



2018 Annual Shareholders Meeting

April 17, 2018

Allen F. “Pete” Grum
President & CEO

In Memory of Reginald B. Newman II

September 20, 1937 – April 7, 2018



**Director,
Rand Capital,
1987 - 2018**

**Chairman of the Board
1996 - 2018**





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President & CEO

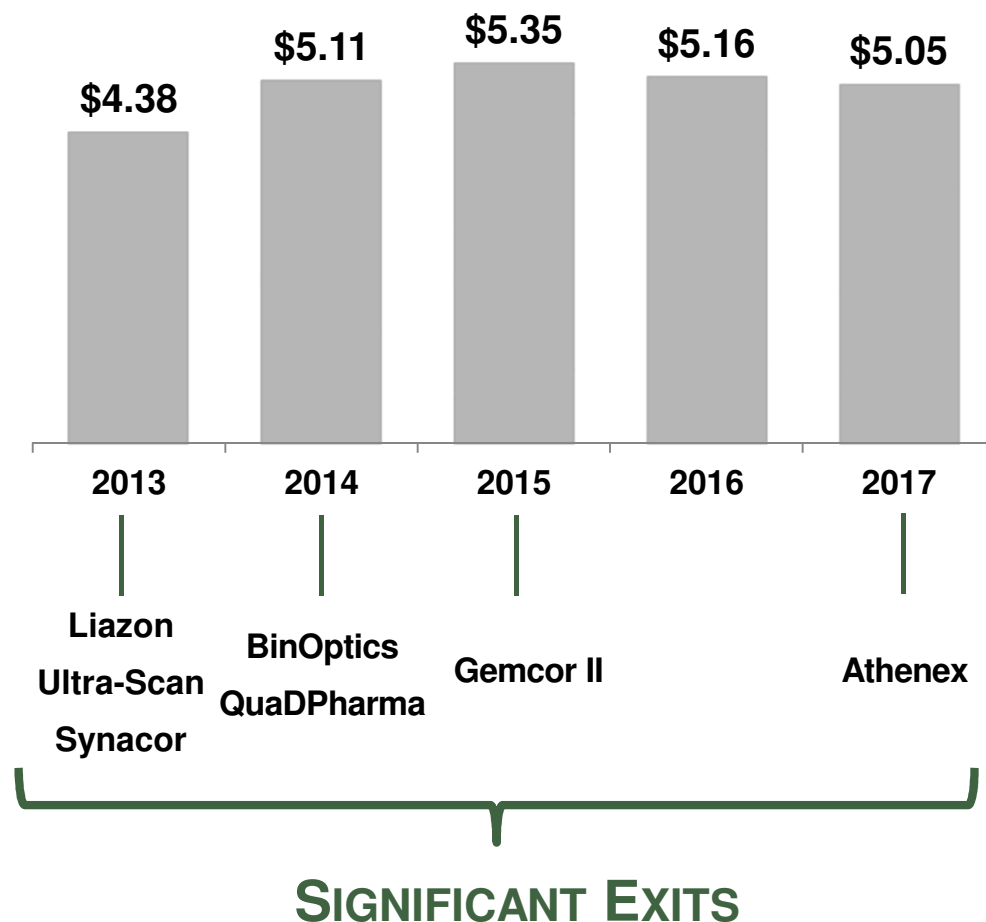
Safe Harbor Statement

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 2017 Annual Report on Form 10-K filed on March 8, 2018. 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 not to develop as we expect, and we cannot predict all of them.



Net Asset Value (NAV)

(NAV per share, after tax)



Steady portfolio exits

- Athenex IPO in 2017

Maturing portfolio

- Companies developing and maturing
- Potential exits in next few years

Continue to invest in portfolio



** Timing of exits cannot be predicted*

SBIC Strategy Provides Leverage

Growth Strategy

Finalized strategy with SBA

First step in first quarter:

- Consolidated majority of investments and cash into original SBIC fund from SBIC II

Next step in second quarter:

- Begin the application process for \$6 million minimum of additional leverage in 2018

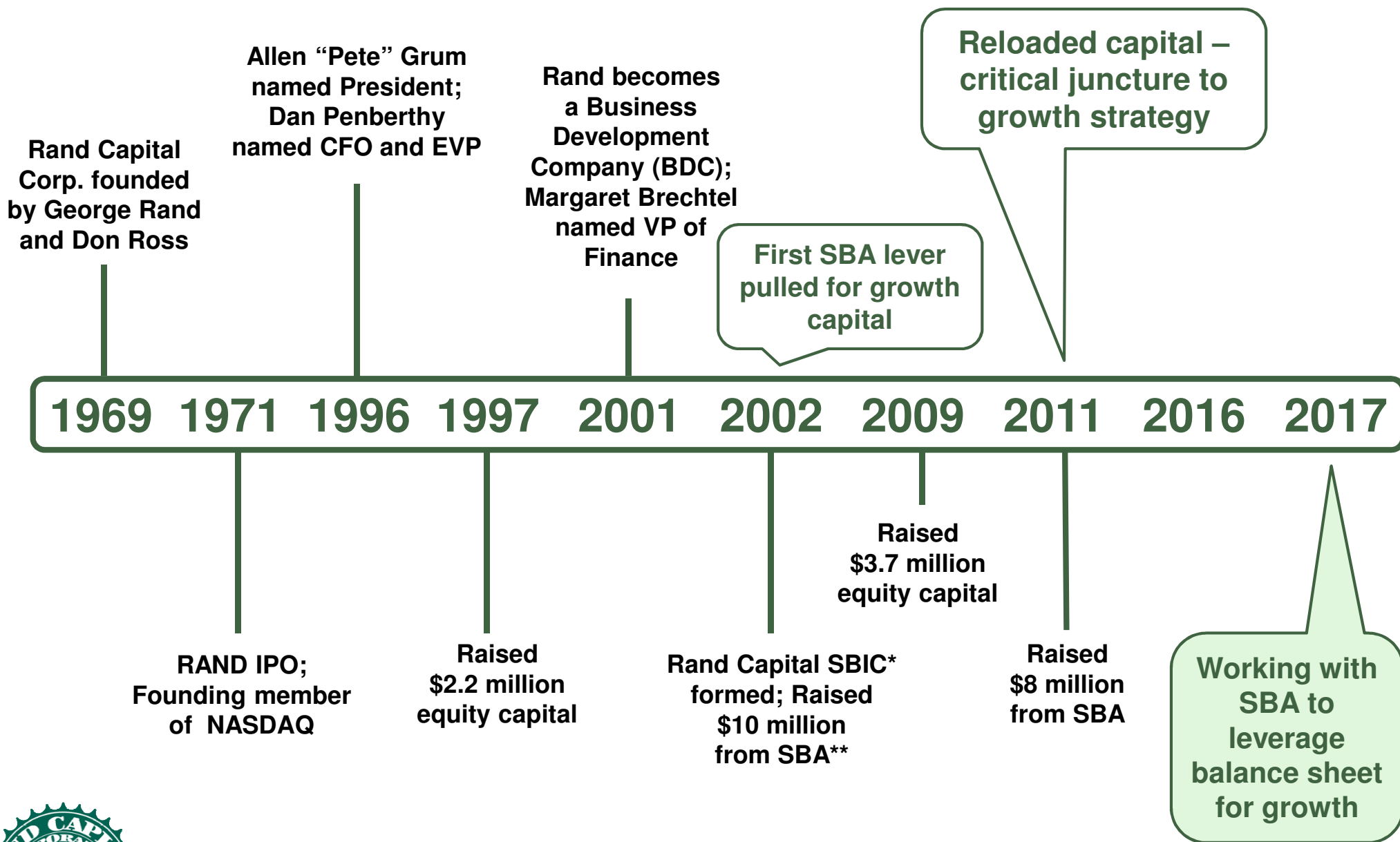
Excited to expand our longstanding relationship with the SBA

Potential for additional leverage with exits

Building pipeline of investment opportunities



Capital Levers Create Investment Potential



*SBIC: Small Business Investment Company

**U.S. Small Business Administration

Reinvesting Cash Proceeds

Growth Strategy

Rand Capital Exits

January 1, 2013 - December 31, 2017

Full-Cycle Investments Exited	Average Holding Length (years)	Total Cash Invested	Gross Cash Generated (Income & Gain)	Achieved Cash Multiple	IRR
11	4.8	\$11.0mm	\$52.4mm	>4x	>40%

Quintupled cash investment

***Exits since SBIC inception in 2002 amounted to 29 companies
which achieved a 3.0x cash multiple and 25% IRR***

Note: Gross cash generated includes flow-through distributions from LLC-structured investments

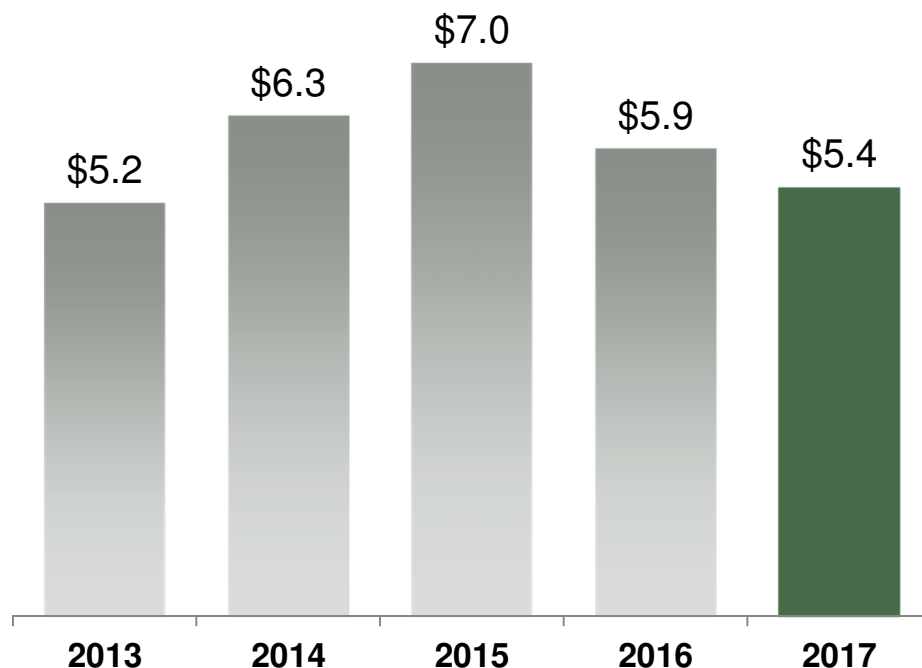


Building Investment Portfolio

Rand New & Follow-on Investments

2017 Initial and Follow-on Investments

(\$ in millions)



CENTIVO

GENICON

eHealth
TECHNOLOGIES

TILSON

SciAps
ANALYZE YOUR WORLD

MERCANTILE
Innovative Solutions. Exceptional Results

KNOWLEDGE VISION

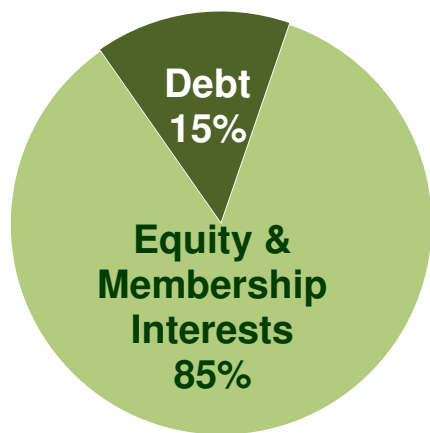
Grainful



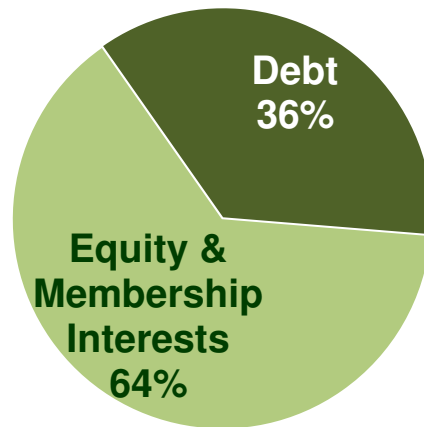
Equity Investment Focused, But Flexible

Growth Strategy

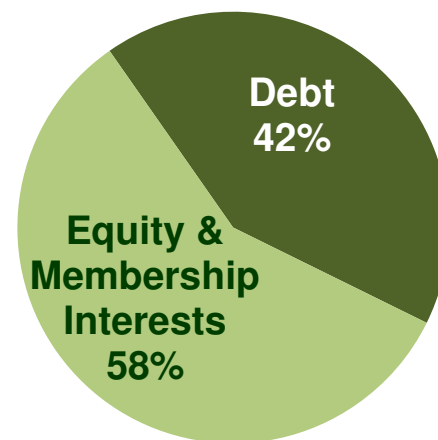
- Focused on capital appreciation and growing NAV
- Near-term objective to build investment income
- Flexibility: adjust investments to meet needs



2015



2016



2017



Portfolio Companies: By Revenue Stage



Start up
Revenue: up to \$1M

Initial Revenue
Revenue: \$1M to \$5M

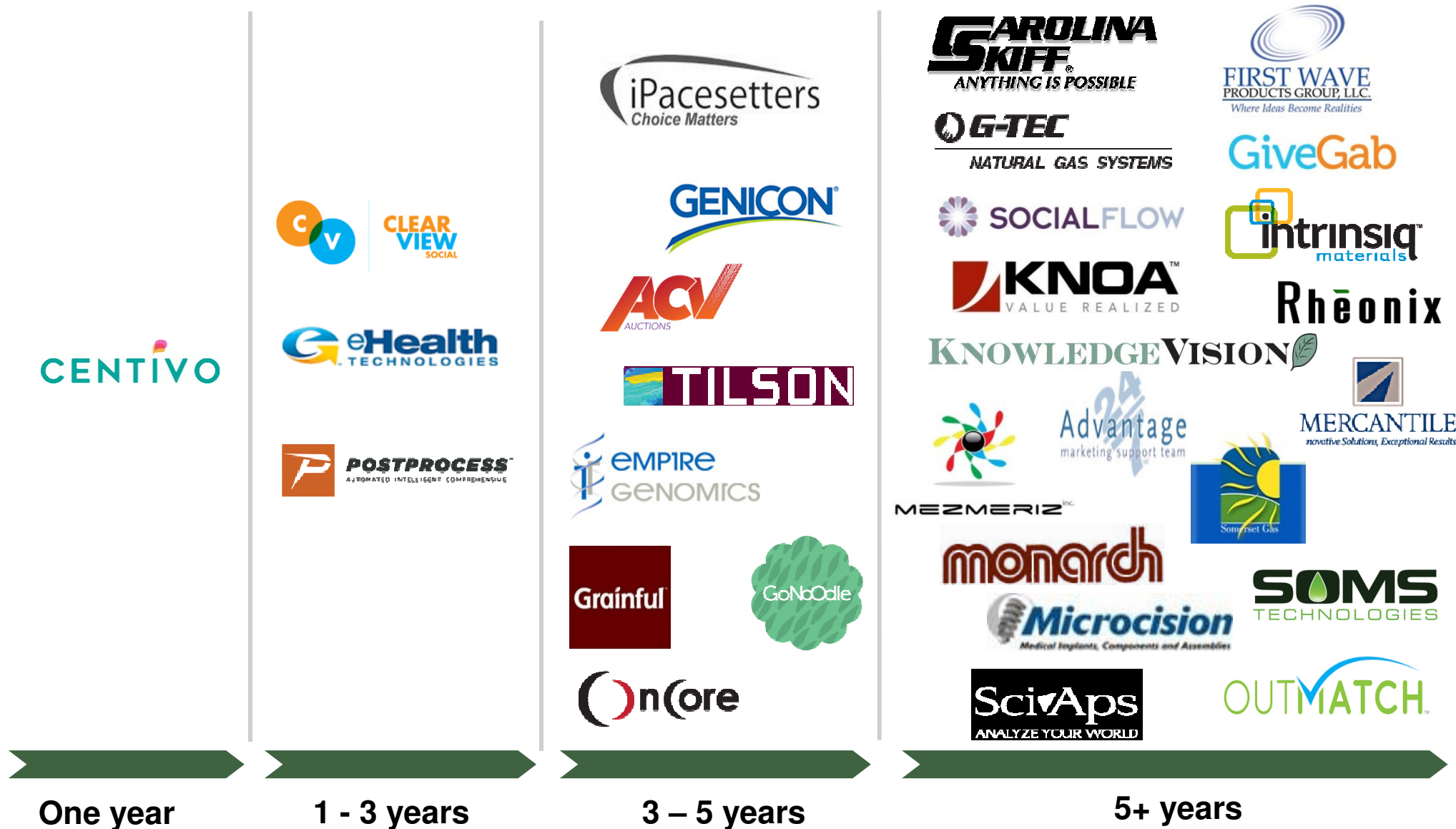
Expansion
Revenue: \$5M - \$20M

High Traction
Revenue: >\$20M

More portfolio companies approaching exit stage*



Portfolio Companies: By Investment Period



Average portfolio age is 4.8 years*

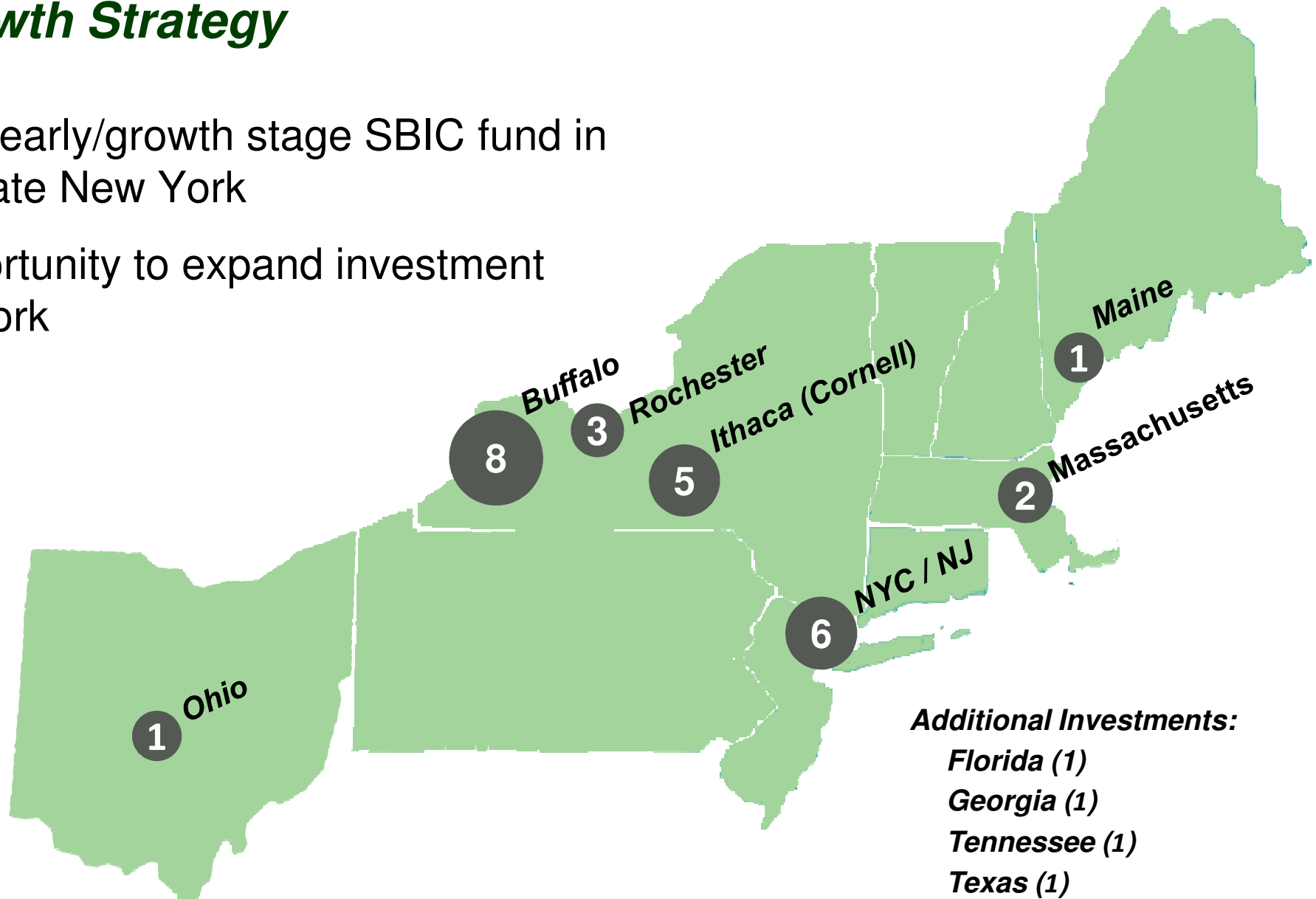


Regional Investment Focus: Underserved Markets

Growth Strategy

Only early/growth stage SBIC fund in
Upstate New York

Opportunity to expand investment
network



As of December 31, 2017

Improving Operating Profile

(\$ in thousands)



*2016 operating expenses exclude \$1,385 in profit share costs related to large exit

Growing investment income

Goal to cover operating expenses

Maintain strong cost discipline

Small operation of four people



Strong Balance Sheet

At December 31, 2017

Value/share

\$0.31	\$1.94 million cash at Corporate
\$0.68	\$4.32 million cash in SBIC
\$5.11	\$32.3 million in portfolio investments
(\$1.27)	\$8.0 million in SBA borrowings (maturity 2022-2025)
\$0.22	\$1.3 million other assets & liabilities, net
<u>\$5.05</u>	Net Asset Value (NAV) per share

Cash flow and capital priorities

- Investments to deliver high returns and cash for reinvestment
- Cover operating expenses
- Return capital to shareholders opportunistically
 - *Buybacks more tax efficient than dividends*

Investor Relations Efforts Improve Volume

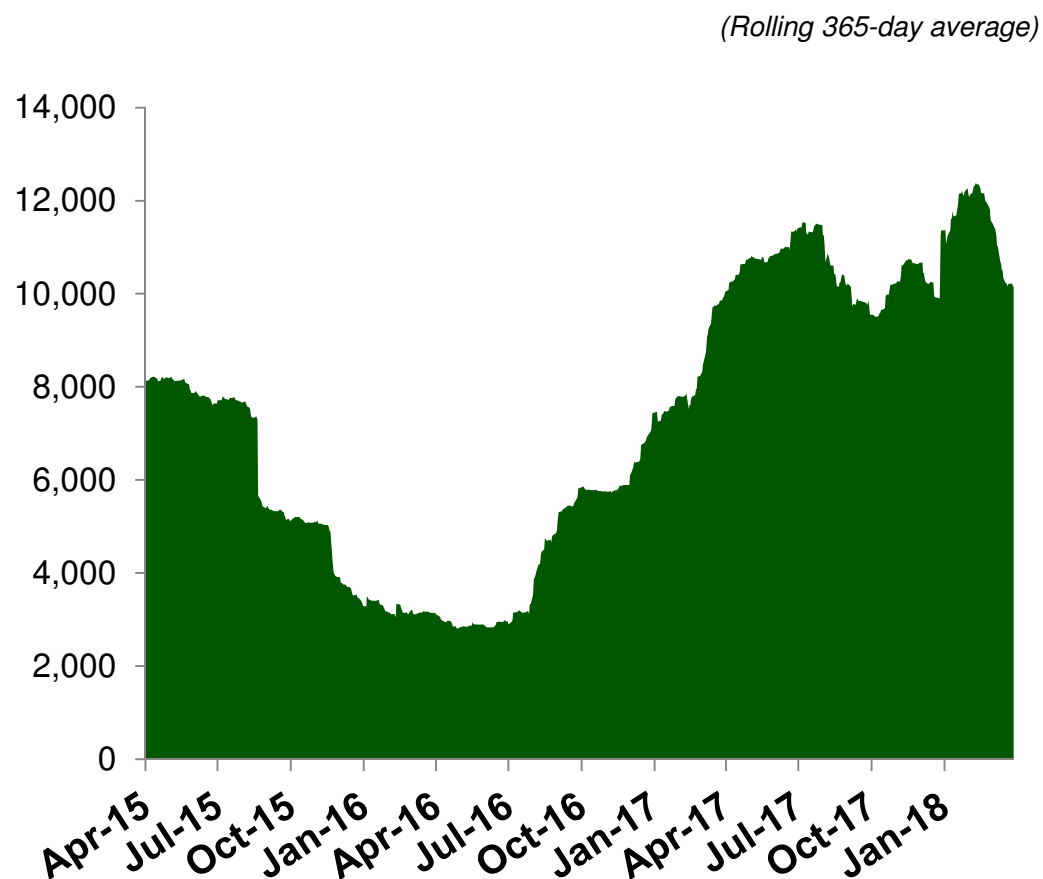
Initiated quarterly
teleconference calls

Increasing investor interaction

- ◆ 120 investor engagements in 2017 up from 77
- ◆ 16 in Q1 2018

Investor conferences/non-deal
roadshows: four

News releases: 18



Why Rand?

Strong performance, financially and operationally

Proven management team

Focused on creating shareholder value

Strategy for NAV growth

Only early and expansion stage SBIC fund in Upstate NY

Solid reputation among investment partners

- Decisive and responsive

Selective share buy backs





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