

Rand Capital Invested \$2.1 Million in Third Quarter 2015; Net Asset Value Up 17% Over Prior-Year Third Quarter to \$5.21 Per Share

- *Supports portfolio companies' growth with \$1.6 million in follow-on capital*
- *Added City Dining Cards to portfolio with \$500,000 investment*
- *Total assets were \$43.2 million, up 14% from 2014 third quarter*

BUFFALO, N.Y., Nov. 3, 2015 (GLOBE NEWSWIRE) -- Rand Capital Corporation (NASDAQ:RAND) ("Rand"), a business development company that makes venture capital investments in companies with emerging product, service or technology concepts, announced its results for the quarter ended September 30, 2015.

Allen F. ("Pete") Grum, President and Chief Executive Officer of Rand Capital, commented, "We continue to advance our strategy to grow Rand Capital. In the first nine months of 2015, we have invested a record \$6.9 million. We are actively reinvesting the gains realized from our successful portfolio exits into our growing portfolio companies, as well as new companies. We believe we are uniquely positioned to provide emerging companies with needed capital at a level that corresponds with their early stage requirements. We also are advantaged with a strong pipeline of opportunities in the underserved venture capital market of upstate NY."

The 10-year compound annual growth rate of Rand's net asset value per share is 12.8% through September 30, 2015.

Third Quarter 2015 Financial Highlights

- Achieved \$5.21 net asset value (NAV) per share at September 30, 2015, up \$0.74 per share, or 17%, over September 30, 2014
- Provided \$1.6 million of follow-on investments in five portfolio companies; Majority of funds directed toward Chequed.com and GENICON
- Made initial investment of \$500,000 in City Dining Cards, an innovative customer-loyalty technology company founded in 2011
- Investment portfolio fair value was \$36.4 million at quarter end

Portfolio Demonstrates Continued Progress

Highlights of several of this quarter's largest investments follow:

- New to the Rand portfolio, **City Dining Cards** (<http://www.citydiningcards.com/>) is a Buffalo-based, innovative customer-loyalty technology company operating in 20 markets across the US and Canada. It helps consumers discover the best locally-owned restaurants and businesses in their neighborhood, save money and earn rewards. Get the City Dining Cards app for free from the App Store.
- **Chequed.com** (<https://www.chequed.com/>), a leading provider of cloud-based Predictive Talent Selection™ technology, recently combined with Assess Systems.

An excellent strategic combination, the combined entity offers market-leading, next-generation Human Capital Management (HCM) software and services that provide cloud-based, data-driven hiring and talent management solutions. As Chequed.com's first institutional investor in November 2010, Rand provided an additional \$500,000 in the quarter bringing its total investment to \$2.1 million, the Company's fourth largest portfolio investment.

- **GENICON** (<http://geniconendo.com/>), an emerging leader in the design, production, and distribution of patented surgical instrumentation focused exclusively on laparoscopic surgery was named a Florida Companies to WatchSM for its expected significant growth over the next several years. New to Rand's portfolio

in 2015, the current quarter's \$500,000 investment follows Rand's initial \$500,000 investment in April 2015.

Additional follow-on investments were provided to OnCore Golf, Satisfy, and SciAps.

As of September 30, 2015, Rand's portfolio consisted of 32 businesses valued at \$36.4 million. A diversified group of investments, the portfolio includes approximately 45% in manufacturing, 22% in software, 11% in healthcare and 22% in a diverse group of other industry categories. The portfolio is comprised of approximately 82% in equity investments and 18% in debt investments.

Liquidity and Capital Resources

Rand is focused on increasing net asset value through capital appreciation and maintaining sufficient income to drive operational leverage.

Cash on hand at September 30, 2015 was \$4.8 million. The primary use of cash is for follow-on and new investments to grow the Company's portfolio and net asset value.

The Board of Directors renewed its share buyback authorization through October 2016. The Company currently holds 534,496 shares of Rand treasury stock and can purchase an additional 465,504 shares.

Strategy and Outlook

Rand's strategy is to continue expanding its net asset value by capitalizing on maturing investments and leveraging the returns to invest in early-stage companies with new or unique products or services that offer competitive advantage and strong growth potential. Its unique advantages are its willingness to provide a smaller check size, its network of investment partners and growing opportunities in the undercapitalized, but strengthening markets of upstate New York and surrounding regions.

Mr. Grum concluded, "We have investments in our portfolio that are reaching maturity and will potentially create additional liquidity for us. We plan to reinvest those proceeds in our ever-growing pipeline of opportunities. We are especially excited to be able to support the renaissance currently occurring in the Upstate New York and surrounding regions, and the opportunity it presents to further accelerate Rand's growth."

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 wholly-owned subsidiary is licensed by the U.S. Small Business Administration (SBA) as a Small Business Investment Company (SBIC). Rand focuses investments in early or expansion stage companies with strong leadership that are 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: 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. These statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Corporation to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the valuation of the Corporation's portfolio, the timing and opportunity for investments or divestitures as well as 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

	September 30, 2015	December 31, 2014
	(Unaudited)	
ASSETS		
Investments at fair value:		
Control investments (cost of \$1,195,841 and \$1,347,300, respectively)	\$ 9,870,841	\$ 10,022,300
Affiliate investments (cost of \$18,579,796 and \$15,188,935, respectively)	17,564,802	14,617,378
Non-affiliate investments (cost of \$8,751,037 and \$5,677,241, respectively)	<u>8,933,066</u>	<u>5,665,698</u>
Total investments, at fair value (cost of \$28,526,674 and \$22,213,476, respectively)	36,368,709	30,305,376
Cash	4,763,631	13,230,717
Interest receivable (net of allowance: \$122,000 at 9/30/15 and \$128,311 at 12/31/14)	209,216	165,094
Prepaid income tax	51,230	--
Other assets	<u>1,768,320</u>	<u>1,824,800</u>
Total assets	<u>\$ 43,161,106</u>	<u>\$ 45,525,987</u>

LIABILITIES AND STOCKHOLDERS' EQUITY (NET ASSETS)

Liabilities:

Debentures guaranteed by the SBA	\$ 8,000,000	\$ 8,000,000
Income tax payable	--	2,065,795
Deferred tax liability	1,868,534	1,838,351
Profit sharing and bonus payable - officers	194,740	953,490
Accounts payable and accrued expenses	104,653	290,646
Deferred revenue	<u>30,597</u>	<u>24,264</u>
Total liabilities	<u>10,198,524</u>	<u>13,172,546</u>

Stockholders' equity (net assets):

Common stock, \$.10 par; shares authorized 10,000,000; shares issued 6,863,034; shares outstanding of 6,328,538 as of 9/30/15 and 12/31/14	686,304	686,304
Capital in excess of par value	10,581,789	10,581,789
Accumulated net investment (loss)	(273,212)	(867,482)
Undistributed net realized gain on investments	18,463,557	18,290,374
Net unrealized appreciation on investments	4,951,635	5,109,947
Treasury stock, at cost; 534,496 shares at 9/30/15 and 12/31/14	<u>(1,447,491)</u>	<u>(1,447,491)</u>
Total stockholders' equity (net assets) (per share 9/30/15: \$5.21, 12/31/14: \$5.11)	<u>32,962,582</u>	<u>32,353,441</u>
Total liabilities and stockholders' equity	<u>\$ 43,161,106</u>	<u>\$ 45,525,987</u>

Rand Capital Corporation and Subsidiary
Consolidated Statements of Operations
For the Three Months and the Nine Months Ended September 30, 2015 and 2014
(Unaudited)

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Investment income:				
Interest from portfolio companies:				
Control investments	\$ 18,336	\$ 26,660	\$ 60,756	\$ 88,419
Affiliate investments	100,678	122,113	312,329	375,486
Non-Control/Non-Affiliate investments	<u>61,312</u>	<u>57,576</u>	<u>176,534</u>	<u>136,920</u>
Total interest from portfolio companies	<u>180,326</u>	<u>206,349</u>	<u>549,619</u>	<u>600,825</u>
Interest from other investments:				
Non-Control/Non-Affiliate investments	<u>3,529</u>	<u>2,326</u>	<u>18,719</u>	<u>10,523</u>
Total interest from other investments	<u>3,529</u>	<u>2,326</u>	<u>18,719</u>	<u>10,523</u>

Dividend and other investment income:				
Control investments	460,947	351,380	1,364,306	1,034,361
Affiliate investments	65,810	--	124,239	90,065
Non-Control/Non-Affiliate investments	--	--	--	2,531
Total dividend and other investment income	<u>526,757</u>	<u>351,380</u>	<u>1,488,545</u>	<u>1,126,957</u>
Fee income:				
Control investments	2,000	4,000	6,000	10,000
Affiliate investments	1,417	1,767	3,250	4,467
Non-Control/Non-Affiliate investments	4,250	3,527	12,417	6,083
Total fee income	<u>7,667</u>	<u>9,294</u>	<u>21,667</u>	<u>20,550</u>
Total investment income	<u>718,279</u>	<u>569,349</u>	<u>2,078,550</u>	<u>1,758,855</u>
Operating expenses:				
Salaries	149,555	147,668	448,665	443,006
Bonus and profit sharing	--	--	--	(45,635)
Employee benefits	27,745	26,431	87,546	89,187
Directors' fees	37,950	14,250	89,000	88,500
Professional fees	33,702	25,724	127,204	126,236
Stockholders and office operating	41,716	23,789	156,830	109,439
Insurance	8,400	7,700	25,954	27,609
Corporate development	16,982	14,385	48,363	41,941
Other operating	3,099	2,385	8,973	5,641
	<u>319,149</u>	<u>262,332</u>	<u>992,535</u>	<u>885,924</u>
Interest on SBA obligations	77,569	69,243	229,460	195,660
Bad debt expense	--	--	--	6,311
Total operating expenses	<u>396,718</u>	<u>331,575</u>	<u>1,221,995</u>	<u>1,087,895</u>
Net investment income before income taxes	321,561	237,774	856,555	670,960
Income tax expense (benefit)	88,298	(5,762)	262,285	92,081
Net investment income	<u>233,263</u>	<u>243,536</u>	<u>594,270</u>	<u>578,879</u>
Net realized gain (loss) on investments:				
Affiliate investments	--	160,634	--	(617,619)
Non-Control/Non-Affiliate investments	--	--	262,925	(446,939)
Net realized gain (loss) before income taxes	--	160,634	262,925	(1,064,558)
Income tax expense (benefit)	--	58,870	89,742	(363,356)
Net realized gain (loss) on investments	--	101,764	173,183	(701,202)
Net increase (decrease) in unrealized appreciation on investments:				
Control investments	--	5,336	--	5,336
Affiliate investments	(250,000)	--	(443,436)	29,980
Non-Control/Non-Affiliate investments	321,300	(195,157)	193,572	1,041,094
Change in unrealized appreciation before income taxes	71,300	(189,821)	(249,864)	1,076,410
Deferred income tax expense (benefit)	18,066	(67,963)	(91,552)	380,482
Net increase (decrease) in unrealized appreciation on investments	<u>53,234</u>	<u>(121,858)</u>	<u>(158,312)</u>	<u>695,928</u>
Net realized and unrealized gain (loss) on investments	<u>53,234</u>	<u>(20,094)</u>	<u>14,871</u>	<u>(5,274)</u>
Net increase in net assets from operations	<u>\$ 286,497</u>	<u>\$ 223,442</u>	<u>609,141</u>	<u>\$ 573,605</u>
Weighted average shares outstanding	6,328,538	6,407,199	6,328,538	6,408,763
Basic and diluted net increase in net assets from operations per share	<u>\$ 0.05</u>	<u>\$ 0.03</u>	<u>\$ 0.10</u>	<u>\$ 0.09</u>

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Source: Rand Capital Corporation