

November 17, 2020



Rand Capital Makes Largest Initial Funding of \$3.8 Million with Caitec Inc.

BUFFALO, N.Y.--(BUSINESS WIRE)-- [Rand Capital Corporation](#) (Nasdaq: RAND) (“Rand”), a business development company, today announced that it recently funded an initial investment in Caitec Inc., a rapidly growing provider of specialty pet products. Rand invested \$3.5 million through a 14% subordinated secured note and an additional \$300,000 in Class A Preferred stock.

Allen F. (“Pete”) Grum, President and Chief Executive Officer, noted, “The investment in Caitec represents a key transition point for Rand, as it represents one of the largest initial financings into a business in our history. While the investment follows our long-standing model of investing in quality management teams, the growth stage nature and size of this investment make this financing stand out. The debt portion of the investment will provide approximately \$490,000 of income to Rand annually. This illustrates our strategy to transform into an income producing BDC, while also continuing our longstanding capital appreciation strategies through the equity co-investment in the business. We feel that this investment provides the best attributes of strong current income combined with the potential for long-term capital gain. We are pleased to support Caitec’s growth strategy as it expands its product offerings and channels to market.” Rand participated in this financing with Fairchild Capital Partners, LLC.

Caitec, based in Halethorpe, Maryland, is a leading manufacturer and distributor of toys for dogs, various products for pet birds, and other supplies for the burgeoning pet industry. The Company’s products are offered globally via a variety of sales channels, including national and local pet retailers, mass and regional retailers, grocery stores, and e-commerce. Caitec offers products through their own proprietary brands, as well as private label brands. The Company’s brands include Hero, Chase ‘N Chomp, Featherland Paradise, Oven Fresh Bites, Nature’s Instinct, and TitanEze.

Rand’s investment objective is to focus primarily on income accreting investments as it deploys \$22 million of available liquidity.

ABOUT RAND CAPITAL

Rand Capital (Nasdaq: RAND) is an externally-managed Business Development Company (BDC) with a wholly-owned subsidiary licensed by the U.S. Small Business Administration (SBA) as a Small Business Investment Company (SBIC). The Company’s investment objective is to maximize total return to its shareholders with current income and capital appreciation by focusing its debt and related equity investments in privately-held, lower middle market companies with committed and experienced managements in a broad variety of industries. Rand invests in early to later stage businesses that have sustainable, differentiated and market-proven products, revenue of more than \$2 million and a path to free cash flow or up to \$5 million in EBITDA. 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/>.

Safe Harbor Statement

This press release 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 effectiveness of Rand's new investment strategy; the ability to deploy its investment capital; the competitive ability and position of Rand; 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) evolving legal, regulatory and tax regimes; (2) changes in general economic and/or industry specific conditions; and (3) 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, 2019, quarterly reports on Form 10-Q, 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 release.

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