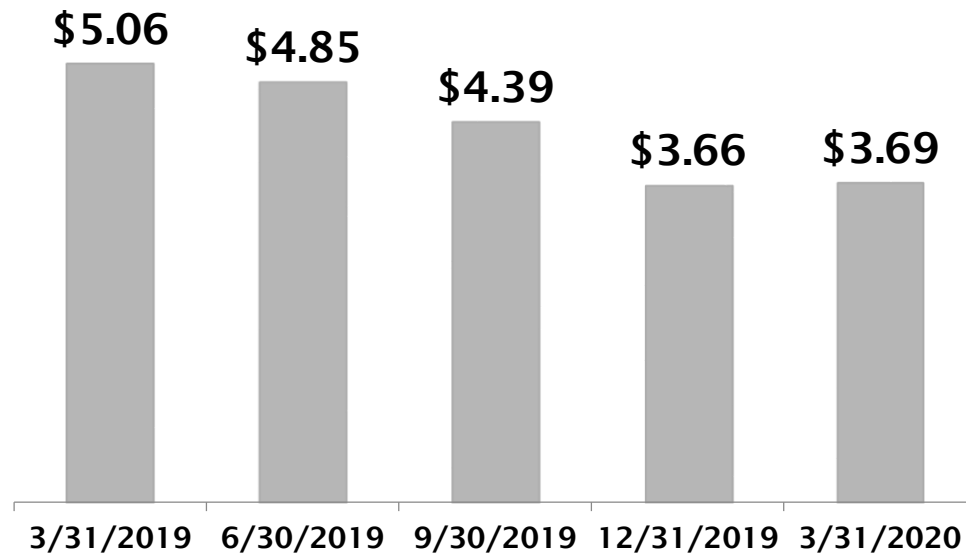
Financial Review

Daniel P. Penberthy
Executive Vice President & CFO

NET ASSET VALUE PER SHARE PROGRESSION



(NAV per share, after tax)



Increase of \$0.03 in NAV from net investment gain and gain on sale of Outmatch Holdings, LLC

- Offset by net (\$2.5) million change in unrealized depreciation (incl. deferred tax expense)

Decline in NAV at 12/31/2019 reflects additional 8.3 million shares issued to East Asset Management for \$25 million investment at \$3.00 per share

Net investment gain combined with portfolio gains/losses drives change in NAV

FINANCIAL SUMMARY



(in thousands, except per share data)*

	Q1 2020	Q1 2019	\$/% Δ
Investment income	\$ 636	\$ 719	(\$83)/(12%)
Total expenses	517	690	(\$173)/(25%)
Net investment gain before income taxes	119	30	\$90/297%
Net investment gain	538	23	\$515/2,240%
Net realized and unrealized (loss)/gain on investments	(108)	433	(\$541)/NM
Net increase in net assets from operations	\$ 430	\$ 455	(\$25)/(5%)
Per share	\$ 0.03	\$0.07	(\$0.04)/(57%)

NM: Not Meaningful

*Totals may not sum due to rounding

- **Investment income declined due to lower fee income vs. prior year**
 - Q1 2019 benefitted from atypically high fee income
- **Lower expenses reflect benefit of conversion to externally-managed BDC structure**
- **Net investment gain of \$538,000 result of \$419,000 tax benefit**
 - RIC conversion
 - Carryback of NOLS under CARES Act
- **Net increase in net assets reflects impact of net investment gain**

STRONG BALANCE SHEET, OPPORTUNITY FOR GROWTH



Strong liquidity position during economic disruption

At March 31, 2020

Net Asset Value Composition

Per Share	Assets and Liabilities
\$1.99	\$29.1 million consolidated cash
\$2.45	\$36.0 million in portfolio investments
(\$0.75)	\$11.0 million in SBA borrowings
<u>\$0.00</u>	\$0.05 million other assets & liabilities, net
<u>\$3.69</u>	Net Asset Value (NAV) per share

Significant Liquidity

- \$29.1 million in cash
- \$3.0 million available in leverage
- (\$4.75) million dividend paid May 11, 2020



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