



FOURTH QUARTER AND FULL YEAR 2021 FINANCIAL RESULTS

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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 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 2022 objectives; the investment processes to be used by Rand Capital Management 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, 2021, 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/>.

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FOURTH QUARTER AND FULL YEAR 2021 EXECUTION



Strengthened debt portfolio, transaction fees and portfolio dividends drove total investment income growth

- Q4 up 17% to \$1.2 million; 2021 up 31% to \$4.1 million

Net asset value per share was \$23.54 at year-end; up 32% Y/Y*

Total investments were \$4.6 million in Q4 and \$19.7 million for 2021

- Portfolio now comprised of 55% of income producing assets at year-end

Repaid \$11 million of outstanding SBA leverage during the fourth quarter

Delivering Cash Dividend Distributions:

Paid fourth quarter regular dividend of \$0.10 per share in December 2021

Paid a supplemental dividend of \$0.04 per share in December 2021

Cumulative dividends paid per share in 2021: \$0.44

2021 investment pace expected to support an increased 2022 dividend level



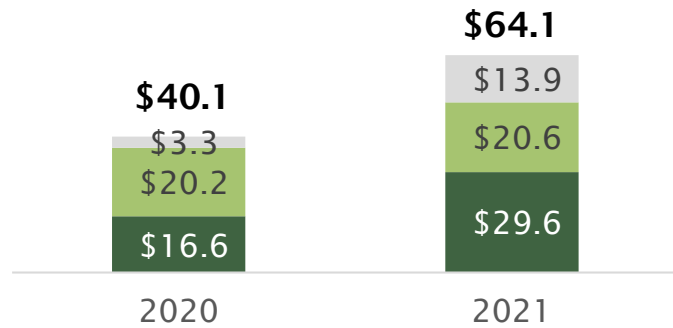
The Rand Building, Buffalo, NY

**Per share amounts based on weighted average shares outstanding*

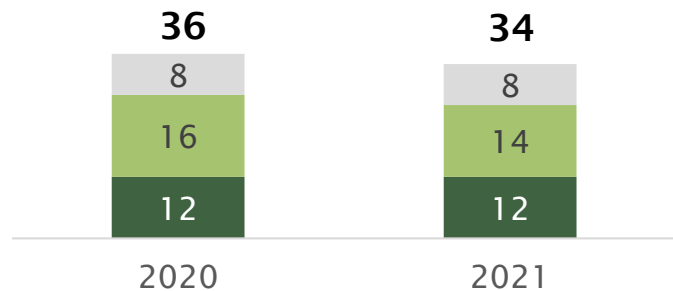


EVOLVED PORTFOLIO

Fair Value Portfolio Mix (*\$ in millions*)



Portfolio Mix (*# of Companies*)



■ Publicly Traded Stock ■ Equity ■ Debt

Portfolio fair value increased primarily due to new investments and valuation adjustments

- Up \$24.0 million or 60% Y/Y

Mix at quarter-end, based on fair value:

46% Fixed-rate debt investments

32% Equity investments in private companies

22% Publicly traded equities (includes dividend paying BDCs and ACV Auctions stock)

Invested \$19.7 million in 2021, which largely consisted of interest yielding assets and included \$2.1 million in publicly traded BDCs

Exited equity holdings netting realized gains of \$5.8 million in 2021

Q4 2021 INVESTMENTS & PAYOFFS/EXITS



Investments



Provides behavioral videometrics consumer data for CPG companies

*\$2.25 million equity investment
(economic traits of a 10% subordinated secured promissory note)*



Global supplier of precision imaged optical components and calibration standards

*\$1.75 million debt investment
(10% senior secured subordinated note and equity warrants)*

Follow on Investments



\$500,000 debt



\$64,000 equity

Payoffs and Exits



Sold 97,646 shares at average price of \$20.43 per share for total value of \$2.0 million



Received \$1.0 million loan and warrant proceeds

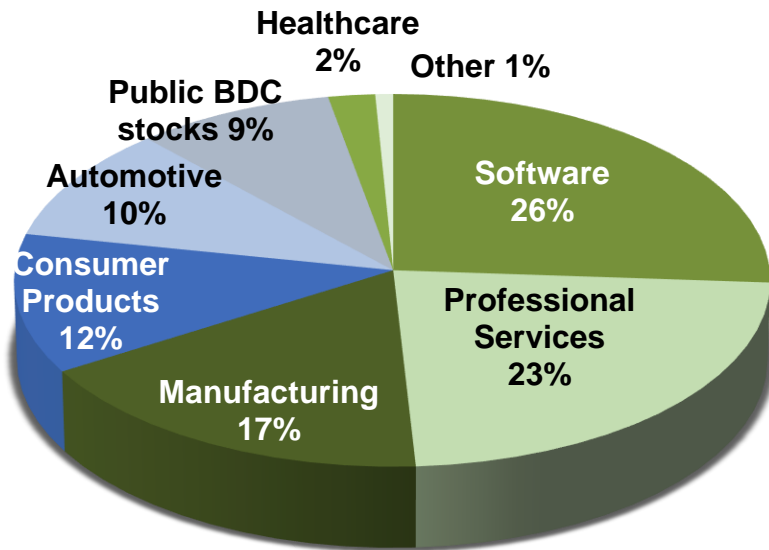
Exited equity investment in First Wave Technologies



DIVERSIFIED PORTFOLIO

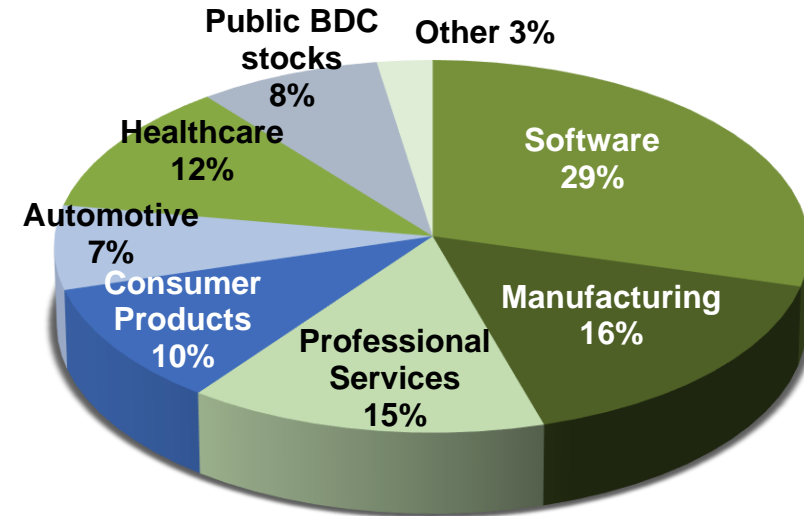
Investments by Industry Classification

December 31, 2021



Based on total investments at fair value of \$64.1 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	
 Tilson	\$8.9	2015	Professional Services – Cellular info systems, construction, mgmt.	14%	Equity – paying dividend	
 ACV Auctions	\$8.3	2016	Software – Live mobile auctions for automobile dealers (Nasdaq: ACVA)	13%	Public equity	
 Open Exchange	\$5.6	2013	Software – Online presentation and training software	9%	Equity	
 Caitec	\$3.9	2020	Consumer Goods – Pet product manufacturer and distributor	6%	Mezzanine debt (12% plus 2% PIK) Equity	
 DSD	\$3.8	2021	Automotive – Supplies shop equipment for auto dealers	6%	Term note (12% plus 2% PIK) Equity	
Total Top 5	\$30.5			48%		

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

\$64.1 million portfolio fair value with 34 portfolio companies



FINANCIAL REVIEW

FOURTH QUARTER FINANCIAL SUMMARY (ON AN ADJUSTED BASIS)



(\$ in thousands, except per share data)

	Q4 2021	Q4 2020
Total investment income	\$ 1,237	\$ 1,056
Total expenses	(923)	(526)
Net investment income ¹	320	738
Net investment income per share ²	\$ 0.12	\$ 0.29
Adjusted net investment income per share ³	\$ 0.16	\$ 0.29
Net realized and unrealized gain (losses) on investments	\$ 625	\$ (1,111)
Net increase (decrease) in net assets from operations	945	(372)
Per share ²	\$ 0.37	\$ (0.14)

Total investment income grew 17%

- Driven by increased interest income from portfolio companies and higher dividend income

Q4 21 total expenses included capital gains incentive fee of \$86 thousand

Excluding the capital gains incentive fee, adjusted expenses up \$311 thousand³

- Reflects higher base management fees payable to Rand's investment adviser related to the increase in assets under management
- Increase in interest expense as the Company pre-paid two additional months of interest and expensed prior capitalized loan fees as part of the SBA payoff

¹ Net of income taxes

² Per share amounts based on weighted average shares outstanding of 2,581,021 in Q4 2021 and 2,583,622 in Q4 2020.

³ 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 (ON AN ADJUSTED BASIS)

(\$ in thousands, except per share data)

	2021	2020
Total investment income	\$ 4,076	\$ 3,103
Total expenses	(6,670)	(1,975)
Net investment (loss) income ¹	(2,605)	1,756
Net investment (loss) income per share ²	\$ (1.01)	\$ 0.68
Adjusted net investment income per share ³	\$ 0.62	\$ 0.68
Net realized and unrealized gain (losses) on investments	\$ 18,402	\$ (1,012)
Net increase in net assets from operations	15,797	744
Per share ²	\$ 6.12	\$ 0.33

Total investment income grew 31%

- Changing portfolio profile includes more income producing debt investments and dividend paying publicly traded securities

2021 total expenses included capital gains incentive fee of \$4.2 million

Excluding the capital gains incentive fee, adjusted expenses up \$495 thousand³

- Increase reflects similar reasons as Q4 21

¹ Net of income taxes

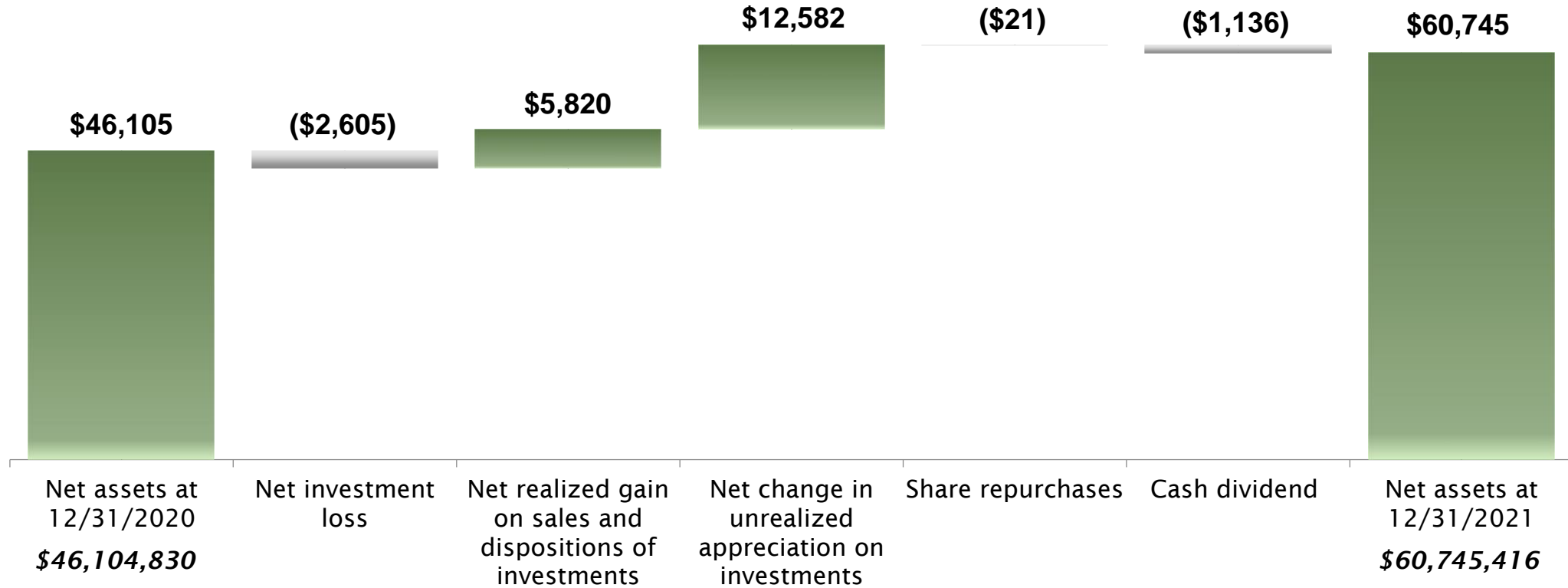
² Per share amounts based on weighted average shares outstanding of 2,581,707 in 2021 and 2,268,356 in 2020.

³ 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.



2021 NET ASSET VALUE CHANGE

(\$ in thousands)



Totals may not sum due to rounding

STRONG BALANCE SHEET, OPPORTUNITY FOR GROWTH



Net Asset Value Composition

At December 31, 2021

Per Share	Assets and Liabilities
\$0.32	\$0.8 million consolidated cash
\$5.39	\$13.9 million in public equity investments "Liquid"*
\$19.44	\$50.2 million in private investments
(\$1.61)	(\$4.2) million other assets & liabilities, net
\$23.54	Net Asset Value (NAV) per share

On November 2, 2021, repaid \$11 million of outstanding SBA leverage using cash on hand and surrendered SBIC license to the SBA

Repurchased 1,148 shares of outstanding common stock for \$20,771 in 2021. The average purchase price was \$18.09 per share.

Announced regular quarterly dividend of \$0.15 per share for first quarter 2022, up 50% compared with regular quarterly dividends in 2021

*\$64.1 million in total portfolio investments includes \$13.9 million of highly liquid BDC and ACV stock



2022 OBJECTIVES

- ✓ Increase debt portfolio investing consistent with 2021 pace
- ✓ Actively seek liquidity for legacy equity portfolio
- ✓ Monitor and manage existing debt portfolio

Continue to grow investment income, expand our portfolio and provide total return to our shareholders



SUPPLEMENTAL INFORMATION



ADJUSTED NET INVESTMENT INCOME PER SHARE

	Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Net Investment Income (Loss) per Share	\$ 0.12	\$ 0.29	\$ (1.01)	\$ 0.68
Capital gains incentive fees per share	0.04	-	1.63	-
Adjusted Net Investment Income per Share	\$ 0.16	\$ 0.29	\$ 0.62	\$ 0.68

In addition to reporting Net Investment Income (Loss) per Share, which is a U.S. generally accepted accounting principle (“GAAP”) financial 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 Income (Loss) per Share plus any capital gains incentive fees per share. GAAP Net Investment Income (Loss) per Share is the most directly comparable GAAP financial measure. Rand believes that Adjusted Net Investment Income (Loss) 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.

ADJUSTED EXPENSES



	Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Total expenses	\$ 922,795	\$ 526,268	\$ 6,670,315	\$ 1,974,978
Exclude capital gains incentive fees	86,000	-	4,200,000	-
Adjusted expenses	\$ 836,795	\$ 526,268	\$ 2,470,315	\$ 1,974,978

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 less any expenses 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 expenses included within 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.