



INVESTOR PRESENTATION

January 2023

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President & CEO

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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 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.

NASDAQ: RAND



Externally-managed Business Development Company (BDC)

Focusing our debt and related equity investments in privately-held, lower middle market companies with committed and experienced management teams in a broad variety of industries

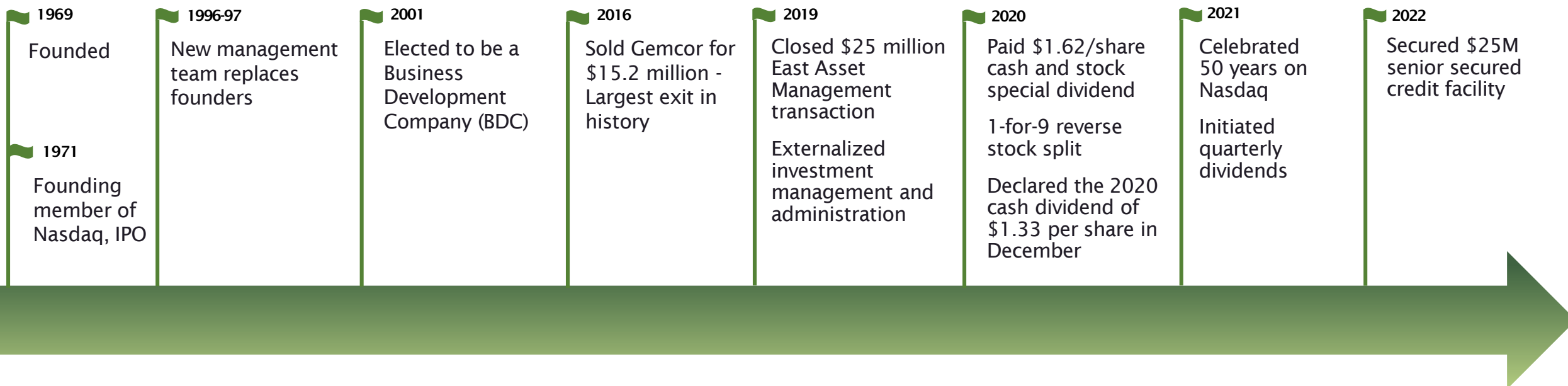
Market Capitalization	\$35.5 Million	Common Shares Outstanding	2.6 Million
52-Week Low/High	\$13.04 / \$18.80	Institution/Insider Ownership	11% / 67%
Recent Price	\$13.76	Dividend Yield	5.8%

Market data as of January 3, 2023 [Source: S&P Capital IQ]



The Rand Building, Buffalo, NY

TRANSFORMATION OF RAND CAPITAL



Internally-managed, venture capital-oriented BDC

Externally-managed, dividend paying BDC that lends to lower middle market companies

PORTFOLIO DISCIPLINE



Investment Criteria

- ✓ Revenue >\$2 million and EBITDA \$0 to \$5 million
- ✓ Early to late-stage private businesses
- ✓ Sustainable, differentiated market-accepted product
- ✓ Skilled, motivated and invested management
- ✓ Broad, diverse industries with East, South or Midwest U.S. operations

Investment Structure

- ✓ Subordinated debt with warrants or preferred equity
- ✓ For expansion capital, growth or ownership transition
- ✓ Co-investor with institutional funds; minority owner
- ✓ Current interest combined with payment in kind instruments

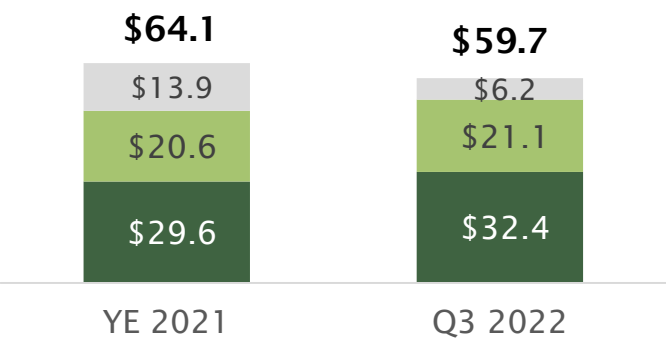
Investment Terms

- ✓ Initial target size of \$2 million
- ✓ Typically \$750,000 to \$5 million investments
- ✓ Require board observation, informational rights or board seat
- ✓ Typically 5-year hold period

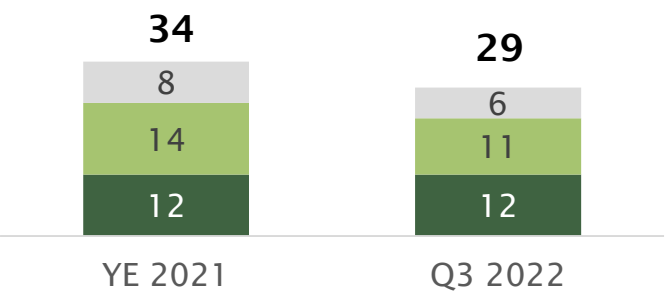


EVOLVED PORTFOLIO

Fair Value Portfolio Mix
(\$ in millions)



Portfolio Mix
(# of Companies)



Publicly Traded Stock Equity Debt

Portfolio fair value change primarily due to change in ACV Auctions' market value and stock sales

Mix at quarter-end, based on fair value:

- 54% Fixed-rate debt investments
- 36% Equity investments in private companies
- 10% Publicly traded equities (includes dividend paying BDCs and ACV Auctions stock)

Q3 2022 YTD INVESTMENTS & EXITS



YTD Investments



Design and renovate auto dealerships

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



Billiard supplies

\$2.2 million debt investment
(12% term note plus 2% PIK)



Blind and shade manufacturing

\$624,000 equity investments
(Class A Preferred Units and Class Common Units)

YTD Exits



Sold 123,000 shares for net realized gains of \$1.7 million



Liquidated two publicly traded BDC's for total proceeds of \$922,000 and a gain of \$171,000

Exited non-strategic investment in Social Flow; received \$268,000 in proceeds

Sold remaining interest in Microcision; netted \$190,000 gain

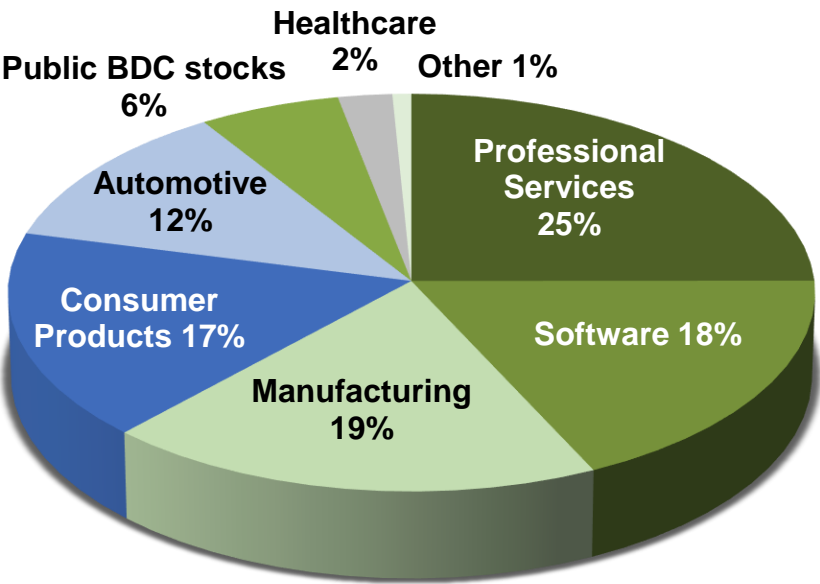
Exited small equity position in New Monarch Machine Tool



DIVERSIFIED PORTFOLIO

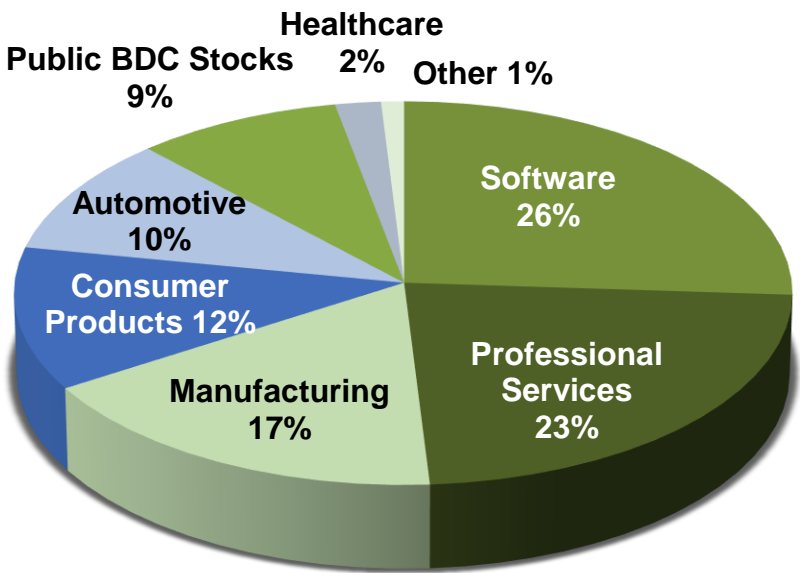
Investments by Industry Classification

September 30, 2022



*Based on total investments
at fair value of \$59.7 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	\$8.9	2015	Professional Services – Cellular info systems, construction, mgmt.	15%	Equity – paying dividend
	Seybert’s	\$5.6	2021	Consumer Product – Billiard supplies	9%	Term note (12% plus 2% PIK) Warrant
	Open Exchange	\$5.6	2013	Software – Online presentation and training software	9%	Equity
	ITA	\$4.2	2021	Manufacturing – Blinds and shades	7%	Term note (12% plus 2% PIK) Equity
	DSD	\$4.2	2021	Automotive – Supplies shop equipment for auto dealers	7%	Term note (12% plus 2% PIK) Equity
Total Top 5		\$28.5			47%	

All values as of September 30, 2022. Totals may not foot due to rounding.

\$59.7 million portfolio fair value with 29 portfolio companies



FINANCIAL SUMMARY

(\$ in thousands, except per share data)

	Q3 2022	Q3 2021
Total investment income	\$ 1,554	\$ 1,012
Total expenses	499	962
Net investment income ¹	1,010	53
Net investment income per share ²	\$ 0.39	\$ 0.02
Adjusted net investment income per share ³	\$ 0.40	\$ 0.20
Net realized and unrealized gain on investments	\$ 95	\$ 2,268
Net increase in net assets from operations	1,105	2,321
Net increase in net assets from operations per share ²	\$ 0.43	\$ 0.90

Total investment income grew 54%

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

Total expenses included capital gains incentive fee of \$22 thousand in Q3 22 vs \$454 thousand expense in Q3 21

Excluding the capital gains incentive fee, adjusted expenses in Q3 22 were down 6% to \$477 thousand³

- Reflects the elimination of interest expense payments for the SBA obligations, which were paid off in full in December 2021
- Partially offset by higher professional fees in support of the new credit facility completed in Q2 22

¹ Net of income tax expense

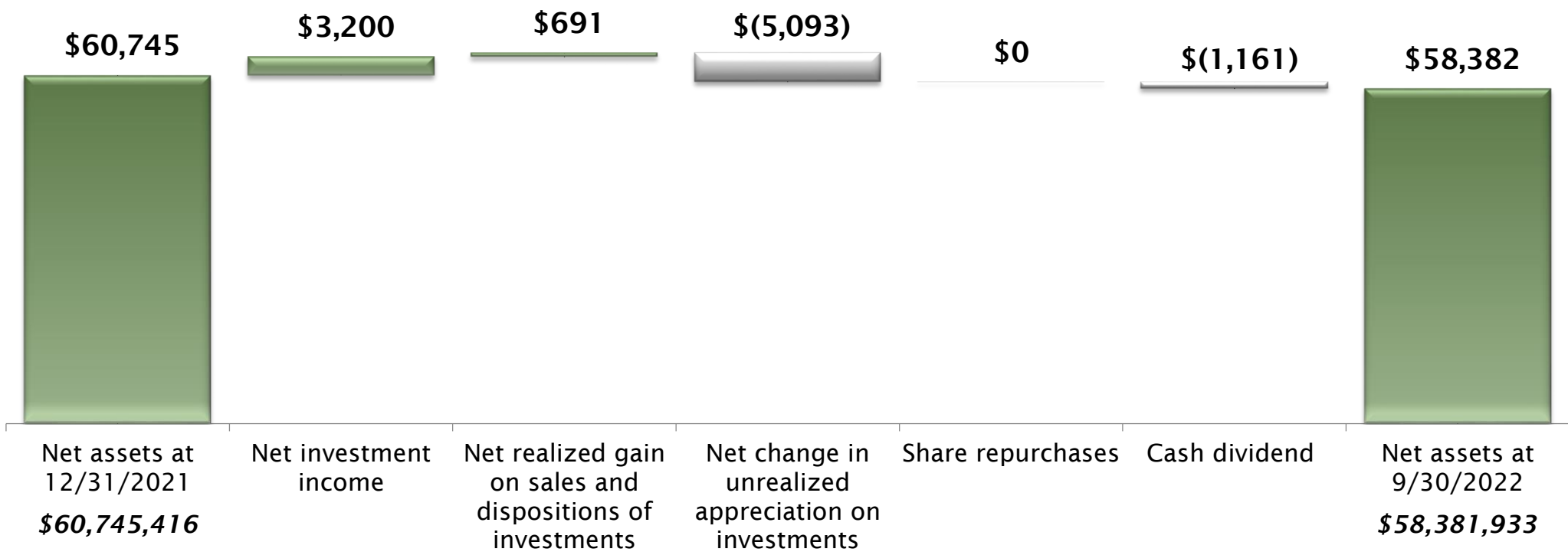
² Per share amounts based on weighted average shares outstanding of 2,581,021 in Q3 2022 and 2,581,679 in Q3 2021.

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.



NET ASSET VALUE CHANGE: Q3 YTD

(\$ in thousands)



Totals may not sum due to rounding



STRONG AND FLEXIBLE BALANCE SHEET

Net Asset Value Composition

At September 30, 2022

Per Share	Assets and Liabilities
\$0.40	\$1.0 million consolidated cash
\$2.39	\$6.2 million in public equity investments “Liquid”*
\$20.75	\$53.5 million in private investments
\$(0.92)	\$(2.4) million other assets & liabilities, net
\$22.62	Net Asset Value (NAV) per share

Publicly-traded equity securities of \$6.2 million available for future liquidity opportunities

At quarter-end, no borrowings under the \$25 million senior secured revolving credit facility

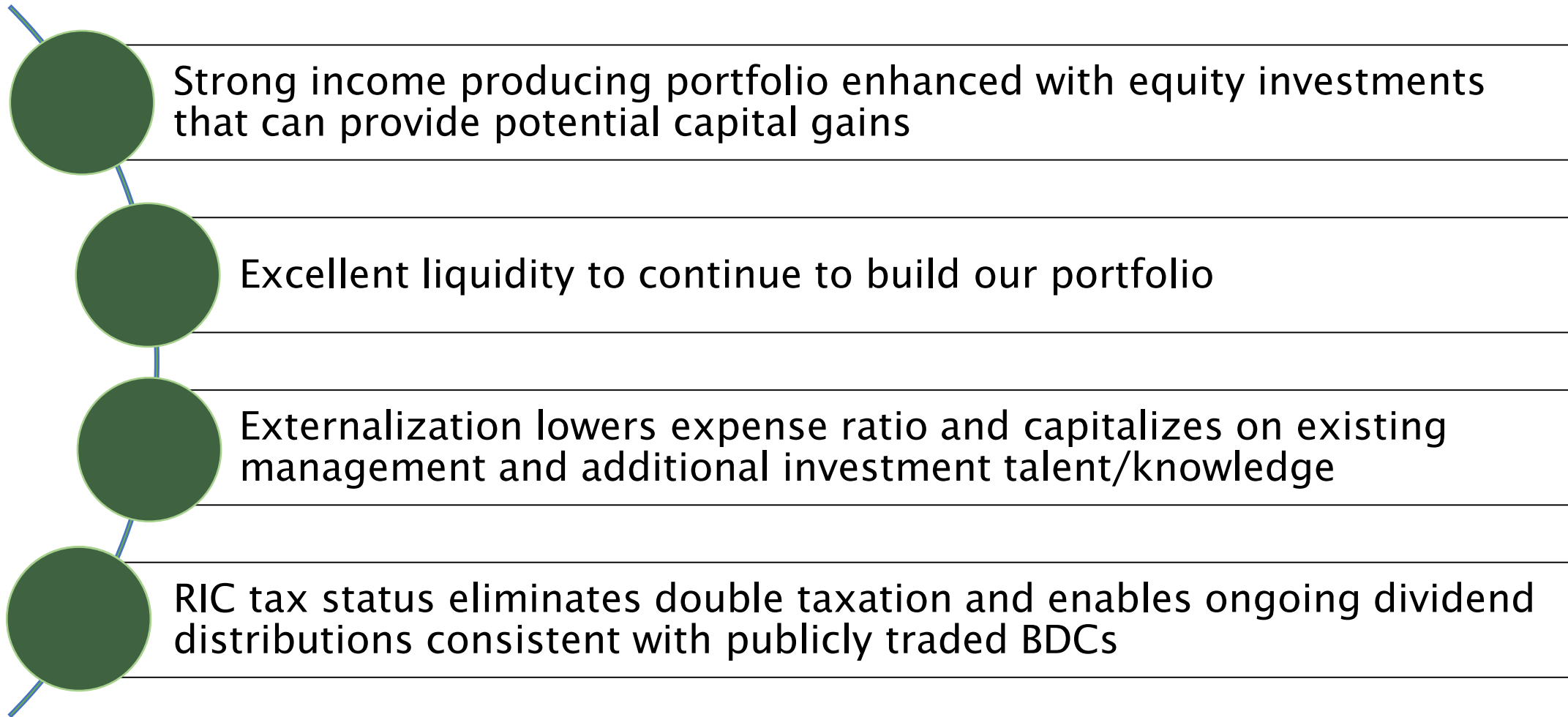
- Subsequent the end of Q3, made a small funding drawdown

**\$59.7 million in total portfolio investments includes \$6.2 million of highly liquid BDC and ACV Auctions publicly traded stock*



POSITIONED FOR GROWTH

Focused on Shareholder Returns





SUPPLEMENTAL INFORMATION

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



	Three months ended September 30, 2022	Three months ended September 30, 2021
Net investment income per share	\$ 0.39	\$ 0.02
Exclude expenses for capital gains incentive fees per share	0.01	0.18
Adjusted net investment income per share	\$ 0.40	\$ 0.20

**In addition to reporting Net Investment Income (Loss) 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 (Loss) per Share removing the effect of any expenses/ (credits) for capital gains incentive fees. 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 September 30, 2022	Three months ended September 30, 2021
Total expenses	\$ 498,959	\$ 961,899
Exclude expenses for capital gains incentive fees	22,000	454,000
Adjusted expenses	\$ 476,959	\$ 507,899

**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 (credits)/expenses removing the effect of any expenses/(credits) for capital gains incentive fees. GAAP total (credits)/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.*