

August 7, 2018



Rand Capital Corporation

Rand Capital Announces Second Quarter 2018 Results

- *Invested \$775,000 during the second quarter*
- *Net Asset Value per share was \$4.87 at June 30*
- *Progressing with Small Business Administration (SBA) new financing process*

BUFFALO, N.Y.--(BUSINESS WIRE)-- [Rand Capital Corporation](#) (Nasdaq:RAND) ("Rand"), a venture capital company which invests in growth businesses with unique product, service or technology concepts, announced its results for the quarter and six months ended June 30, 2018.

Allen F. ("Pete") Grum, President and Chief Executive Officer of Rand Capital, commented, "During the quarter we invested \$775,000 in debt instruments supporting KnowledgeVision's progression of its smart media technology. Since we first began investing in them in 2013, the company has increased its registered user base tenfold."

Mr. Grum added, "We continue to work with the SBA to secure an additional \$6 million of debentures. With a full pipeline of investment opportunities, we look forward to completing this transaction and putting the funds to work in support of exciting growth businesses."

Second Quarter 2018 Financial Highlights

- Reported \$4.87 net asset value (NAV) per share at June 30, 2018, compared with \$4.97 at March 31, 2018. The decrease was primarily due to write-downs of investments in certain portfolio companies based on their recent operating performance.
- Supported an existing portfolio company, KnowledgeVision® Systems, Inc., with \$775,000 of investments during the quarter.
- Investment income increased 18% and 15% over the prior-year second quarter and first six months, respectively.
- At June 30, 2018, portfolio fair value was \$32.3 million and consolidated cash was \$4.7 million.

Total investment income in the second quarter of 2018 grew to \$413,000, up from \$349,000 in the second quarter of 2017. The \$64,000 increase was driven by the Company's success with focusing on investments in income producing instruments. Total expenses in the 2018 and 2017 second quarters were \$474,000 and \$607,000, respectively, reflecting a reduction of 22%. The decrease is primarily due to lower professional fees, partially offset by higher bad debt expense.

Total investment income was \$776,000 and \$678,000 for the first six months ended June 30,

2018 and 2017, respectively. Similar to the second quarter, the growth was driven by the Company's investment focus on income-generating instruments. Total expenses for the first six months of 2018 and 2017 were \$1.1 million in each period.

Selected Portfolio Highlights

- [KnowledgeVision Systems, Inc.](#) is a leader in smart media creation and hosting technology. Its Knovio[®] video platform is used by more than 300,000 people worldwide in more than 2,000 companies and campuses to create, host, share, organize, collaborate around, and measure online media content. The company recently further strengthened its leadership position by winning its second U.S. patent for its video presentation technology, launching a groundbreaking live multimedia webcasting product, Knovio Live. Including its second quarter investments, at June 30, 2018, Rand's investment in KnowledgeVision was valued at approximately \$1.3 million.
- [Centivo Corporation](#) is a new high-value healthcare solution built specifically for employers and their employees and families. CentivoSM targets lowering healthcare costs and improved healthcare outcomes by rewarding members and providers for smart choices and actions while delivering an exceptional member experience. Centivo recently raised \$34 million in Series A funding, in which Rand invested \$200,000 and converted a \$100,000 convertible note during the first quarter of 2018. The capital will be deployed to build the company's technology and infrastructure, develop local partnerships, and support market launch. At June 30, 2018, Rand's investment in Centivo was valued at approximately \$301,000.
- [Rheonix, Inc.](#) is a developer of fully automated, sample-to-answer molecular testing solutions for use in multiple applications. Rheonix recently announced two new innovative products for use on the Encompass Optimum[™] workstation. First, they expanded their Beer SpoilerAlert[™] assay to detect more organisms that may cause spoilage in beer, resulting in the simplest and most comprehensive beer spoilage test in the market. Second, Rheonix launched the Listeria PatternAlert[™] assay, a breakthrough method for rapidly identifying molecular patterns from *Listeria* strains. Its quick results enable food producers to take rapid action to reduce the risk of contamination and recall. In addition, the company has initiated clinical studies to gain FDA clearance for its Encompass MDx[™] Workstation and the Rheonix STI Tri-Plex assay for the simultaneous detection of three sexually transmitted infections. At June 30, 2018, Rand's investment in Rheonix was valued at approximately \$2.9 million.

As of June 30, 2018, Rand's portfolio consisted of 30 active companies. At that date, the portfolio was comprised of approximately 58% in equity investments and 42% in debt investments, compared with 59% in equity investments and 41% in debt investments at June 30, 2017.

Webcast and Conference Call

Rand will host a conference call and live webcast today, August 7, 2018, at 1:30 p.m. Eastern Time to review its financial condition and results for the 2018 second quarter, as well as its strategy and outlook. The review will be accompanied by a slide presentation, which will be available on Rand's website at www.randcapital.com under the "Investor Relations" heading. A question-and-answer session will follow the formal presentation.

Rand's conference call can be accessed by calling (201) 689-8263. Alternatively, the webcast can be monitored on Rand's website at www.randcapital.com under the "Investor Relations" heading.

A telephonic replay will be available from approximately 4:30 p.m. Eastern Time today through Tuesday, August 14, 2018. To listen to the archived call, dial (412) 317-6671, and enter conference ID number 13681337. A transcript of the call will be placed on Rand's website, once available.

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) with a wholly owned subsidiary licensed by the U.S. Small Business Administration (SBA) as a Small Business Investment Company (SBIC). Rand focuses its equity investments in early or expansion stage companies and generally lends to more mature companies. The Company seeks investment opportunities in businesses with strong leaders who 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: <http://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 as well as Rand's plans for utilizing proceeds from sales of portfolio companies when and if received. These statements involve known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the results expressed or implied by such statements, including general economic and business conditions, 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 Subsidiaries Consolidated Statements of Financial Position

June 30,	December
2018	31,
(Unaudited)	2017

ASSETS

Investments at fair value:

Control investments (cost of \$99,500)	\$ 99,500	\$ 99,500
Affiliate investments (cost of \$21,937,593 and \$20,871,129, respectively)	17,526,818	17,016,795
Non-Control/Non-Affiliate investments (cost of \$15,903,520 and \$15,718,690, respectively)	14,701,108	15,167,767
Total investments, at fair value (cost of \$37,940,613 and \$36,689,319, respectively)	32,327,426	32,284,062
Cash	4,720,381	6,262,039
Interest receivable (net of allowance: \$237,641 at 6/30/18; \$161,000 at 12/31/17)	127,897	231,048
Deferred tax asset	898,903	551,863
Prepaid income taxes	740,086	762,047
Other assets	55,956	42,854
Total assets	\$38,870,649	\$40,133,913

LIABILITIES AND STOCKHOLDERS' EQUITY (NET ASSETS)

Liabilities:

Debentures guaranteed by the SBA (net of debt issuance costs)	\$ 7,868,873	\$ 7,855,173
Profit sharing and bonus payable	-	144,000
Accounts payable and accrued expenses	168,918	178,348
Deferred revenue	65,880	37,707
Total liabilities	8,103,671	8,215,228

Stockholders' equity (net assets):

Common stock, \$.10 par; shares authorized 10,000,000; shares issued 6,863,034;		
shares outstanding of 6,321,988	686,304	686,304
Capital in excess of par value	10,581,789	10,581,789
Accumulated net investment loss	(1,808,243)	(1,597,146)
Undistributed net realized gain on investments	27,215,738	27,215,738
Net unrealized depreciation on investments	(4,439,505)	(3,498,895)
Treasury stock, at cost; 541,046 shares	(1,469,105)	(1,469,105)
Total stockholders' equity (net assets) (per share \$4.87 at 6/30/18; \$5.05 at 12/31/17)	30,766,978	31,918,685
Total liabilities and stockholders' equity (net assets)	\$38,870,649	\$40,133,913

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

	For the Quarter Ended		For the Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Investment income:				
Interest from portfolio companies:				
Affiliate investments	\$ 175,990	\$ 137,243	\$ 323,026	\$ 274,000
Non-Control/Non-Affiliate investments	139,710	140,397	290,022	249,731
Total interest from portfolio companies	315,700	277,640	613,048	523,731
Interest from other investments:				
Non-Control/Non-Affiliate investments	7,735	6,859	12,845	17,834
Total interest from other investments	7,735	6,859	12,845	17,834
Dividend and other investment income:				
Affiliate investments	76,266	53,024	127,049	115,397
Non-Control/Non-Affiliate investments	2,676	2,681	6,058	5,193
Total dividend and other investment income	78,942	55,705	133,107	120,590
Fee income:				
Affiliate investments	4,416	3,167	7,583	4,084
Non-Control/Non-Affiliate investments	6,725	5,768	9,744	11,537
Total fee income	11,141	8,935	17,327	15,621
Total investment income	413,518	349,139	776,327	677,776
Expenses:				
Salaries	169,875	165,413	339,749	330,826
Employee benefits	45,251	47,699	108,996	100,069
Directors' fees	28,624	36,374	63,499	71,249
Professional fees	37,341	178,193	139,028	262,195
Stockholders and office operating	64,599	80,725	129,038	147,935
Insurance	6,900	6,258	18,888	17,560
Corporate development	10,646	11,609	26,442	33,317
Other operating	2,424	3,323	5,115	5,283
	365,660	529,594	830,755	968,434
Interest on SBA obligations	77,269	77,569	154,838	155,138

Bad debt expense	30,741	-	76,641	-
Total expenses	473,670	607,163	1,062,234	1,123,572
Net investment loss before income taxes	(60,152)	(258,024)	(285,907)	(445,796)
Income tax benefit	(22,384)	(99,403)	(74,810)	(171,911)
Net investment loss	(37,768)	(158,621)	(211,097)	(273,885)
Net increase in unrealized depreciation on investments:				
Affiliate investments	(306,441)	(665,675)	(556,441)	(665,675)
Non-Control/Non-Affiliate investments	(450,000)	(52,664)	(651,489)	(433,308)
Increase in unrealized depreciation before income tax benefit	(756,441)	(718,339)	(1,207,930)	(1,098,983)
Deferred income tax benefit	(162,915)	(241,623)	(267,320)	(378,050)
Net increase in unrealized depreciation on investments	(593,526)	(476,716)	(940,610)	(720,933)
Net unrealized loss on investments	(593,526)	(476,716)	(940,610)	(720,933)
Net decrease in net assets from operations	\$ (631,294)	\$ (635,337)	\$ (1,151,707)	\$ (994,818)
Weighted average shares outstanding	6,321,988	6,321,988	6,321,988	6,321,988
Basic and diluted net decrease in net assets from operations per share	\$ (0.10)	\$ (0.10)	\$ (0.18)	\$ (0.16)

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