



# Third Quarter 2017 Earnings Call

November 6, 2017

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President & CEO

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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 2016 Annual Report on Form 10-K filed on March 8, 2017. 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.*



# Third Quarter 2017 Highlights

- NAV of \$5.01 per share at September 30, 2017
  - Up from \$5.00 at June 30, 2017
  - Moving closer to operating cash breakeven, with increase in investment income
- Invested \$100,000, from new SBIC fund
  - Convertible unsecured note
- Application for second SBIC fund continues in review process with SBA
- Board of Directors extended share repurchase program through October 26, 2018
  - Approximately 459,000 shares remain available for repurchase



# Featured Portfolio Companies\*



Buffalo, NY

- Provides innovative solutions for the post-processing of additive manufactured parts.
- Initial investment: 7/25/16
- Convertible Note
- Cost: \$300,000
- Fair value: \$300,000



Ithaca, NY

- Online fundraising, day of giving supporter engagement software for nonprofit organizations.
- Initial investment: 3/13/13
- 7% equity position
- Cost: \$616,221
- Fair value: \$424,314



New York, NY

- End user experience management and performance (EMP) solutions utilizing enterprise applications.
- Initial investment: 11/20/12
- 7% equity position
- Cost: \$1.3 million
- Fair value: \$497,921

\* All values as of September 30, 2017



# Portfolio Companies: By Revenue Stage



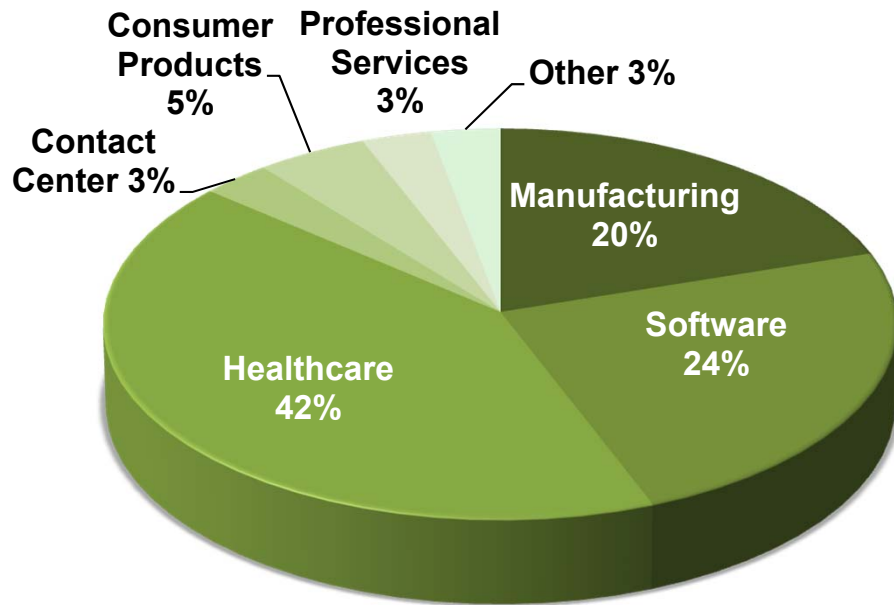
Several portfolio companies preparing to exit\*



# Diverse Portfolio Reflects Strategy

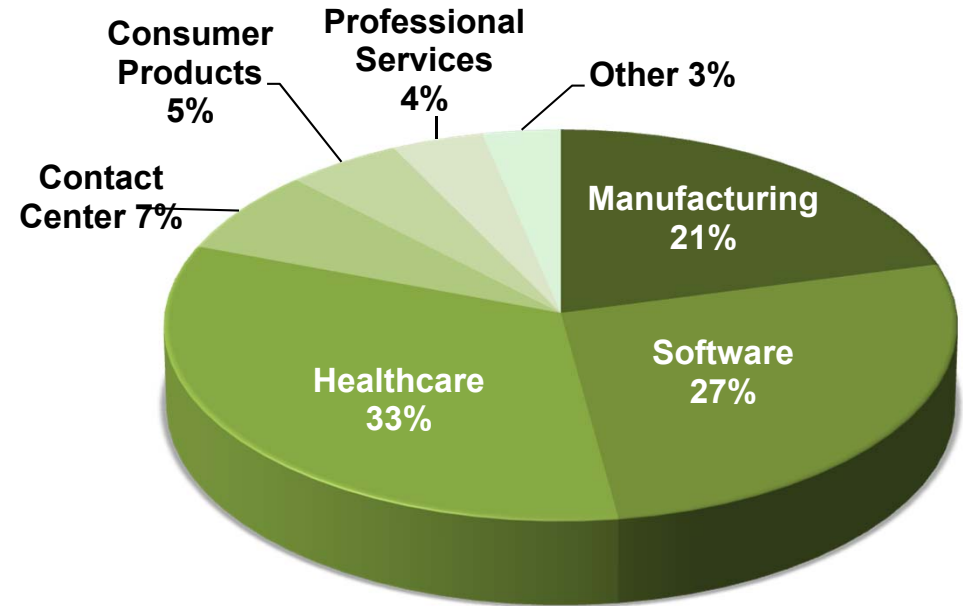
## Investments by Industry Classification

September 30, 2017



*Based on total investments at fair value of \$30.7 million as of September 30, 2017*

September 30, 2016



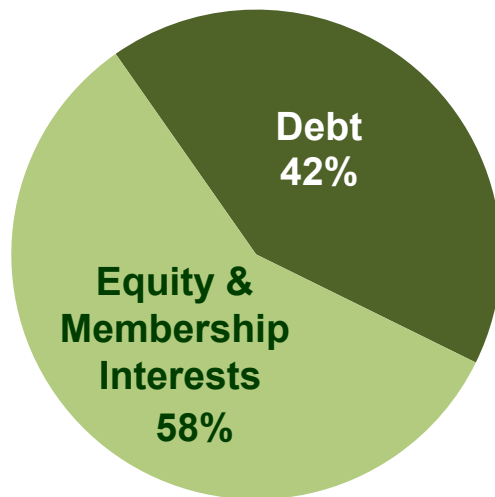
*Based on total investments at fair value of \$27.6 million as of September 30, 2016*



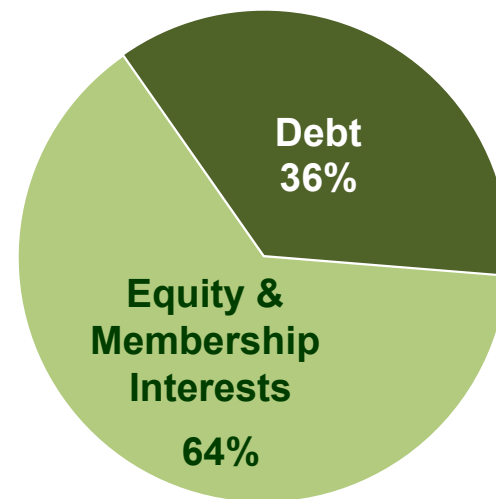
# Equity Investment Focused, But Flexible

## *Growth Strategy*

- Focused on capital appreciation and growing NAV
- Near-term objective to build investment income



As of September 30, 2017








As of September 30, 2016





# Top Five Investments in Portfolio

*\$31 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	10%
	Outmatch	\$2.1	2010	Software—Predictive Talent Selection	7%
	SocialFlow	\$2.1	2013	Software—Social Publishing	7%
	<b>TOTAL Top 5</b>	<b>\$14.7</b>			<b>48%</b>



*All values as of September 30, 2017, may not foot due to rounding*



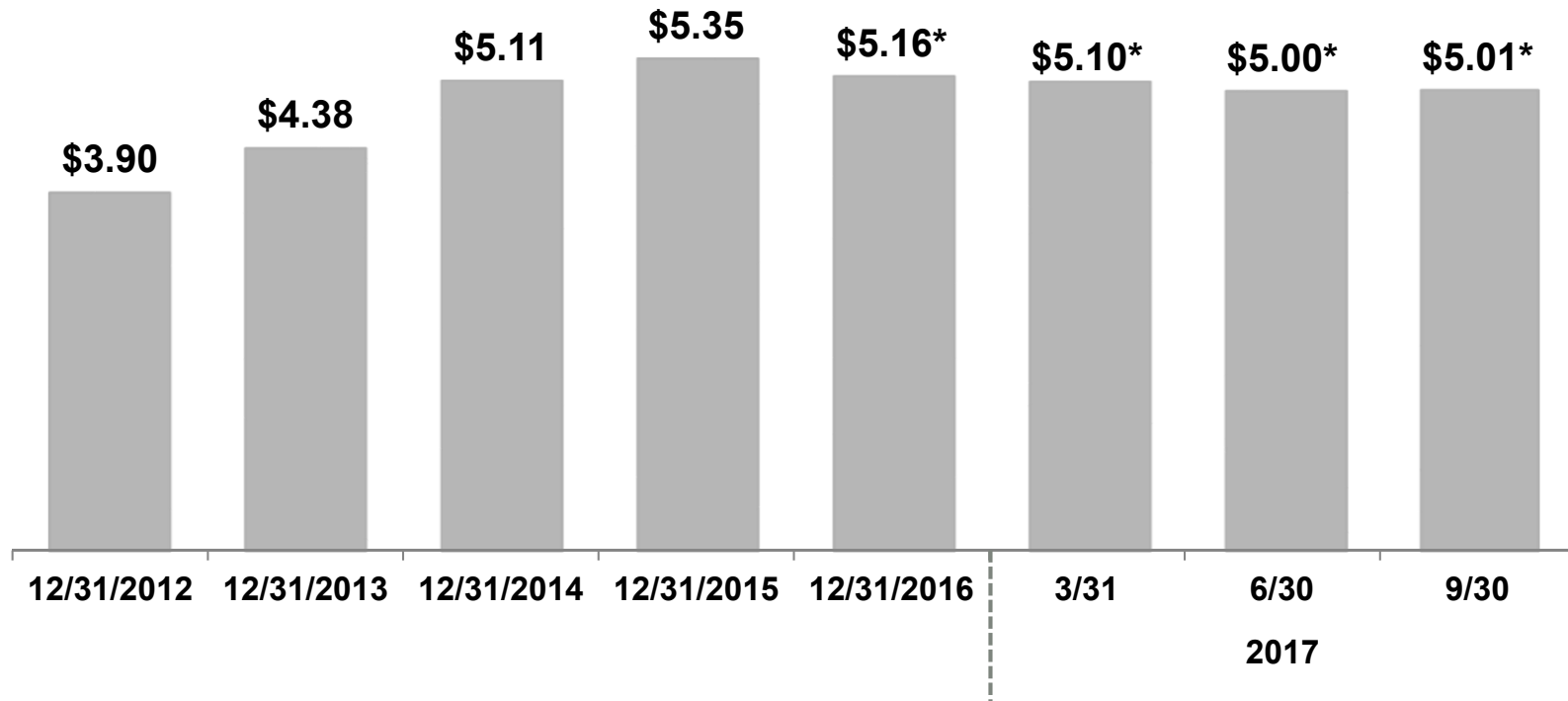


# Financial Review

Daniel P. Penberthy  
Executive Vice President & CFO

# NAV Progression

(NAV per share, after tax)



**Portfolio exits drive NAV growth\*\***

\* Impacted by unrealized losses on certain investments, reflecting current operating conditions within the companies

\*\* Timing of exits cannot be predicted



# Financial Summary

(in thousands, except per share data)

	Q3 2017	Q3 2016	\$/% Δ	YTD 2017	YTD 2016	\$/% Δ
Investment income	\$ 397	\$ 316	\$81/26%	\$ 1,075	\$ 730	\$345/47%
Total expenses	439	487	(51)/(10%)	1,563	2,915	(1,352)/(46%)
Net realized and unrealized gain (loss) on investments	83	(457)	540/NM	(638)	364	(1,002)/NM
Net increase (decrease) in net assets from operations	58	(571)	629/NM	(937)	(987)	50/5%
Per share	\$0.01	\$(0.09)	\$0.10/NM	\$(0.15)	\$(0.16)	\$0.01/6%

- Growing debt investments drove Q3 and YTD 2017 investment income increases
- Lower YTD 2017 expenses reflect lower incentive compensation
  - YTD 2016 impacted by Gemcor exit
- Net realized and unrealized change in investment value impacted by fluctuations in portfolio company operating conditions



NM: Not Meaningful

# Strong Balance Sheet

*At September 30, 2017*

## Value/share

\$1.01	\$6.4 million in cash-on-hand*
\$4.86	\$30.7 million in portfolio investments
(\$1.27)	\$8.0 million in SBA borrowings (maturity 2022-2025)
<u>\$0.41</u>	\$2.6 million other assets & liabilities, net
<u><b>\$5.01</b></u>	Net Asset Value (NAV) per share

*\* Cash-on-hand as of September 30, 2017 consists of: \$0.7 million in Rand Capital Corporation, \$1.2 million in SBIC I, and \$4.5 million in SBIC II*





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