



# FIRST QUARTER 2022 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/>.

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.



# FIRST QUARTER 2022 EXECUTION

- ✓ Total investment income up 11% to \$1.1 million
  - Leveraging significant investments made in 2021
  - Improved mix of interest yielding debt instruments
- ✓ Net asset value per share was \$23.23\*
- ✓ Total investments were \$542,000 in Q1
- ✓ Board of Directors renewed \$1.5 million share repurchase program

## Delivering Cash Dividend Distributions:

Increased first quarter dividend 50% to \$0.15 per share – paid in March, 2022

Announced second quarter dividend of \$0.15 per share on April 28, 2022



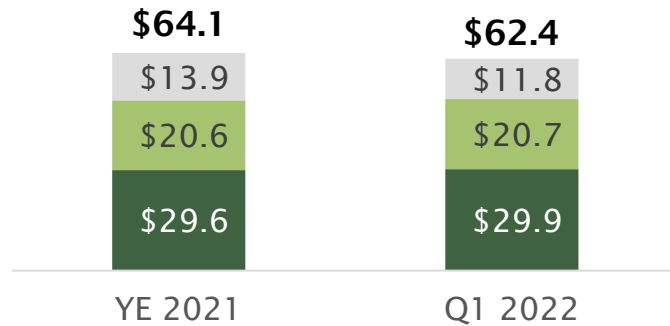
*The Rand Building, Buffalo, NY*

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



# PORTFOLIO MIX

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



Portfolio fair value decreased 3% primarily due to change in ACV Auctions’ market value, net new investments and payoffs

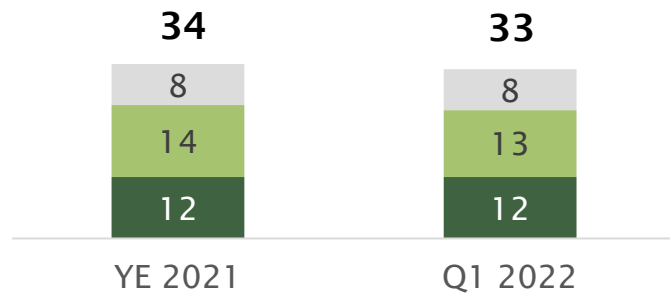
Mix at quarter-end, based on fair value:

48% Fixed-rate debt investments

33% Equity investments in private companies

19% Publicly traded equities (includes dividend paying BDCs and ACV Auctions stock)

### Portfolio Mix (*# of Companies*)



Made \$542,000 in follow-on investments in the quarter

Sold investment in Social Flow, a non-strategic equity investment

■ Publicly Traded Stock ■ Equity ■ Debt

# Q1 2022 INVESTMENTS & EXITS



## Follow on Investments



*Design and renovate auto dealerships*

**\$318,000 debt investment**  
*(12% term note plus 2% PIK)*



*Blind and shade manufacturing*

**\$224,000 equity investment**  
*(Class A Preferred Units and Class Common Units)*

## Exits



*Sold 37,000 shares at average price of \$13.82 per share for net realized gain of \$500,000*



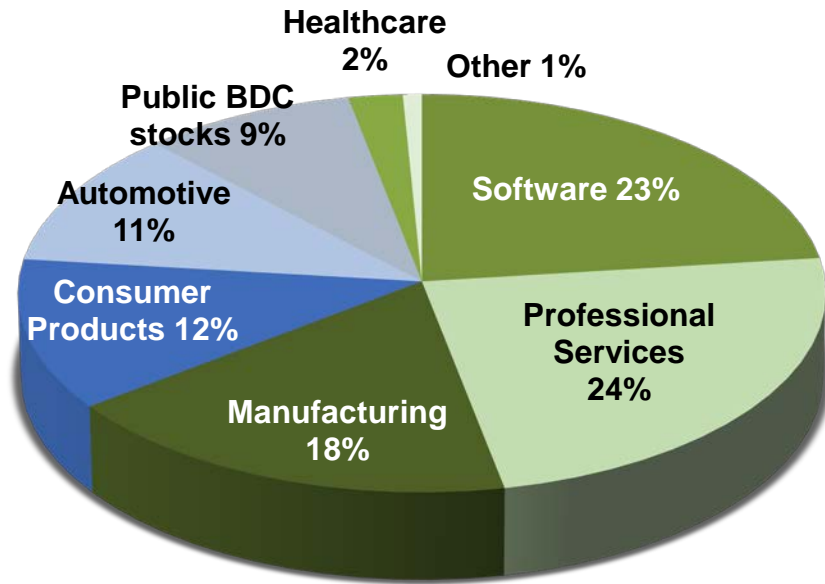
*Exited non-strategic investment  
Received \$268,000 in proceeds*



# DIVERSIFIED PORTFOLIO

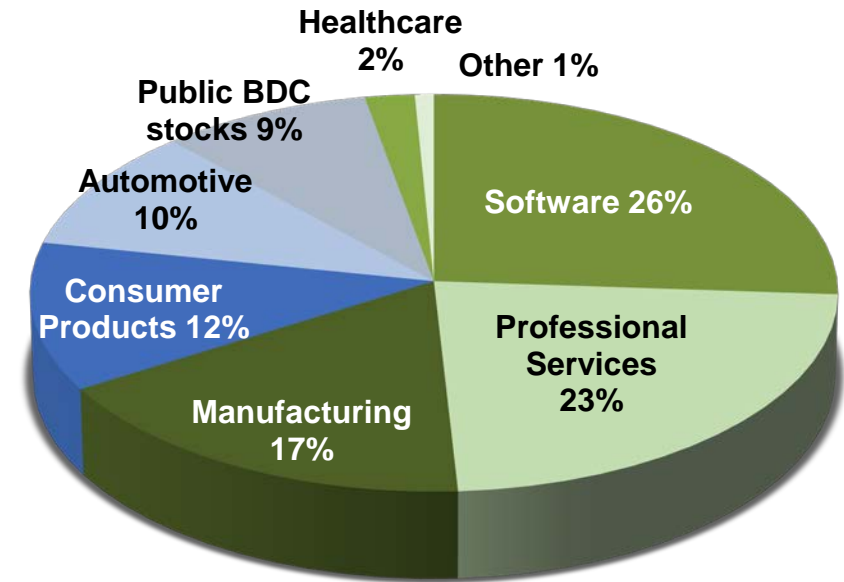
## Investments by Industry Classification

March 31, 2022



*Based on total investments at fair value of \$62.4 million*






December 31, 2021



*Based on total investments at fair value of \$64.1 million*



# TOP FIVE PORTFOLIO INVESTMENTS

(\$ in millions)						
Company	Investments at Fair Value	Year Acquired	Industry	% of Total Portfolio	Investment Type	
 TILSON	Tilson	\$8.9	2015	Professional Services – Cellular info systems, construction, mgmt.	14%	Equity – paying dividend
 ACV AUCTIONS	ACV Auctions	\$6.1	2016	Software – Live mobile auctions for automobile dealers (Nasdaq: ACVA)	10%	Public equity
 OpenExchange	Open Exchange	\$5.6	2013	Software – Online presentation and training software	9%	Equity
 DSD DEALER SOLUTIONS & DESIGN	DSD	\$4.2	2021	Automotive – Supplies shop equipment for auto dealers	7%	Term note (12% plus 2% PIK) Equity
 caitec	Caitec	\$3.9	2020	Consumer Goods – Pet product manufacturer and distributor	6%	Mezzanine debt (12% plus 2% PIK) Equity
<b>Total Top 5</b>		<b>\$28.7</b>			<b>46%</b>	

All values as of March 31, 2022. Totals may not foot due to rounding.

**\$62.4 million portfolio fair value with 33 portfolio companies**



# FINANCIAL REVIEW





# FIRST QUARTER FINANCIAL SUMMARY

(\$ in thousands, except per share data)

	Q1 2022	Q1 2021
Total investment income	\$ 1,125	\$ 1,016
Total expenses	345	3,166
Net investment income (loss) <sup>1</sup>	772	(2,167)
Net investment income (loss) per share <sup>2</sup>	\$ 0.30	\$ (0.84)
Adjusted net investment income per share <sup>3</sup>	\$ 0.21	\$0.17
Net realized and unrealized (loss) gain on investments	\$ (1,183)	\$ 10,198
Net (decrease) increase in net assets from operations	(411)	8,031
Net (decrease) increase in net assets from operations per share <sup>2</sup>	\$ (0.16)	\$ 3.11

Total investment income grew 11%

- Driven by increased interest income from portfolio companies

Total expenses included capital gains incentive fee credit of \$240 thousand in Q1 22 vs \$2.6 million expense in Q1 21

Excluding the capital gains incentive fee, adjusted expenses were up 3% to \$585 thousand<sup>3</sup>

- Reflects higher base management fees payable to Rand's investment adviser related to the increase in asset values under management
- Also attributable to higher professional fees and directors' fees, partially offset with the elimination of interest expense payments for the SBA obligations, which were paid off in December 2021

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

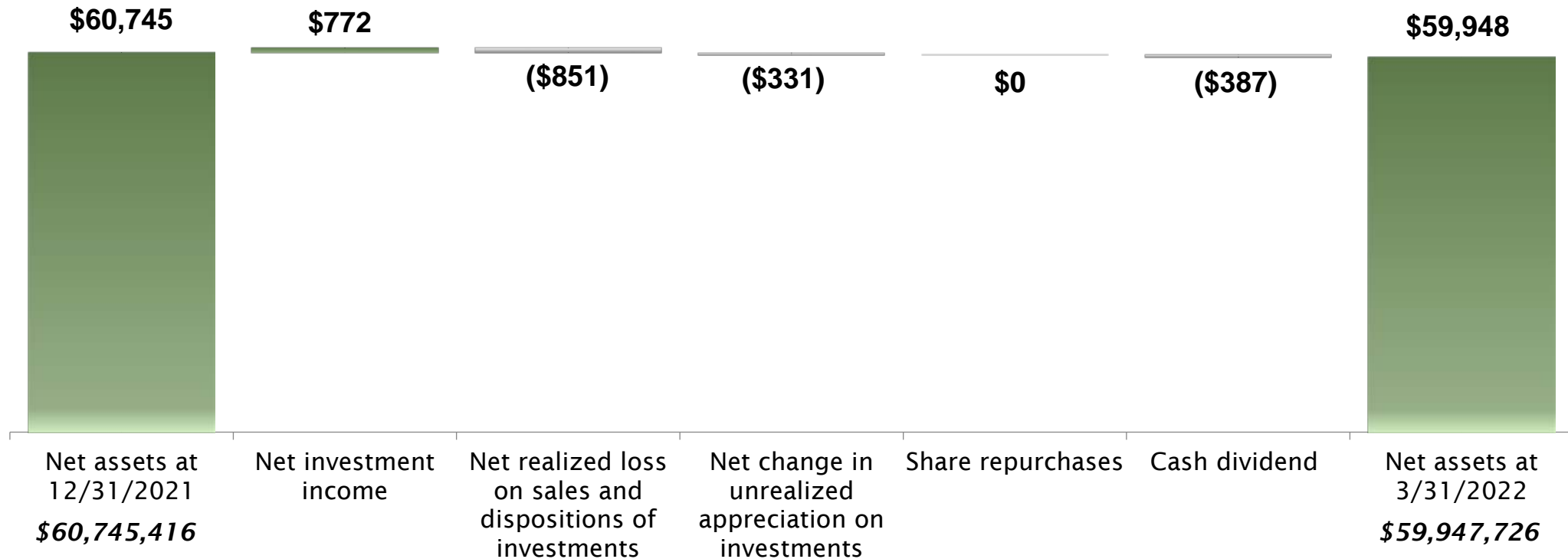
<sup>2</sup> Per share amounts based on weighted average shares outstanding of 2,581,021 in Q1 2022 and 2,582,169 in Q1 2021.

<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.



# NET ASSET VALUE CHANGE: Q1 2022

*(\$ in thousands)*



*Totals may not sum due to rounding*

# STRONG BALANCE SHEET, OPPORTUNITY FOR GROWTH



## Net Asset Value Composition

At March 31, 2022

Per Share	Assets and Liabilities
\$0.23	\$0.6 million consolidated cash
\$4.56	\$11.7 million in public equity investments “Liquid”*
\$19.62	\$50.7 million in private investments
\$(1.18)	\$(3.1) million other assets & liabilities, net
<b>\$23.23</b>	<b>Net Asset Value (NAV) per share</b>

Public investments of \$11.7 million available for future liquidity opportunities

Renewed share repurchase program authorizing the purchase of up to \$1.5 million additional shares

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

*Totals may not sum due to rounding*

*\*\$62.4 million in total portfolio investments includes \$11.7 million of highly liquid BDC and ACV Auctions stock*



# SUPPLEMENTAL INFORMATION

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



	Three months ended March 31, 2022	Three months ended March 31, 2021
Net investment income (loss) per share	\$ 0.30	\$ (0.84)
Capital gains incentive fees per share	(0.09)	1.01
Adjusted net investment income per share	\$ 0.21	\$ 0.17

*\*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 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 (NON-GAAP\*)



	Three months ended March 31, 2022	Three months ended March 31, 2021
Total expenses	\$ 345,378	\$ 3,165,663
Exclude capital gains incentive fees	(239,760)	2,600,000
Adjusted expenses	\$ 585,138	\$ 565,663

*\*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.*