



# FOURTH QUARTER AND FULL YEAR 2023 FINANCIAL RESULTS

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Daniel P. Penberthy  
President & CEO

Margaret W. Brechtel  
EVP & CFO



# 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 expectations of Rand Capital Corporation (“Rand” or the “Company”) to continue to be taxed as a regulated investment company (“RIC”) for U.S. federal income tax purposes; the effectiveness of, and execution on, Rand’s investment strategy and 2024 objectives; the investment processes used by its external investment adviser, Rand Capital Management, LLC under the investment advisory and management agreement with Rand; the competitive ability and position of Rand; the amount of the Company’s dividend per share in future periods, 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 may be unable to continue to fulfill the conditions required in order to be treated as a RIC for U.S. federal income 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, 2023, 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/>.

All information contained herein is for informational purposes and should not be construed as investment advice. It does not constitute an offer, solicitation or recommendation to purchase any security. Past performance does not guarantee future results. Diversification does not guarantee a profit or protect against a loss.

# STRONG EXECUTION

*(Results compared with the prior-year period unless otherwise noted)*

- ✓ Portfolio expansion centered on debt investments drove income growth
  - Q4 total investment income increased 11% to \$1.9 million over the prior-year period
  - Full year 2023 total investment income grew 27% to \$7.3 million
- ✓ Net asset value per share was \$23.56 at year-end, up 5% from 2022<sup>1</sup>
- ✓ Rand's portfolio had a fair value of \$77.1 million at year-end, up 25% from year-end 2022
- ✓ Invested \$20.3 million across nine transactions in 2023
  - Completed two follow-on investments in the fourth quarter
- ✓ Entered 2024 with a strong and flexible balance sheet, and a solid pipeline of opportunities
  - Total liquidity of ~\$19.4 million at year-end<sup>2</sup>

<sup>1</sup> Net asset value per share amounts based on weighted average shares outstanding

<sup>2</sup> Consists of cash, value of publicly traded BDCs and ACV Auctions stock, and senior secured revolving credit facility availability



*The Rand Building, Buffalo, NY*

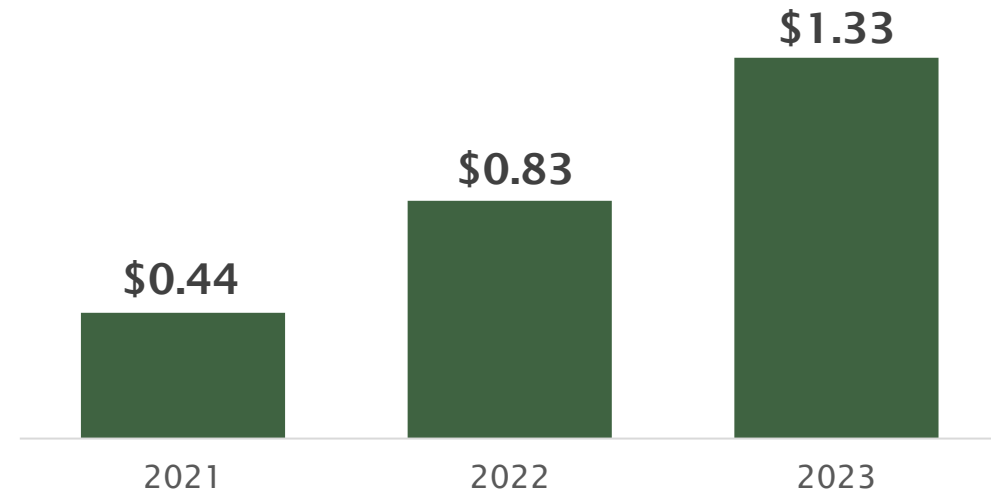


# DELIVERING CASH DIVIDENDS

*(Results compared with the prior-year period unless otherwise noted)*

- ✓ Paid Q4 2023 dividends of \$0.63 per share
  - Consisting of regular quarterly dividend of \$0.25 per share and a special dividend of \$0.38 per share
- ✓ During 2023, paid total dividends of \$1.33 per share, an increase of 60% over 2022
  - Included one raise of our regular quarterly dividend earlier in the year and the special dividend
- ✓ On February 26, 2024, declared regular quarterly cash dividend distribution of \$0.25 per share
  - To be paid on or about March 29, 2024, to shareholders of record as of March 13, 2024

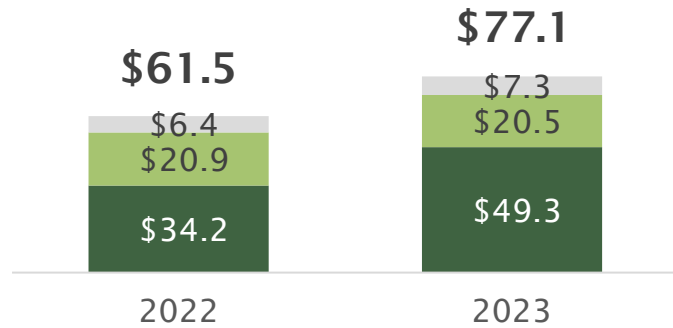
Dividends Paid per Share





# PORTFOLIO MIX

Fair Value Portfolio Mix  
(\$ in millions)

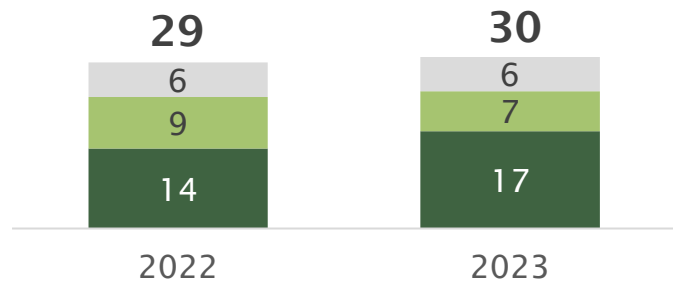


Fair value increase reflects new and follow-on investments, and valuation adjustments on several portfolio companies

Mix at quarter-end, based on fair value:

- 64% Fixed-rate debt investments
- 27% Equity investments in private companies
- 9% Publicly traded equities (includes dividend paying BDCs and ACV Auctions stock)

Portfolio Mix  
(# of Companies)



Annualized weighted average yield of debt investments, which includes PIK interest, was 13.6%

■ Debt ■ Equity ■ Publicly Traded Stock

# PORTFOLIO ACTIVITY



## Q4 2023 Investments



*Provides design, distribution and installation services for commercial kitchens, renovations and new builds*

*Funded follow-on debt investment of \$2.2 million*



*Offers a wide range of high-quality, affordable pet products*

*Funded follow-on equity investment of \$73,000*

## Notable Full Year Investments and Exits

Invested a total of \$20.3 million across nine transactions, which largely consisted of interest yielding assets



*DSD was sold in June 2023 - In total, RAND received \$6.7 million of proceeds, which included a net gain of \$2.5 million*



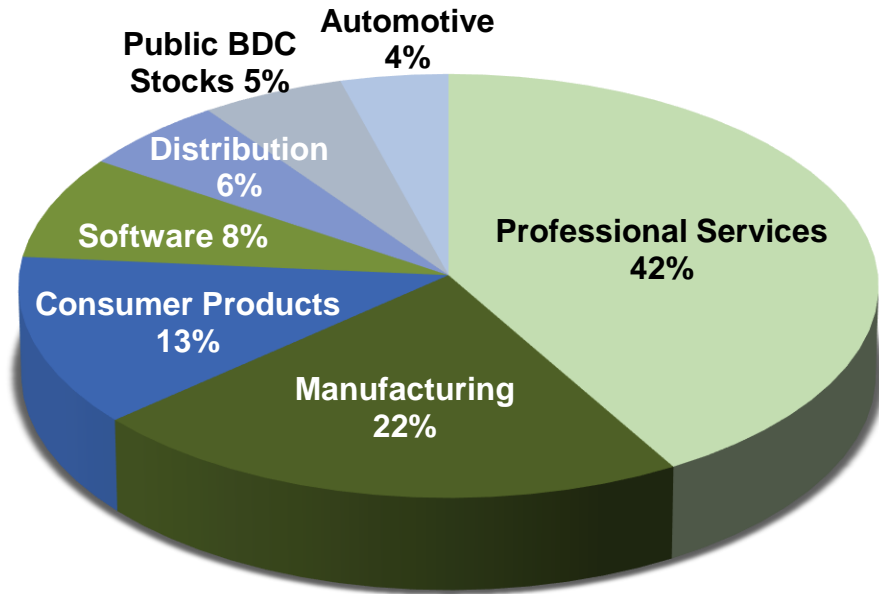
*Sold shares for a realized gain of \$1.7 million*



# DIVERSIFIED PORTFOLIO

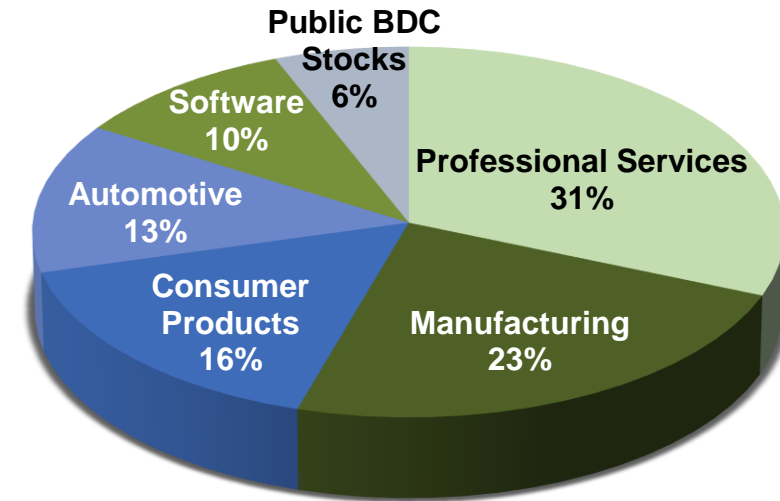
## Investments by Industry Classification

December 31, 2023



*Based on total investments at fair value of \$77.1 million*






December 31, 2022



*Based on total investments at fair value of \$61.5 million*

# TOP FIVE PORTFOLIO INVESTMENTS



<i>(\$ in millions)</i>	Company	Investments at Fair Value	Year Acquired	Industry	% of Total Portfolio	Investment Type
	Tilson	\$10.6	2015	Professional Services – Cellular info systems, construction, mgmt.	14%	Equity – paying dividend
	Food Service Supply	\$7.4	2022	Professional Services – Services for commercial kitchens and new builds	10%	Term note (12%) Equity
	Seybert's	\$6.0	2021	Consumer Product – Billiard supplies	8%	Term note (12% plus 2% PIK) Warrant
	SciAps, Inc.	\$5.2	2013	Manufacturing – Portable analytical instruments	7%	Term note (12%) Equity
	INEA	\$4.3	2023	Distribution – Stocking distributor of alloys and electronic grade nickels	6%	Term note (12% plus 2% PIK) Equity
	<b>Total Top 5</b>	<b>\$33.5</b>			<b>45%</b>	

*All values as of December 31, 2023. Totals may not foot due to rounding.*

**\$77.1 million portfolio fair value with 30 portfolio companies**





# FINANCIAL REVIEW



# FOURTH QUARTER FINANCIAL SUMMARY

(\$ in thousands, except per share data)

	Q4 2023	Q4 2022
Total investment income	\$ 1,930	\$ 1,733
Total expenses	1,014	371
Net investment income <sup>1</sup>	962	1,230
Net investment income per share <sup>2</sup>	\$ 0.37	\$ 0.48
Adjusted net investment income per share <sup>3</sup>	\$ 0.40	\$ 0.41
Net realized and unrealized gain (loss) on investments	\$ 127	\$ (910)
Net increase in net assets from operations	1,089	320
Net increase in net assets from operations per share <sup>2</sup>	\$ 0.42	\$ 0.12

Total investment income grew 11%

- Driven by a 47% increase in interest from portfolio companies

Total expenses increase reflects higher interest expense and change in accrued capital gains incentive fees

Excluding the capital gains incentive fees, adjusted expenses in Q4 23 were \$950,000 compared with \$539,000 in Q4 22<sup>3</sup>

<sup>1</sup> Net of income tax expense

<sup>2</sup> Per share amounts based on weighted average shares outstanding of 2,581,021 in Q4 2023 and in Q4 2022.

<sup>3</sup> Adjusted Net Investment Income per share and Adjusted Expenses are non-GAAP financial measures. Please see supplemental slides for a description of these non-GAAP financial measures and reconciliation tables between GAAP and non-GAAP.



# FULL YEAR FINANCIAL SUMMARY

(\$ in thousands, except per share data)

	2023	2022
Total investment income	\$ 7,338	\$ 5,765
Total expenses	4,178	1,119
Net investment income <sup>1</sup>	2,968	4,430
Net investment income per share <sup>2</sup>	\$ 1.15	\$ 1.72
Adjusted net investment income per share <sup>3</sup>	\$ 1.46	\$ 1.31
Net realized and unrealized gain (loss) on investments	\$ 3,559	\$ (5,312)
Net increase (decrease) in net assets from operations	6,527	(882)
Net increase (decrease) in net assets from operations per share <sup>2</sup>	\$ 2.53	\$ (0.34)

Total investment income grew 27%

- Reflects 44% increase in interest from portfolio companies

Total expenses increase reflects \$0.8 million in accrued capital gains incentive fees compared with \$1.0 million reversal in 2022

Excluding the capital gains incentive fees, adjusted expenses increased \$1.2 million<sup>3</sup>

- Rand entered into a senior revolving credit facility in June 2022 to drive growth. As a result, interest expense increased \$975,000 in 2023.

<sup>1</sup> Net of income tax expense

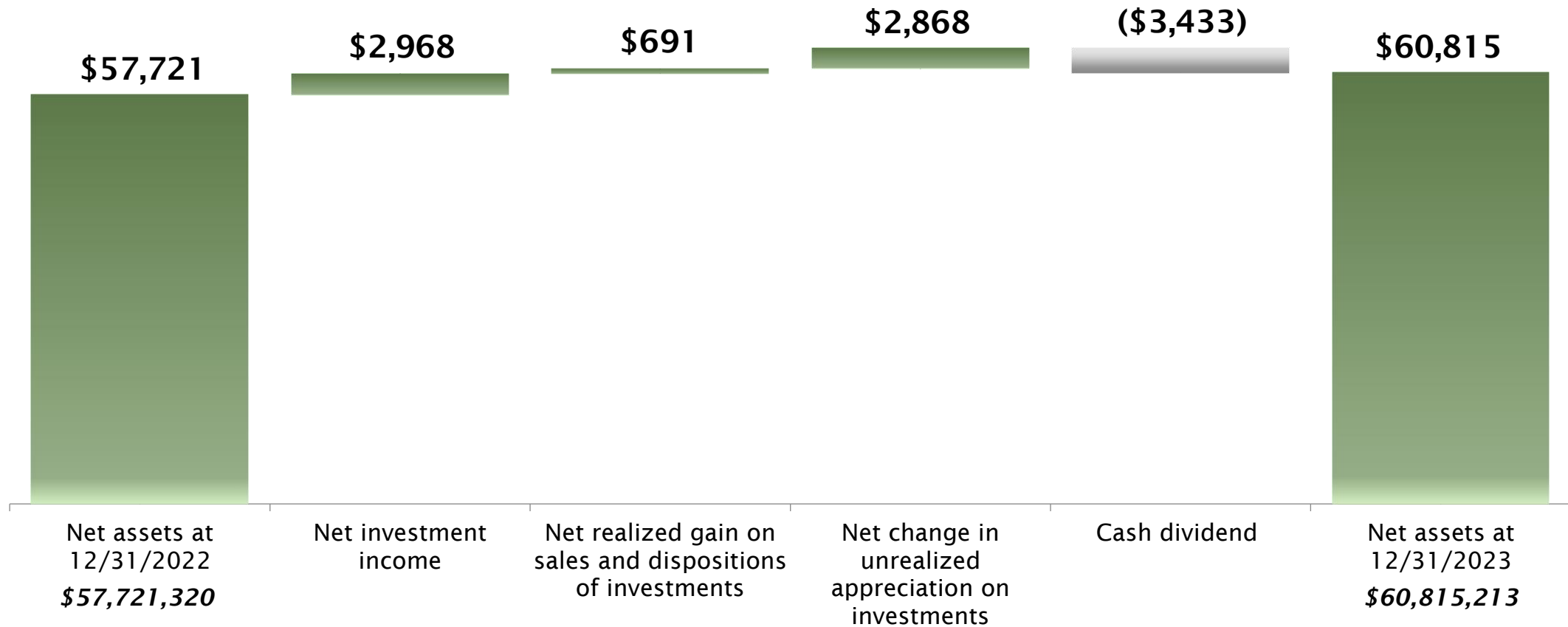
<sup>2</sup> Per share amounts based on weighted average shares outstanding of 2,581,021 in 2023 and in 2022.

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# 2023 NET ASSET VALUE CHANGE

(\$ in thousands)



Totals may not sum due to rounding



# STRONG AND FLEXIBLE BALANCE SHEET

## Net Asset Value Composition

At December 31, 2023

Per Share	Assets and Liabilities
\$1.28	\$3.3 million consolidated cash
\$2.83	\$7.4 million in public equity investments “Liquid” <sup>1</sup>
\$27.05	\$69.8 million in private investments
\$(7.60)	\$(19.6) million other assets & liabilities, net
<b>\$23.56</b>	<b>Net Asset Value (NAV) per share</b>

Publicly-traded equity securities of \$7.4 million available for future liquidity opportunities

At December 31, 2023, \$16.3 million in outstanding borrowings under the \$25 million senior secured revolving credit facility

- Outstanding borrowings carried an interest rate of 8.9% at year-end

The Company did not repurchase any outstanding common stock during 2023

Announced regular quarterly dividend of \$0.25 per share for first quarter 2024

<sup>1</sup> \$77.1 million in total portfolio investments includes \$7.4 million of highly liquid BDC and ACV Auctions publicly traded stock



# 2024 OBJECTIVES

- ✓ Continue to replicate our past success by increasing our portfolio composition with new debt investments
- ✓ Continue to evaluate current portfolio company equity holdings and M&A market conditions to further drive portfolio equity returns
- ✓ Put capital to work:
  - Leverage cash balance and senior secured revolving credit facility
  - Opportunistically use our publicly traded equity investments as available liquidity and capital for prospective opportunities that will provide higher yields
- ✓ Drive investment income growth to increase dividends paid to our shareholders



# SUPPLEMENTAL INFORMATION

# ADJUSTED EXPENSES (NON-GAAP\*)



	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Total expenses	\$ 1,013,797	\$ 371,090	\$ 4,178,319	\$ 1,119,229
Exclude expenses/(credits) for capital gains incentive fees	64,000	(168,000)	804,700	(1,048,760)
Adjusted total expenses	\$ 949,797	\$ 539,090	\$ 3,373,619	\$ 2,167,989

*\*In addition to reporting total expenses, which is a U.S. generally accepted accounting principle ("GAAP") financial measure, Rand presents adjusted expenses, which is a non-GAAP financial measure. Adjusted expenses is defined as GAAP total expenses removing the effect of any expenses/(credits) for capital gains incentive fees. GAAP total expenses is the most directly comparable GAAP financial measure. Rand believes that adjusted expenses provides useful information to investors regarding financial performance because it is a method the Company uses to measure its financial and business trends related to its 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.*



# ADJUSTED NET INVESTMENT INCOME PER SHARE (NON-GAAP\*)



	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Net investment income per share	\$ 0.37	\$ 0.48	\$ 1.15	\$ 1.72
Exclude expenses/(credits) for capital gains incentive fees per share	0.02	(0.07)	0.31	(0.41)
Adjusted net investment income per share	\$ 0.40	\$ 0.41	\$ 1.46	\$ 1.31

*Totals may not sum due to rounding*

*\*In addition to reporting Net Investment Income per Share, which is a U.S. generally accepted accounting principle ("GAAP") financial measure, the Company 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 Income per Share removing the effect of any expenses/(credits) for capital gains incentive fees. GAAP Net Investment 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 a method the Company uses to measure its financial and business trends related to its 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.*