



FIRST QUARTER 2021 FINANCIAL RESULTS

May 10, 2021

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FORWARD LOOKING STATEMENTS

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 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, 2020, 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/>.

FIRST QUARTER 2021 EXECUTION



Continued to transform portfolio from equity investments to income producing investments

Number of companies contributing to investment income nearly doubled over the prior year quarter

Total investment income grew nearly 60% to \$1.0 million, or \$0.39 per share*

Net asset value grew by 16.9% to \$20.87 per share*

Recorded \$2.6 million of capital gains incentive fees; Net investment loss per share was \$0.84

Adjusted Net Investment income per share was \$0.16**

Delivering Dividends:

Paid first quarterly dividend of \$0.10 per share on March 29, 2021

Announced second quarter dividend of \$0.10 on April 29, 2021

Cumulative dividends paid in 2021: \$1.53 *(includes \$1.33 declared in December 2020)*

*Per share amounts based on weighted average shares outstanding

**Adjusted Net Investment Income per share is non-GAAP financial measures. Please see supplemental slides for a reconciliation between GAAP and non-GAAP adjusted net investment income and other important disclaimers regarding Rands' use of adjusted net investment income per share.



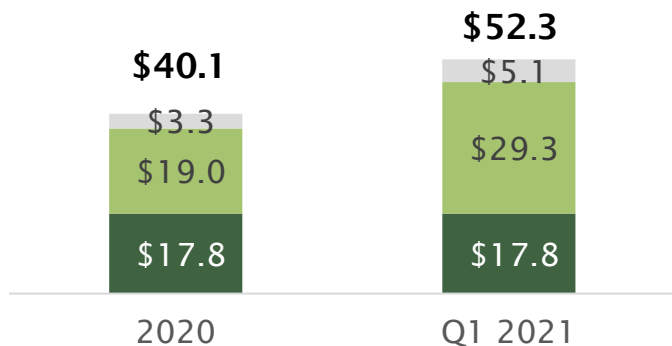
The Rand Building, Buffalo, NY



EVOLVED PORTFOLIO

Fair Value Portfolio Mix

(\$ in millions)



Portfolio fair value increased \$12.3 million, or 31%

- Primarily due to increase in fair value of ACV Auctions Inc. investment due to IPO in March 2021

Mix at quarter-end, based on fair value:

56% Equity investments

34% Fixed-rate debt investments

10% Dividend paying, publicly traded BDCs

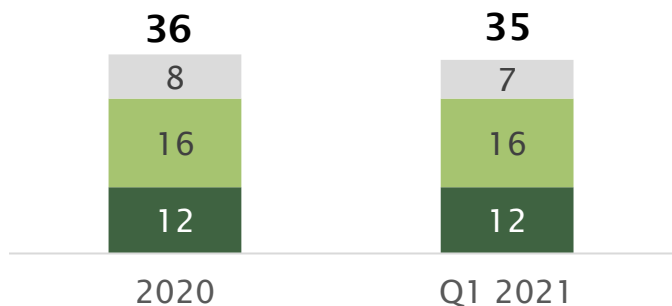
Made \$6.7 million in new and follow-on investment in the quarter

- \$4.6 was in new portfolio companies

Received \$4.5 million from exits and loan repayments

Portfolio Mix

(# of Investments)



■ Debt ■ Equity ■ Public BDC

2021 Objective: Continue debt investment focus and exiting equity positions

Q1 2021 INVESTMENTS



Total Q1 2021 Investments: \$6,706,706



Billiards supplies: \$2.8 million debt investment

BMP Swanson Holdco, LLC

*Fire protection products and services:
\$1.833 million debt and equity investment*

Publicly Traded BDC Investments

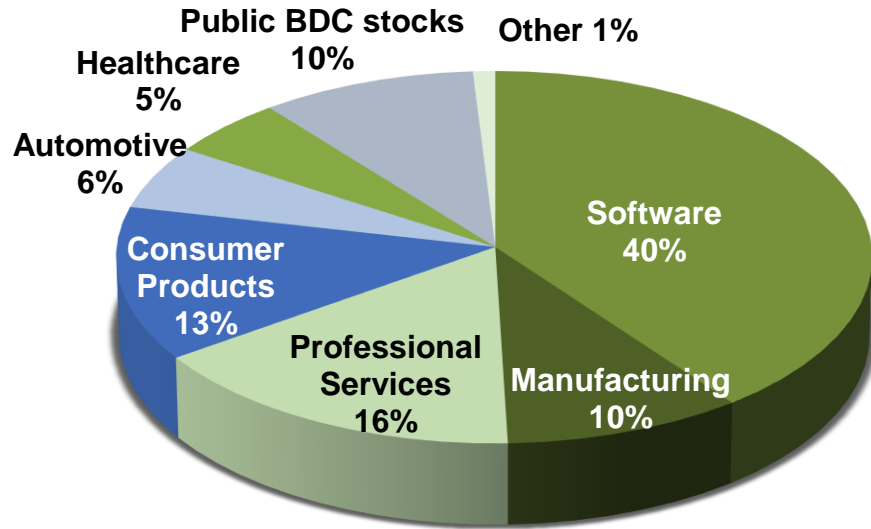
Company	Ticker	# of Shares	Cost
TCG BDC, Inc.	Nasdaq: CGBD	46,000	\$522,753
PennantPark Investment Corp.	Nasdaq: PNNT	95,000	\$522,082
Apollo Investment Corp.	Nasdaq: AINV	41,000	\$518,080
FS KKR Capital Corp.	NYSE: FSK	29,000	\$510,458



DIVERSIFIED PORTFOLIO

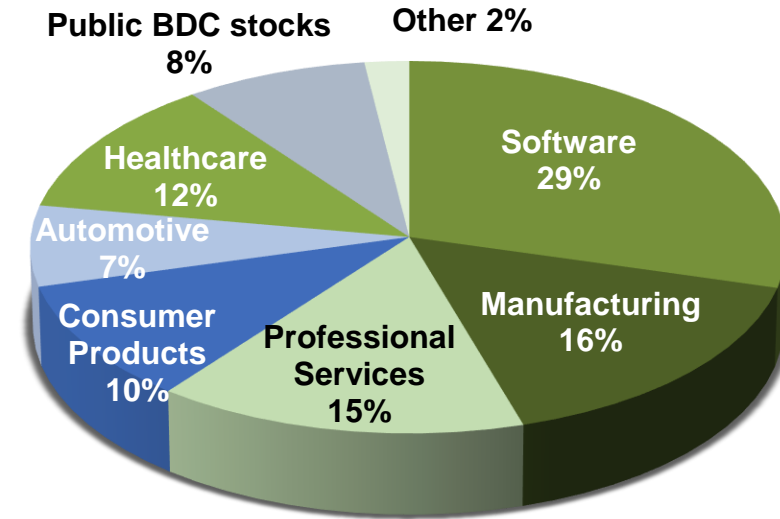
Investments by Industry Classification

March 31, 2021



Based on total investments at fair value of \$52.3 million






December 31, 2020



Based on total investments at fair value of \$40.1 million



TOP FIVE PORTFOLIO INVESTMENTS

(\$ in millions)						
Company	Investments at Fair Value	Year Acquired	Industry	% of Total Portfolio	Investment Type	
 ACV Auctions	\$15.8	2016	Software—Live Mobile Auctions for Automobile Dealers (Nasdaq: ACVA)	28%	Public equity	
 Tilson	\$4.7	2015	Professional Services—Cellular Info Systems, Construction, Mgmt.	8%	Equity – paying dividend	
 Caitec	\$3.8	2020	Manufacturing – Pet Product Manufacturer and Distributor	7%	Mezzanine debt (12% plus 2% PIK) Equity	
 Filterworks Acquisition USA	\$2.9	2019	Automotive—Mechanical contractor	5%	Term note (12% plus 2% PIK) Equity	
 Seybert's Billiards Corporation	\$2.8	2021	Consumer Product- Billiard Supplies	5%	Term note (12% plus 2% PIK) Equity	
Total Top 5	\$30.0			53%		

All values as of March 31, 2021. Totals may not foot due to rounding.

\$52.3 million portfolio value with 35 portfolio companies



Financial Review

Daniel P. Penberthy
Executive Vice President & CFO



FINANCIAL SUMMARY

(in thousands, except per share data)

	Q1 2021	Q1 2020
Total investment income	\$ 1,016	\$ 636
Total expenses	3,166	517
Net investment income	(2,167)	538
<i>Net investment income per share*</i>	\$ (0.84)	\$ 0.33
<i>Adjusted net investment income per share*</i>	\$0.16	\$0.33
Net realized and unrealized gain (loss) on investments	\$ 10,198	\$ (108)
Net increase in net assets from operations	8,031	430
<i>Per share*</i>	\$ 3.11	\$ 0.26

Totals may not sum due to rounding

Investment income grew 59.9%

- Changing portfolio includes more income producing debt investments and dividend paying public securities

Total expenses up \$2.6 million

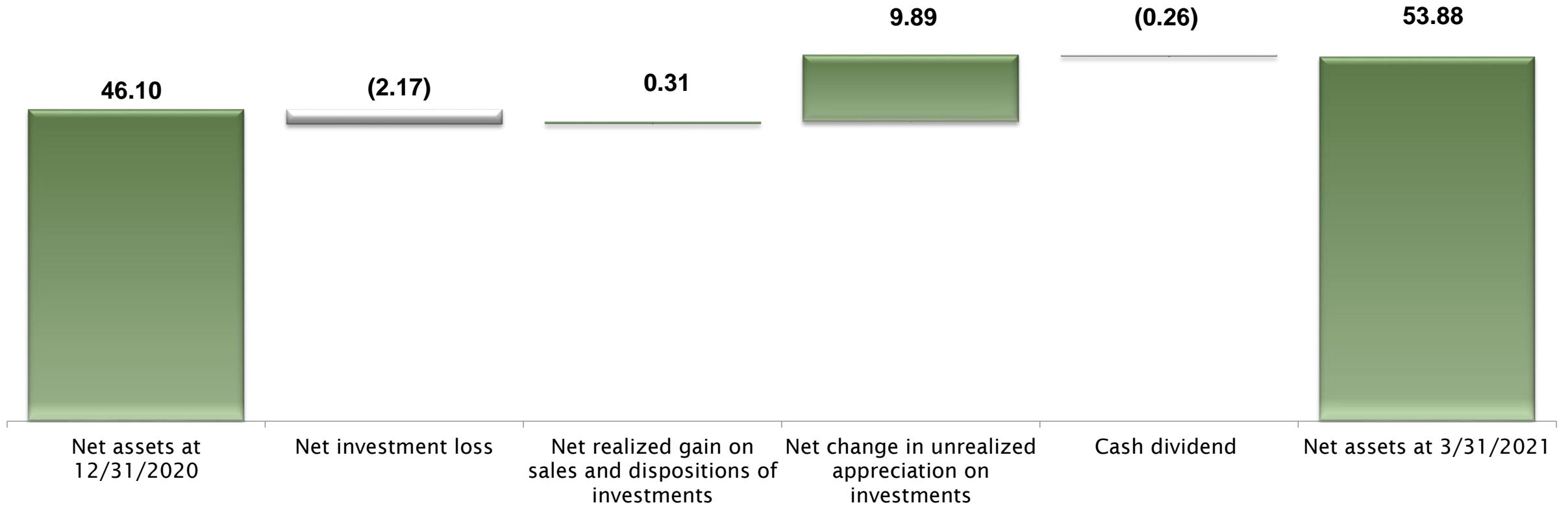
- Included capital gains incentive fees of \$2.6 million
- Also reflected higher base investment management fees related to the increase in assets under management

*Per share amounts based on weighted average shares outstanding of 2,582,169 in Q1 2021 and 1,628,369 in Q1 2020; Adjusted Net Investment Income per share is non-GAAP financial measures. Please see supplemental slides for a reconciliation between GAAP and non-GAAP adjusted net investment income and other important disclaimers regarding Rands' use of adjusted net investment income per share.



NET ASSET VALUE CHANGE: Q1 2021

(\$ in million)



Totals may not sum due to rounding

STRONG BALANCE SHEET, OPPORTUNITY FOR GROWTH



Net Asset Value Composition

At March 31, 2021

Per Share	Assets and Liabilities
\$5.78	\$14.9 million consolidated cash
\$20.26	\$52.3 million in portfolio investments
(\$4.20)	\$10.8 million in SBA borrowings
<u>(\$0.97)</u>	(\$2.51) million other assets & liabilities, net
\$20.87	Net Asset Value (NAV) per share

Significant Liquidity

Nearly \$18 million in available liquidity

- \$14.9 million in cash plus \$3.0 million available in SBA leverage

Announced dividend of \$0.10 per share for second quarter 2021

Renewed share repurchase program authorizing the purchase of up to \$1.5 million in stock

- Expires April 22, 2022

Strong liquidity position during economic disruption



CONTINUED TRANSFORMATION



~60% of companies in the portfolio expected to contribute to interest income in Q2 2021



Strong income producing portfolio enhanced with equity investments that can provide potential capital gains



Excellent liquidity to continue to build our portfolio



SUPPLEMENTAL INFORMATION



ADJUSTED NET INVESTMENT INCOME PER SHARE

(in thousands, except per share data)

	Three Months Ended	
	March 31, 2021	March 31, 2020
Net Investment (Loss) Income per Share*	\$(0.84)	\$0.33
Capital gains incentive fees attributable to net change in unrealized appreciation (depreciation) on investments per share	1.00	-
Adjusted Net Investment Income per Share*	\$0.16	\$0.33

*Per share amounts based on weighted average shares outstanding of 2,582,169 in Q1 2021 and 1,628,369 in Q1 2020

In addition to reporting Net Investment (Loss) Income per Share, which is a U.S. generally accepted accounting principle (“GAAP”) measure, Rand presents Adjusted Net Investment Income per Share, which is a non-GAAP financial measure. Adjusted Net Investment Income per Share is defined as GAAP Net Investment (Loss) Income per Share less any capital gains incentive fees attributable to net change in unrealized appreciation (depreciation) on investments. GAAP Net Investment (Loss) Income per Share is the most directly comparable GAAP financial measure. Rand believes that Adjusted Net Investment Income per Share provides useful information to investors regarding financial performance because it is one method Rand uses to measure its financial condition and results of operations. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP.



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