

November 6, 2017



Rand Capital Announces Third Quarter 2017 Results

Net Asset Value per share grew sequentially to \$5.01 at September 30

BUFFALO, NY -- (Marketwired) -- 11/06/17 -- [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 year-to-date periods ended September 30, 2017.

Allen F. ("Pete") Grum, President and Chief Executive Officer of Rand Capital, commented, "We closed on one investment during the third quarter. Centivo Corporation is a tech-enabled health solutions company and is a new addition to our portfolio. They are developing exciting new technology and administration services for self-insured companies."

He continued, "At the end of the quarter, we had \$5.7 million of cash in our small business investment company subsidiaries and we continue to evaluate investment opportunities."

Third Quarter 2017 Financial Highlights

- Reported \$5.01 net asset value (NAV) per share at September 30, 2017, compared with \$5.00 at June 30, 2017. The growth was due in part to increasing investment income, as more income-producing debt investments were originated in recent quarters.
- Invested \$100,000 in a new portfolio company, Centivo, a tech-enabled health solutions company that is developing solutions to help self-insured employers and their employees save money and have a better experience.
- Investment income increased 26% over the prior-year third quarter.
- At September 30, 2017, portfolio fair value was \$30.7 million and consolidated cash was \$6.4 million.

Total investment income in the third quarter of 2017 grew to approximately \$397,000, up from \$316,000 in the third quarter of 2016. The \$81,000 increase was driven by the Company's success with focusing investments in income producing instruments. Total expenses in the 2017 and 2016 third quarters were approximately \$439,000 and \$487,000, respectively.

Mr. Grum added, "The increase in our investment income is moving us closer to operating cash breakeven."

Total investment income was approximately \$1.1 million and \$731,000 year-to-date in

2017 and 2016, respectively. Similar to the third quarter, the growth was driven by the Company's recent investment focus on income-generating instruments. Total expenses on a year-to-date basis were approximately \$1.6 million in 2017, down from \$2.9 million in 2016. The 2016 expenses included higher incentive compensation expenses related to the Company's Gemcor exit.

Selected Portfolio Highlights

- **[PostProcess Technologies Inc.](#)** is the pioneer of the automated post-printing industry. It is the first and only provider of a comprehensive post-printing solution for additive manufacturing, including intelligent software, user-friendly hardware, and proprietary chemistry. PostProcess increases the consistency, throughput, and productivity of the third step of 3D printing -- post-printing. PostProcess has been growing rapidly, from three employees in early 2016 to 26 currently. With plans to grow revenue to \$100 million in 2021, the company recently signed up its first channel partner and is seeking to expand its international presence in 2018 where 3D printing adoption is also quickly expanding. PostProcess recently launched a new product, the Hybrid DECI Duo, the world's only 2-in-1 automated post-processing solution that provides both surface finishing and support removal of 3D printed parts. At September 30, 2017 Rand's investment in PostProcess was valued at \$300,000.
- **[GiveGab, Inc.](#)** is a user-friendly social platform that cultivates long-term giving relationships by connecting donors and volunteers with nonprofits. The GiveGab team helps nonprofits thrive, providing an affordable, secure and customized way to engage with supporters, raise funds online, and manage data. The company is experiencing a break-out year in 2017, having over 8,000 nonprofits registered to raise money on its platform. Revenue is on pace to grow more than 600% in 2017, and transaction volume is expected to be up more than 900%. The significant growth is driven by multiple and larger Giving Days, including The Big Give in San Antonio, Give for Good Louisville and Cornell Giving Day, among many others. At September 30, 2017 Rand's investment in GiveGab was valued at \$424,000.
- **[Knoa Software, Inc.](#)** provides on-premise and cloud solutions that generate unique insights for the optimization of the end-user experience with solutions for vendors including SAP[®]. Earlier in 2017, Knoa launched a new version of its SAP[®] User Experience Management ("SAP UEM") application, providing support for the SAP S/4HANA[®] platform and the SAP SuccessFactors HCM Suite. SAP UEM delivers unprecedented visibility into user behavior to drive adoption and effective use of SAP[®] software, reducing costs and risks during or following migration projects. Further, it allows SAP[®] customers to leverage Knoa's user analytics for a broader range of operating environments, including end-user mobile devices, browser configurations and business applications. At September 30, 2017 Rand's investment in Knoa was valued at \$498,000.

As of September 30, 2017, 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 64% in equity investments and 36% in debt investments at the same time last year. The change in investment mix reflects Rand's strategy to generate sufficient investment income to cover operating expenses.

Capital Allocation Priority

Rand's priority for allocating capital continues to be investment in its portfolio. Additionally, the Board of Directors has authorized a share repurchase program of up to an aggregate of 1,000,000 shares of common stock. Approximately 459,000 shares remain available for repurchase under the program, which the Board recently extended through October 26, 2018.

Webcast and Conference Call

Rand will host a conference call and live webcast today, November 6, 2017, at 1:30 p.m. Eastern Time to review its financial condition and results for the 2017 third 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 heading "Investor Relations." 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 heading "Investor Relations."

A telephonic replay will be available from approximately 4:30 p.m. Eastern Time today through Monday, November 13, 2017. To listen to the archived call, dial (412) 317-6671, and enter conference ID number 13671708. 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), and its first wholly-owned subsidiary is licensed by the U.S. Small Business Administration (SBA) as a Small Business Investment Company (SBIC). Its second SBIC is undergoing the approval process with the SBA. Rand focuses its equity investments in early or expansion stage companies and generally lends to more mature companies. Rand looks for strong leadership who is 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

	September 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Investments at fair value:		
Control investments (cost of \$99,500)	\$ 99,500	\$ 99,500
Affiliate investments (cost of \$19,356,165 and \$17,589,623, respectively)	14,706,841	13,605,974
Non-Control/Non-Affiliate investments (cost of \$16,358,555 and \$13,941,907, respectively)	15,889,347	13,795,007
Total investments, at fair value (cost of \$35,814,220 and \$31,631,030, respectively)	30,695,688	27,500,481
Cash	6,373,128	12,280,140
Interest receivable (net of allowance: \$161,000)	202,562	324,237
Deferred tax asset	1,708,081	1,165,164
Prepaid income taxes	266,935	-
Other assets	584,010	1,148,508
Total assets	\$ 39,830,404	\$ 42,418,530
LIABILITIES AND STOCKHOLDERS' EQUITY (NET ASSETS)		
Liabilities:		
Debentures guaranteed by the SBA, net	\$ 7,848,323	\$ 7,827,773
Profit sharing and bonus payable	132,000	1,270,052
Accounts payable and accrued expenses	114,365	324,537
Deferred revenue	43,240	46,797
Income tax payable	-	320,008
Total liabilities	8,137,928	9,789,167
Stockholders' equity (net assets):		
Common stock, \$.10 par; shares authorized 10,000,000; shares issued 6,863,034; shares outstanding of 6,321,988 as of 9/30/17 and 12/31/16	686,304	686,304
Capital in excess of par value	10,581,789	10,581,789
Accumulated net investment loss	(1,876,712)	(1,577,848)
Undistributed net realized gain on investments	27,127,054	27,127,054
Net unrealized depreciation on investments	(3,356,854)	(2,718,831)
Treasury stock, at cost; 541,046 shares	(1,469,105)	(1,469,105)

Total stockholders' equity (net assets) (per share \$5.01 at 9/30/17; \$5.16 at 12/31/16)
Total liabilities and stockholders' equity (net assets)

31,692,476	32,629,363
\$ 39,830,404	\$ 42,418,530

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

	<u>For the Quarter Ended</u> <u>September 30,</u>		<u>For the Nine Months Ended</u> <u>September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Investment income:				
Interest from portfolio companies:				
Control investments	\$ -	\$ -	\$ -	\$ 11,828
Affiliate investments	142,247	113,643	416,247	273,218
Non-Control/Non-Affiliate investments	167,675	110,395	417,406	240,027
Total interest from portfolio companies	309,922	224,038	833,653	525,073
Interest from other investments:				
Non-Control/Non-Affiliate investments	6,348	11,974	24,182	33,683
Total interest from other investments	6,348	11,974	24,182	33,683
Dividend and other investment income:				
Affiliate investments	74,408	69,010	189,805	149,807
Non-Control/Non-Affiliate investments	2,405	3,011	7,598	3,011
Total dividend and other investment income	76,813	72,021	197,403	152,818
Fee income:				
Control investments	-	-	-	2,000
Affiliate investments	2,166	2,083	6,250	3,945
Non-Control/Non-Affiliate investments	1,770	5,770	13,307	13,004
Total fee income	3,936	7,853	19,557	18,949
Total investment income	397,019	315,886	1,074,795	730,523
Expenses:				

Salaries	165,413	155,437	496,239	466,312
Bonus and profit sharing	-	-	-	1,411,659
Employee benefits	38,454	38,730	138,523	164,952
Directors' fees	36,374	47,380	107,623	142,135
Professional fees	48,433	86,938	310,628	237,986
Stockholders and office operating	45,355	50,846	193,290	174,882
Insurance	8,058	8,358	25,618	25,876
Corporate development	16,621	17,794	49,938	49,319
Other operating	2,772	3,495	8,055	9,470
	361,480	408,978	1,329,914	2,682,591
Interest on SBA obligations	77,568	77,570	232,706	232,709
Total expenses	439,048	486,548	1,562,620	2,915,300
Net investment loss before income taxes	(42,029)	(170,662)	(487,825)	(2,184,777)
Income tax benefit	(17,050)	(55,934)	(188,961)	(833,525)
Net investment loss	(24,979)	(114,728)	(298,864)	(1,351,252)
Net realized gain on sales and dispositions of investments:				
Control investments	-	1,412,500	-	14,588,813
Non-Control/Non-Affiliate investments	-	-	-	168,140
Net realized gain before income tax expense	-	1,412,500	-	14,756,953
Income tax expense	-	526,862	-	5,504,343
Net realized gain on investments	-	885,638	-	9,252,610
Net change in unrealized (depreciation) or appreciation on investments:				
Control investments	-	(1,412,500)	-	(12,775,000)
Affiliate investments	-	(666,011)	(665,675)	(1,413,811)
Non-Control/Non-Affiliate investments	111,000	-	(322,308)	69,444
Change in unrealized depreciation or appreciation before income tax expense (benefit)	111,000	(2,078,511)	(987,983)	(14,119,367)
Deferred income tax expense (benefit)	28,090	(736,301)	(349,960)	(5,231,097)
Net change in unrealized depreciation or				

appreciation on investments	82,910	(1,342,210)	(638,023)	(8,888,270)
Net realized and unrealized gain (loss) on investments	82,910	(456,572)	(638,023)	364,340
Net increase (decrease) in net assets from operations	\$ 57,931	\$ (571,300)	\$ (936,887)	\$ (986,912)
Weighted average shares outstanding	6,321,988	6,325,299	6,321,988	6,327,074
Basic and diluted net increase (decrease) in net assets from operations per share	\$ 0.01	\$ (0.09)	\$ (0.15)	\$ (0.16)

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Source: Rand Capital Corporation