



THIRD QUARTER 2020 FINANCIAL RESULTS

November 6, 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 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 intention to make a distribution of the company’s earnings and profits for 2020; the intention to establish a regular quarterly dividend in 2021; the effectiveness of Rand’s new investment strategy, the impact of the change in ownership of Rand Capital Management, scope of services to be provided by Rand Capital Management and the investment processes to be used by Rand Capital Management each under the new investment advisory and management agreement with Rand; the competitive ability and position of Rand; 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 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) evolving legal, regulatory and tax regimes; (3) changes in general economic and/or industry specific conditions; and (4) other risk factors as detailed from time to time in Rand’s reports filed with the Securities and Exchange Commission (“SEC”), including Rand’s annual report on Form 10-K for the year ended December 31, 2019, quarterly reports on Form 10-Q, the preliminary and definitive proxy statements and other documents filed with the SEC. Consequently, such forward-looking statements should be regarded as Rand’s current plans, estimates and beliefs. Except as required by applicable law, Rand 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/>.

FOCUSED ON GROWING NET INVESTMENT INCOME

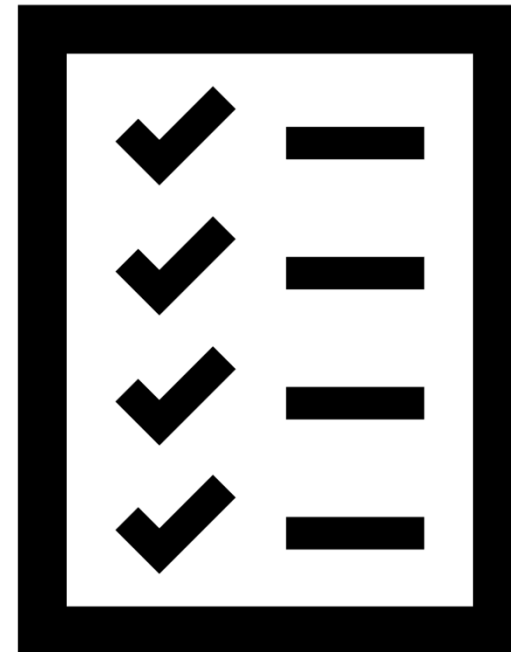


Net investment income per share was \$0.11, up from loss of \$0.09 in Q3 2019

Repurchased 2,097 shares in third quarter 2020 at average price of \$11.29 under the 10b5-1 plan

Excellent liquidity with \$19 million in cash and cash equivalents at September 30, 2020

Special Meeting of Shareholders to Approve New Investment Advisory and Management Agreements



INVESTMENT STRATEGY SHIFTS TO INTEREST INCOME



Investment objective: generate current income

Debt investments now 44% of portfolio

\$1.9 million promissory note issued to Science and Medicine Group, Inc.

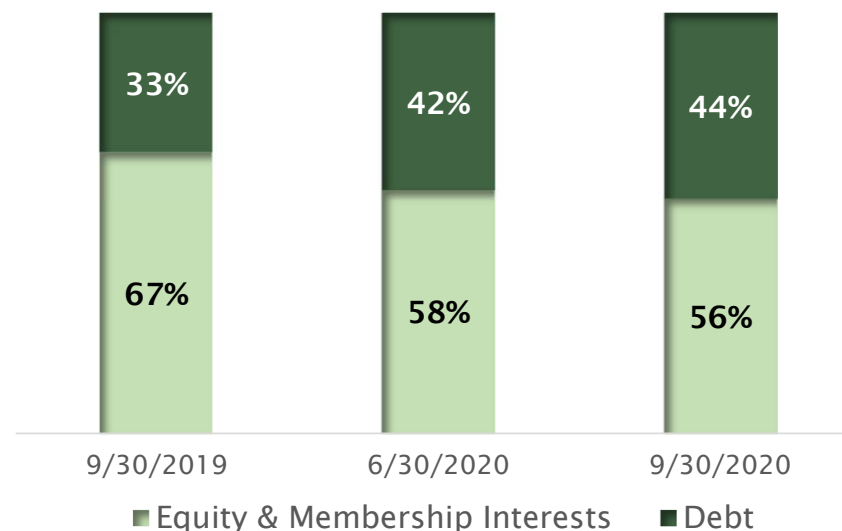
Purchased \$1.1 million in public equity of three new BDCs

Provides dividend income and liquidity

Hold \$2.9 million in fair value at quarter end

Received \$80,000 in dividends from all eight BDC investments

Portfolio Asset Mix



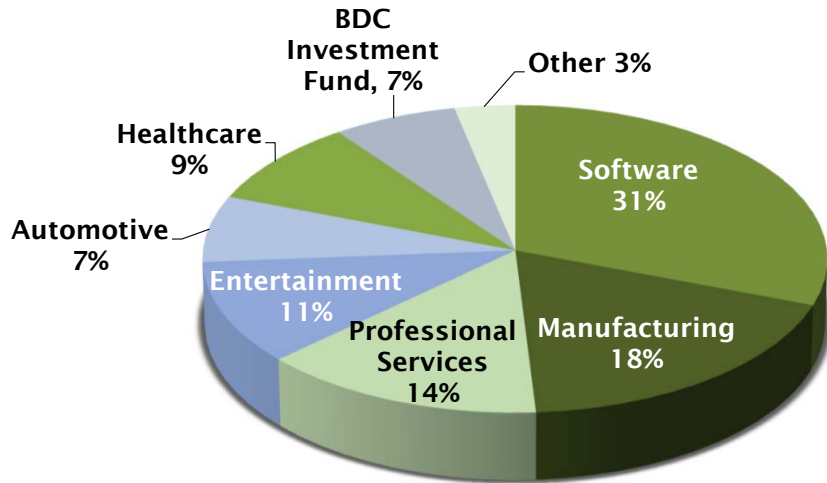
Future investments: yield investments, debt and loan instruments; high yielding public equity instruments

DIVERSIFIED PORTFOLIO



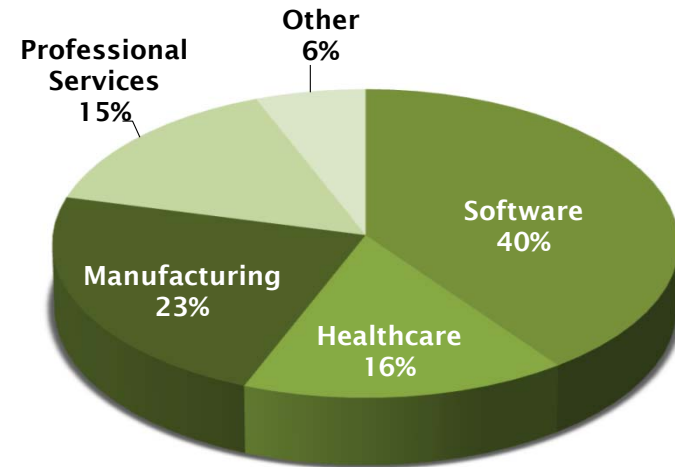
Investments by Industry Classification

September 30, 2020



Based on total investments at fair value of \$41.7 million

September 30, 2019








Based on total investments at fair value of \$26.8 million

TOP FIVE PORTFOLIO INVESTMENTS



\$41.7 million portfolio value with 42 portfolio companies

	Company	Investments at Fair Value (in millions)	Year Acquired	Industry	% of Total Portfolio	Investment Type
	ACV Auctions	\$6.5	2016	Software—Live Mobile Auctions for Automobile Dealers	16%	Equity
	Tilson	\$4.7	2015	Professional Services—Cellular Info Systems, Construction, Mgmt.	11%	Equity
	Andretti (AIKG LLC)	\$4.5	2019	Entertainment—Indoor karting, games and food	11%	Term note (12% plus 4% PIK)
	Filterworks USA	\$2.9	2019	Automotive—Mechanical contractor	7%	Term note (12% plus 2% PIK) Equity
	SciAps, Inc.	\$2.6	2013	Manufacturing—Instrumentation company producing portable analytical devices	6%	Equity Secured Sub Note (12%)
	TOTAL Top 5	\$21.2			51%	

All values as of September 30, 2020, may not foot due to rounding

MANY PORTFOLIO COMPANIES PERFORMING WELL



GiveGab, Inc.



Several portfolio companies benefitting from COVID-19 environment



Financial Review

Daniel P. Penberthy
Executive Vice President & CFO

FINANCIAL SUMMARY



(in thousands, except per share data)*

	Q3 2020	Q3 2019
Total investment income	\$ 737	\$ 437
Total expenses	456	530
Net investment income (loss)	280	(65)
<i>Per share</i>	\$ 0.11	\$ (0.09)
Net realized and unrealized gain (loss) on investments	\$ (18)	\$ (2,813)
Net increase (decrease) in net assets from operations	263	(2,879)
<i>Per share</i>	\$ 0.10	\$ (4.10)

Investment income growth of 68.5% reflects shift in portfolio

- Changing portfolio profile includes more debt investments

Over \$70,000 in cost savings realized with the externalization of management

Results deliver net investment income of \$280,000, or \$0.11 per share

Share repurchase on per share basis provided \$0.01

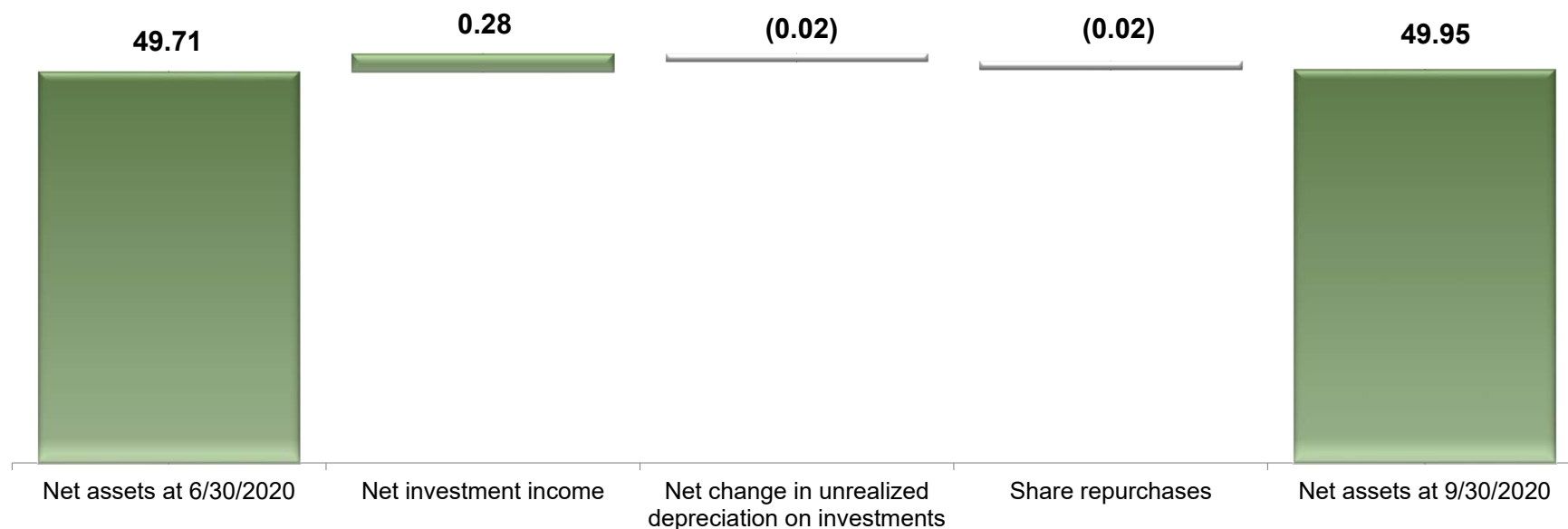
*Totals may not sum due to rounding

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NET ASSET VALUE CHANGE - THIRD QUARTER 2020



(\$ in million)

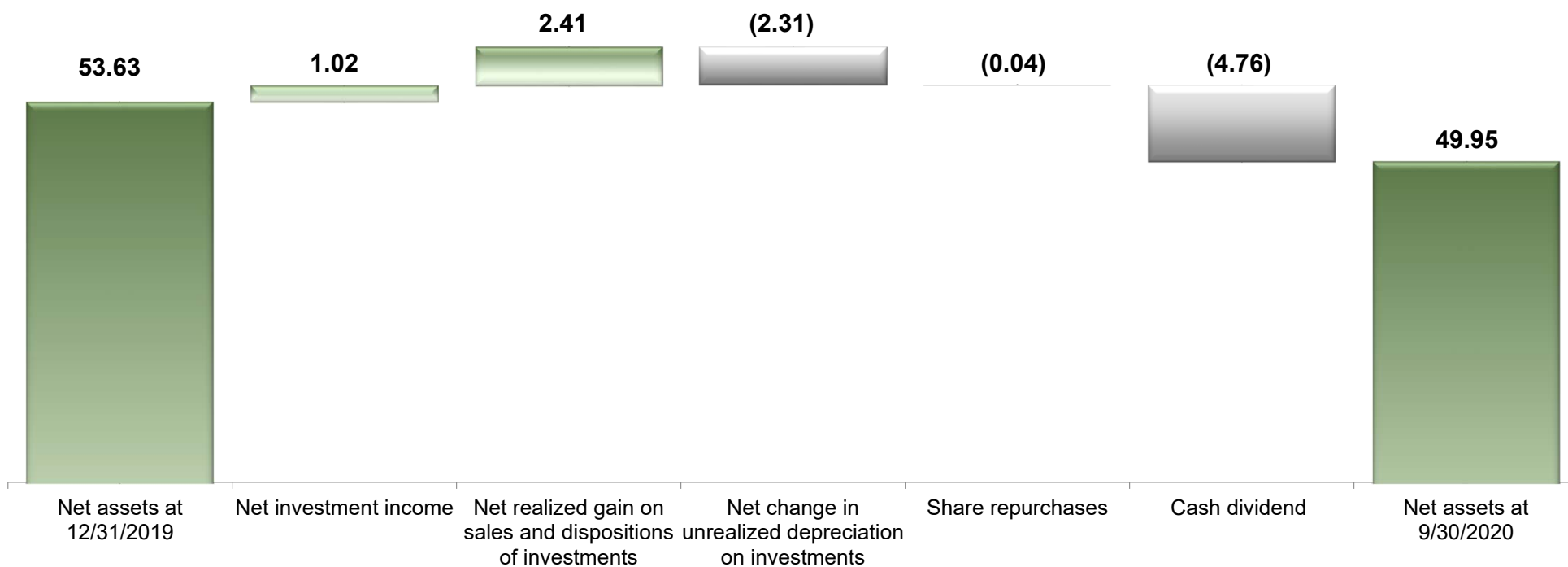


Totals may not sum due to rounding

NET ASSET VALUE CHANGE – YEAR-TO-DATE



(\$ in million)



Totals may not sum due to rounding

STRONG BALANCE SHEET, OPPORTUNITY FOR GROWTH



At September 30, 2020 Strong liquidity position during economic disruption

Net Asset Value Composition

Per Share	Assets and Liabilities
\$7.38	\$19.1 million consolidated cash
\$16.12	\$41.7 million in portfolio investments
(\$4.18)	\$10.8 million in SBA borrowings
<u>(\$0.00)</u>	(\$0.08) million other assets & liabilities, net
<u>\$19.32</u>	Net Asset Value (NAV) per share

Significant Liquidity

- \$19.1 million in cash
- \$3.0 million available in leverage
- Evaluating appropriate level and timing of regular distribution



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