UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ to _______

Commission File Number: 814-00235

Rand Capital Corporation
(Exact Name of Registrant as specified in its Charter)

New York	**16-0961359**
(State or Other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification No.)**
1405 Rand Building, Buffalo, NY	**14203**
(Address of Principal executive offices)	**(Zip Code)**

(716) 853-0802
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.10 par value	**RAND**	**Nasdaq Capital Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☑	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of August 4, 2023, there were 2,581,021 shares of the registrant's common stock outstanding.

RAND CAPITAL CORPORATION
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements and Supplementary Data

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2023 (Unaudited)	December 31, 2022
ASSETS		
Investments at fair value:		
Control investments (cost of $5,155,545 and $4,660,017, respectively)	**$ 4,031,735**	$ 3,536,207
Affiliate investments (cost of $35,940,068 and $30,204,160, respectively)	**43,090,799**	38,241,589
Non-Control/Non-Affiliate investments (cost of $19,873,405 and $20,852,060, respectively)	**19,669,209**	19,726,463
Total investments, at fair value (cost of $60,969,018 and $55,716,237, respectively)	**66,791,743**	61,504,259
Cash	**8,356,401**	1,368,996
Interest receivable	**199,587**	208,338
Prepaid income taxes	**—**	76,396
Deferred tax asset	**174,826**	28,160
Other assets	**532,280**	295,043
Total assets	**$ 76,054,837**	$ 63,481,192
LIABILITIES AND STOCKHOLDERS' EQUITY (NET ASSETS)		
Liabilities:		
Due to investment adviser	**$ 255,867**	$ 562,221
Accounts payable and accrued expenses	**79,983**	66,680
Income taxes payable	**253,870**	—
Line of credit (see Note 6)	**10,650,000**	2,550,000
Capital gains incentive fees	**2,949,000**	2,167,000
Deferred revenue	**464,089**	413,971
Total liabilities	**14,652,809**	5,759,872
Commitments and contingencies (See Note 5)		
Stockholders' equity (net assets):		
Common stock, $0.10 par; shares authorized 100,000,000; shares issued: 2,648,916; shares outstanding: 2,581,021 at 6/30/23 and 12/31/22	**264,892**	264,892
Capital in excess of par value	**51,464,267**	51,464,267
Treasury stock, at cost: 67,895 shares at 6/30/23 and 12/31/22	**(1,566,605)**	(1,566,605)
Total distributable earnings	**11,239,474**	7,558,766
Total stockholders' equity (net assets) (per share –6/30/23: $23.79; 12/31/22: $22.36)	**61,402,028**	57,721,320
Total liabilities and stockholders' equity (net assets)	**$ 76,054,837**	$ 63,481,192

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Investment income:				
Interest from portfolio companies:				
Control investments	**$ 179,922**	$ —	**$ 330,838**	$ —
Affiliate investments	**941,201**	614,997	**1,729,022**	1,185,113
Non-Control/Non-Affiliate investments	**352,417**	389,835	**710,583**	731,858
Total interest from portfolio companies	**1,473,540**	1,004,832	**2,770,443**	1,916,971
Interest from other investments:				
Non-Control/Non-Affiliate investments	**104**	1	**236**	1
Total interest from other investments	**104**	1	**236**	1
Dividend and other investment income:				
Affiliate investments	**59,677**	202,785	**406,825**	246,510
Non-Control/Non-Affiliate investments	**132,920**	113,735	**260,515**	243,000
Total dividend and other investment income	**192,597**	316,520	**667,340**	489,510
Fee income:				
Control investments	**4,311**	—	**8,211**	—
Affiliate investments	**138,902**	22,515	**206,744**	52,820
Non-Control/Non-Affiliate investments	**5,978**	9,314	**13,956**	18,628
Total fee income	**149,191**	31,829	**228,911**	71,448
Total investment income	**1,815,432**	1,353,182	**3,666,930**	2,477,930
Expenses:				
Base management fee (see Note 8)	**255,867**	230,767	**501,260**	471,042
Capital gains incentive fees (see Note 8)	**491,000**	(663,000)	**782,000**	(902,760)
Interest expense	**258,912**	—	**417,312**	—
Professional fees	**100,307**	212,138	**271,282**	443,221
Stockholders and office operating	**85,080**	64,890	**149,384**	121,588
Directors' fees	**67,391**	44,883	**131,241**	89,983
Administrative fees	**37,250**	—	**74,500**	—
Insurance	**10,380**	13,353	**23,340**	22,263
Corporate development	**554**	726	**4,267**	3,753
Other operating	**—**	45	**—**	90
Total expenses	**1,306,741**	(96,198)	**2,354,586**	249,180
Net investment income before income taxes:	**508,691**	1,449,380	**1,312,344**	2,228,750
Income taxes, including excise tax expense	**16,061**	31,243	**104,798**	38,610
Net investment income	**492,630**	1,418,137	**1,207,546**	2,190,140
Net realized gain on sales and dispositions of investments:				
Affiliate investments	**2,537,765**	167,159	**2,596,094**	167,159
Non-Control/Non-Affiliate investments	**1,280,482**	1,372,984	**1,275,541**	521,513
Net realized gain on sales and dispositions of investments, before income taxes	**3,818,247**	1,540,143	**3,871,635**	688,672
Income tax expense	**338,158**	—	**338,158**	—
Net realized gain on sales and dispositions of investments	**3,480,089**	1,540,143	**3,533,477**	688,672
Net change in unrealized appreciation/depreciation on investments:				
Affiliate investments	**(886,698)**	47,841	**(886,698)**	47,841
Non-Control/Non-Affiliate investments	**(480,572)**	(4,902,510)	**921,401**	(5,233,579)
Change in unrealized appreciation/depreciation before income taxes	**(1,367,270)**	(4,854,669)	**34,703**	(5,185,738)
Deferred income tax benefit	**(66,441)**	—	**(66,441)**	—
Net change in unrealized appreciation/depreciation on investments	**(1,300,829)**	(4,854,669)	**101,144**	(5,185,738)
Net realized and unrealized gain (loss) on investments	**2,179,260**	(3,314,526)	**3,634,621**	(4,497,066)
Net increase (decrease) in net assets from operations	**$ 2,671,890**	$ (1,896,389)	**$ 4,842,167**	$ (2,306,926)
Weighted average shares outstanding	**2,581,021**	2,581,021	**2,581,021**	2,581,021
Basic and diluted net increase (decrease) in net assets from operations per share	**$ 1.04**	$ (0.73)	**$ 1.88**	$ (0.89)

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(Unaudited)

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Net assets at beginning of period	**$ 59,375,393**	$ 59,947,726	**$ 57,721,320**	$ 60,745,416
Net investment income	**492,630**	1,418,137	**1,207,546**	2,190,140
Net realized gain on sales and dispositions of investments	**3,480,089**	1,540,143	**3,533,477**	688,672
Net change in unrealized appreciation/depreciation on investments	**(1,300,829)**	(4,854,669)	**101,144**	(5,185,738)
Net increase (decrease) in net assets from operations	**2,671,890**	(1,896,389)	**4,842,167**	(2,306,926)
Declaration of dividend	**(645,255)**	(387,153)	**(1,161,459)**	(774,306)
Net assets at end of period	**$ 61,402,028**	$ 57,664,184	**$ 61,402,028**	$ 57,664,184

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended June 30, 2023	Six months ended June 30, 2022
Cash flows from operating activities:		
Net increase (decrease) in net assets from operations	**$ 4,842,167**	$ (2,306,926)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by operating activities:		
Investments in portfolio companies	**(10,260,000)**	(2,742,086)
Proceeds from sale of portfolio investments	**5,907,298**	3,527,630
Proceeds from loan repayments	**3,511,481**	90,175
Net realized gain on sales and dispositions of portfolio investments	**(3,871,635)**	(688,672)
Change in unrealized (appreciation) depreciation on investments	**(34,703)**	5,185,738
Deferred income tax benefit	**(146,666)**	(58,155)
Amortization	**12,500**	—
Original issue discount amortization	**(13,004)**	(12,504)
Non-cash conversion of debenture interest	**(521,980)**	(290,591)
Changes in operating assets and liabilities:		
Decrease (increase) in interest receivable	**8,751**	(65,760)
Increase in other assets	**(254,678)**	(178,635)
Decrease in prepaid income taxes	**76,396**	245,650
Increase in income taxes payable	**253,870**	—
Increase in accounts payable and accrued expenses	**13,303**	4,244
Decrease in due to investment adviser	**(306,354)**	(660,321)
Increase (decrease) in capital gains incentive fees payable	**782,000**	(902,760)
Increase (decrease) in deferred revenue	**50,118**	(17,450)
Total adjustments	**(4,793,303)**	3,436,503
Net cash provided by operating activities	**48,864**	1,129,577
Cash flows from financing activities:		
Proceeds from line of credit	**8,100,000**	—
Payment of cash dividend	**(1,161,459)**	(774,306)
Net cash provided by (used in) financing activities	**6,938,541**	(774,306)
Net increase in cash	**6,987,405**	355,271
Cash:		
Beginning of period	**1,368,996**	833,875
End of period	**$ 8,356,401**	$ 1,189,146

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2023
(Unaudited)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Non-Control/Non-Affiliate Investments – 32.0% of net assets: (g) (j)						
ACV Auctions, Inc. (e)(n) **NASDAQ: ACVA** Buffalo, NY. Live mobile wholesale auctions for new and used car dealers. (Software) www.acvauctions.com	194,934 shares of Class A Common Stock valued at $17.32 per share.	8/12/16	<1%	$ 53,094	$ 3,376,907	5.5%
Ares Capital Corporation (n) **NASDAQ: ARCC** New York, NY. (BDC Investment Fund)	21,000 shares.	3/16/20	<1%	267,140	393,470	0.6%
Barings BDC, Inc. (n) **NYSE: BBDC** New York, NY. (BDC Investment Fund)	40,000 shares.	8/13/20	<1%	333,352	314,000	0.5%
Caitec, Inc. (l) Halethorpe, MD. Pet product manufacturer and distributor. (Consumer Goods)	$1,750,000 Subordinated Secured Promissory Note at 12% (+2% PIK) due June 1, 2026.	11/6/20	4%	1,846,399	1,846,399	6.5%
www.caitec.com	150 Class A Units.	11/6/20		150,000	150,000	
	$1,750,000 Subordinated Secured Promissory Note at 12% (+2% PIK) due June 1, 2026.	11/6/20		1,846,399	1,846,399	
	150 Class A Units.	11/6/20		150,000	150,000	
	Total Caitec			3,992,798	3,992,798	
Carlyle Secured Lending Inc. (n) **NASDAQ: CGBD** New York, NY. (BDC Investment Fund)	86,000 shares.	8/13/20	<1%	899,749	1,263,340	2.0%
FS KKR Capital Corp. (n) **NYSE: FSK** Philadelphia, PA. (BDC Investment Fund)	48,000 shares.	3/16/20	<1%	755,058	916,800	1.5%
GoNoodle, Inc. (l) Nashville, TN. Student engagement education	$1,500,000 Secured Note at 12% (1% PIK) due September 30, 2024.	11/1/19	<1%	1,418,835	1,418,835	2.3%
software providing core aligned physical	Warrant for 47,324 Series C Preferred.	3/1/15		25	25	
activity breaks. (Software)	Warrant for 21,948 Series D Preferred.	11/1/19		38	38	
www.gonoodle.com	**Total GoNoodle**			1,418,898	1,418,898	
HDI Acquisition LLC (Hilton Displays) (h) (l) Greenville, NC. Manufacturing, installation and maintenance of signage and brands. (Manufacturing) www.hiltondisplays.com	$1,245,119 Term Loan at 12% (+2% PIK) due June 30, 2025.	11/8/19	0%	1,039,650	1,039,650	1.7%
Lumious (Tech 2000, Inc.) Herndon, VA. Develops and delivers IT training. (Software) www.t2000inc.com	$850,000 Replacement Term Note at 14% due December 1, 2024.	11/16/18	0%	789,944	789,944	1.3%
Mattison Avenue Holdings LLC (l) Dallas, TX. Provider of upscale salon spaces for lease. (Professional Services) www.mattisonsalonsuites.com	$1,794,944 Third Amended, Restated and Consolidated Promissory Note at 12% (+2% PIK) due December 9, 2023.	6/23/21	0%	1,875,252	1,875,252	3.1%

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2023 (Continued)
(Unaudited)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Nailbiter, Inc. Reston, VA. Video-metrics data analytics supporting name brand Consumer Products Groups (CPG) shopping behavioral insight. (Professional Services)	$2,250,000 Membership Interest of USB Focus Fund Nailbiter I, LLC with economic interest of $2,250,000 Subordinated Secured Promissory Note at net 9% due November 23, 2024.	11/22/21	<1%	2,250,000	2,250,000	3.7%
www.nailbiter.com	Warrants for Preferred Stock.	11/22/21		—	—	
	Total Nailbiter			2,250,000	2,250,000	
	(i) Interest Receivable $52,901					
OnCore Golf Technology, Inc. (e) Buffalo, NY. Patented and proprietary golf balls utilizing technology and innovation. (Consumer Product) www.oncoregolf.com	300,483 Preferred AA.	11/30/18	3%	752,712	100,000	0.2%
Open Exchange, Inc. (e)	397,899 Series C Preferred.	11/13/13	3%	1,193,697	700,000	1.1%
Lincoln, MA. Online presentation and training	397,899 Common.	10/22/19		208,243	—	
software. (Software)	**Total Open Exchange**			1,401,940	700,000	
www.openexc.com						
PennantPark Investment Corporation (n) **NASDAQ: PNNT** New York, NY. (BDC Investment Fund)	195,000 shares.	8/13/20	<1%	892,212	1,138,150	1.8%
PostProcess Technologies, Inc. (e) Buffalo, NY. Provides innovative solutions for the post-processing of additive manufactured 3D parts. (Manufacturing) www.postprocess.com	360,002 Series A1 Preferred.	11/1/19	<1%	348,875	100,000	0.2%
Rheonix, Inc. (e)	9,676 Common.	10/29/09	4%	—	—	0.0%
Ithaca, NY. Developer of fully automated	1,839,422 Series A Preferred.	12/12/13		2,099,999	—	
microfluidic based molecular assay and	50,593 Common.	10/24/09		—	—	
diagnostic testing devices. (Health Care)	589,420 Series B Preferred.	9/29/15		702,732	—	
www.rheonix.com	**Total Rheonix**			2,802,731	—	
Subtotal Non-Control/Non-Affiliate Investments				**$ 19,873,405**	**$ 19,669,209**	
Affiliate Investments – 70.2% of net assets (g) (k)						
Applied Image, Inc. Rochester, NY. Global supplier of precision	$1,750,000 Term Note at 10% due February 1, 2029.	12/31/21	12%	1,750,000	1,750,000	2.8%
imaged optical components and calibration	Warrant for 1,167 shares.	12/31/21		—	—	
standards for a wide range of industries and	**Total Applied Image**			1,750,000	1,750,000	
applications. (Manufacturing) www.appliedimage.com						
BMP Food Service Supply Holdco, LLC (h)(m)	$4,820,000 Term Note at 12% due November 22, 2027.	11/22/22	17%	4,779,953	4,779,953	8.4%
Salt Lake City, UT. Provides design,	16.7% Preferred Interest.	11/22/22		390,000	390,000	
distribution, and installation services for	**Total BMP Food Service Supply**			5,169,953	5,169,953	
commercial kitchen renovations and new builds. (Professional Services) www.foodservicesupply.com						
BMP Swanson Holdco, LLC (l) (m) Plano, TX. Designs, installs, and maintains a	$1,600,000 Term Note at 12% due September 4, 2026.	3/4/21	9%	1,649,026	1,649,026	3.1%
variety of fire protection systems.	Preferred Membership Interest for 9.29%.	3/4/21		233,333	233,333	
(Professional Services)	**Total BMP Swanson**			1,882,359	1,882,359	
www.swansonfire.com						

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2023 (Continued)
(Unaudited)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Carolina Skiff LLC (m) Waycross, GA. Manufacturer of ocean fishing and pleasure boats. (Manufacturing) www.carolinaskiff.com	6.0825% Class A Common Membership Interest.	1/30/04	7%	15,000	1,957,000	3.2%
Filterworks Acquisition USA, LLC DBA Autotality (l) (m) Deerfield Beach, FL. Provides spray booth equipment, frame repair machines and paint booth filter services for collision shops.	$2,283,702 Term Note modified to 3% (+11% PIK) through June 30, 2023, then 6% (+8% PIK) through November 30, 2023, thereafter 12% (+2% PIK), due August 30, 2024.	11/18/19	8%	2,780,743	2,780,743	5.2%
(Automotive)	626.2 shares Class A-1 Units.	6/3/22		626,243	256,994	
www.autotality.com	417.7 shares Class A-0 Units.	9/30/22		139,232	139,232	
	Total Filterworks			3,546,218	3,176,969	
Inter-National Electronic Alloys LLC (l)(m) Oakland, NJ. Stocking distributor of controlled	$3,288,235 Term Note at 12% (+2% PIK) due April 4, 2028.	4/4/23	6%	3,304,154	3,304,154	7.0%
expansion alloys, electronic grade nickels,	75.3 Class B Preferred Units.	4/4/23		1,011,765	1,011,765	
refractory grade metals and alloys, and soft magnetic alloys. (Distribution) www.nealloys.com	**Total INEA**			4,315,919	4,315,919	
Knoa Software, Inc.	973,533 Series A-1 Convertible Preferred.	11/20/12	7%	750,000	—	0.2%
New York, NY. End user experience	1,876,922 Series B Preferred.	6/9/14		479,155	100,000	
management and performance (EMP) solutions utilizing enterprise applications. (Software) www.knoa.com	**Total Knoa**			1,229,155	100,000	
Mezmeriz, Inc. (e) Ithaca, NY. Technology company developing novel reality capture tools for 3D mapping, reality modeling, object tracking and classification. (Electronics Developer) www.mezmeriz.com	1,554,565 Series Seed Preferred.	5/14/15	12%	742,850	—	0.0%
Pressure Pro, Inc. (l) Harrisonville, MO. A provider of branded tire	$3,000,000 Term Note at 12% (+3% PIK) due January 19, 2028.	1/19/23	10%	3,013,635	3,013,635	4.9%
pressure monitoring systems consisting	Warrant for 10% Membership Interest.	1/19/23		30,000	30,000	
of a suite of proprietary hardware and software. (Manufacturing) www.pressurepro.us	**Total Pressure Pro**			3,043,635	3,043,635	
SciAps, Inc.	187,500 Series A Preferred.	7/12/13	6%	1,500,000	1,500,000	8.5%
Woburn, MA. Instrumentation company	274,299 Series A1 Convertible Preferred.	4/4/14		504,710	504,710	
producing portable analytical devices using	117,371 Series B Convertible Preferred.	8/31/15		250,000	250,000	
XRF, LIBS and RAMAN spectroscopy to	113,636 Series C Convertible Preferred.	4/7/16		175,000	175,000	
identify compounds, minerals, and elements.	369,698 Series C1 Convertible Preferred.	4/7/16		399,274	399,274	
(Manufacturing)	147,059 Series D Convertible Preferred.	5/9/17		250,000	250,000	
www.sciaps.com	Warrant to purchase Series D-1 Preferred.	5/9/17		45,000	45,000	
	$2,090,000 Second Amended and Restated Secured Subordinated Promissory Note at 12% due August 20, 2024.	8/20/21		2,090,000	2,090,000	
	Total SciAps			5,213,984	5,213,984	
Seybert's Billiards Corporation (l) Coldwater, MI. Billiard supplies.	$4,139,444 Term Note at 12% (+2% PIK) due January 19, 2026.	11/22/21	8%	4,228,943	4,228,943	9.7%
(Consumer Product)	Warrant for 4% Membership Interest.	1/19/21		25,000	25,000	
www.seyberts.com	$1,435,435 Term Note at 12% (+2% PIK) due January 19, 2026.	1/19/21		1,458,037	1,458,037	
	Warrant for 4% Membership Interest.	1/19/21		25,000	25,000	
	5.82 Common shares.	10/24/22		194,000	194,000	
	Total Seybert's			5,930,980	5,930,980	

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2023 (Continued)
(Unaudited)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Tilson Technology Management, Inc.	*120,000 Series B Preferred.	1/20/15	9%	600,000	4,559,500	17.2%
Portland, ME. Provides network deployment	*21,391 Series C Preferred.	9/28/16		200,000	812,800	
construction and information system services	*70,176 Series D Preferred.	9/29/17		800,000	2,666,400	
management for cellular, fiber optic and	*15,385 Series E Preferred.	3/15/19		500,012	584,500	
wireless systems providers. Its affiliated	23,077 Series F Preferred.	6/15/20		750,003	876,800	
entity, SQF, LLC is a CLEC supporting	211,567 A-1 Units of SQF Holdco LLC.	3/15/19		—	800,000	
small cell 5G deployment.	250 Class D-1 Units of SQF Holdco LLC.	2/16/23		250,000	250,000	
(Professional Services)	**Total Tilson**			3,100,015	10,550,000	
www.tilsontech.com	*2.5% dividend payable quarterly.					
Subtotal Affiliate Investments				**$ 35,940,068**	**$ 43,090,799**	
Control Investments - 6.6% of net assets (o)						
ITA Acquisition, LLC (l)(m) Ormond Beach, FL. Blind and shade manufacturing. (Manufacturing)	$2,297,808 Amended and Restated Term Note at 12% (+5% PIK) due June 21, 2026.	6/22/21	37%	2,426,675	2,426,675	6.6%
www.itawindowfashions.com	$1,500,000 Term Note at 12% (+5% PIK) due June 21, 2026.	6/22/21		1,605,060	1,605,060	
	1,124 Class A Preferred Units and 1,924 Class B Common Units.	6/22/21		1,123,810	—	
	Total ITA			5,155,545	4,031,735	
Subtotal Control Investments				**$ 5,155,545**	**$ 4,031,735**	
TOTAL INVESTMENTS – 108.8%				**$ 60,969,018**	**$ 66,791,743**	
LIABILITIES IN EXCESS OF OTHER ASSETS - (8.8%)					**(5,389,715)**	
NET ASSETS – 100%					**$ 61,402,028**	

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2023 (Continued)
(Unaudited)

Notes to the Consolidated Schedule of Portfolio Investments

(a)At June 30, 2023, restricted securities represented 89% of the fair value of the investment portfolio. Restricted securities are subject to one or more restrictions on resale and are not freely marketable. Type of investment for equity position is in the form of shares unless otherwise noted as units or interests, i.e., preferred shares, common shares.

(b)The Date Acquired column indicates the date on which the Corporation first acquired an investment.

(c)Each equity percentage estimates the Corporation's ownership interest in the applicable portfolio investment. The estimated ownership is calculated based on the percent of outstanding voting securities held by the Corporation or the potential percentage of voting securities held by the Corporation upon exercise of warrants or conversion of debentures, or other available data. If applicable, the symbol "<1%" indicates that the Corporation holds an equity interest of less than one percent.

(d)The Corporation's investments are carried at fair value in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 "Fair Value Measurements and Disclosures," which defines fair value and establishes guidelines for measuring fair value. At June 30, 2023, ASC 820 designates 89% of the Corporation's investments as "Level 3" assets. Under the valuation policy of the Corporation, unrestricted publicly traded securities are valued at the average closing price for these securities for the last three trading days of the reporting period. Restricted securities are subject to restrictions on resale and are valued at fair value as determined in good faith by our external investment advisor Rand Capital Management, LLC ("RCM") and approved by the Board of Directors. Fair value is considered to be the amount that the Corporation may reasonably expect to receive for portfolio securities when sold on the valuation date. Valuations as of any particular date, however, are not necessarily indicative of amounts which may ultimately be realized as a result of future sales or other dispositions of securities and these favorable or unfavorable differences could be material. Among the factors considered in determining the fair value of restricted securities are the financial condition and operating results, projected operations, and other analytical data relating to the investment. Also considered are the market prices for unrestricted securities of the same class (if applicable) and other matters which may have an impact on the value of the portfolio company (see Note 3. "Investments" to the Consolidated Financial Statements).

(e)These investments are non-income producing. All other investments are income producing. Non-income producing investments have not generated cash payments of interest or dividends including LLC tax-related distributions within the last twelve months or are not expected to do so going forward. If a debt or a preferred equity investment fails to make its most recent payment, then the investment will also be classified as non-income producing.

(f)As of June 30, 2023, the total cost of investment securities was approximately $61.0 million. Net unrealized appreciation was approximately $5.8 million, which was comprised of $13.6 million of unrealized appreciation of investment securities and ($7.8) million of unrealized depreciation of investment securities. At June 30, 2023, the aggregate gross unrealized gain for federal income tax purposes was $13.6 million and the aggregate gross unrealized loss for federal income tax purposes was ($6.9) million. The net unrealized gain for federal income tax purposes was $6.7 million based on a tax cost of $60.5 million.

(g)All of the Corporation's portfolio assets are pledged as collateral for purposes of securing the Corporation's senior secured revolving credit facility pursuant to a general security agreement, dated June 27, 2022, between the Corporation, the subsidiaries listed therein, and the Lender (as defined herein).

(h)Reduction in cost and fair value from previously reported balances reflects current principal repayment.

(i)Represents interest due (amounts over $50,000) from investments included as interest receivable on the Corporation's Consolidated Statements of Financial Position.

(j)Non-Control/Non-Affiliate Investments are investments that are neither Control Investments nor Affiliate Investments.

(k)Affiliate Investments are defined by the Investment Company Act of 1940, as amended ("1940 Act"), as those Non-Control investments in companies in which between 5% and 25% of the voting securities are owned by the Corporation.

(l)Payment in kind (PIK) represents earned interest that is added to the cost basis of the investment and due at maturity. The amount of PIK earned is included in the interest rate detailed in the "Type of Investment" column, unless it has been noted with a (+), in which case the PIK is in addition to the face amount of interest due on the security.

(m)Equity holdings are held in a wholly owned (100%) "blocker corporation" of Rand Capital Corporation or Rand Capital Sub LLC for federal income tax and Regulated Investment Company (RIC) compliance.

(n)Publicly traded company.

(o)Control Investments are defined by the 1940 Act as investments in companies in which more than 25% of the voting securities are owned by the Corporation or where greater than 50% of the board representation is maintained.

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2023 (Continued)
(Unaudited)

Investments in and Advances to Affiliates

Company	Type of Investment	January 1, 2023, Fair Value	Net Change in Unrealized Appreciation (Depreciation)	Gross Additions (1)	Gross Reductions (2)	June 30, 2023, Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
Control Investments:								
ITA Acquisition, LLC	$2,297,808 Amended and Restated Term Note at 12% (+5% PIK) due June 21, 2026.	$ 1,976,116	$ —	$ 450,559	$ —	$ 2,426,675	$ —	$ 194,492
	$1,500,000 Term Note at 12% (+5% PIK) due June 21, 2026.	1,560,091	—	44,969	—	1,605,060	—	144,557
	1,124 Class A Preferred Units and 1,924 Class B Common Units.	—	—	—	—	—	—	—
	Total ITA	3,536,207	—	495,528	—	4,031,735	—	339,049
	Total Control Investments	**$ 3,536,207**	**$ —**	**$ 495,528**	**$ —**	**$ 4,031,735**	**$ —**	**$ 339,049**
Affiliate Investments:								
Applied Image, Inc.	$1,750,000 Term Note at 10% due February 1, 2029.	$ 1,750,000	$ —	$ —	$ —	$ 1,750,000	$ —	$ 91,038
	Warrant for 1,167 shares.	—	—	—	—	—	—	—
	Total Applied Image	1,750,000	—	—	—	1,750,000	—	91,038
BMP Food Service Supply Holdco, LLC	$4,820,000 Term Note at 12% due November 22, 2027.	2,500,000	—	2,320,000	(40,047)	4,779,953	—	312,708
	16.7% Preferred Interest.	600,000	—	—	(210,000)	390,000	—	—
	Total FSS	3,100,000	—	2,320,000	(250,047)	5,169,953	—	312,708
BMP Swanson Holdco, LLC	$1,600,000 Term Note at 12% due September 4, 2026.	1,600,000	—	49,026	—	1,649,026	—	100,360
	Preferred Membership Interest for 9.29%.	233,333	—	—	—	233,333	—	—
	Total BMP Swanson	1,833,333	—	49,026	—	1,882,359	—	100,360
Carolina Skiff LLC	6.0825% Class A Common Membership Interest.	1,957,000	—	—	—	1,957,000	—	299,173
DSD Operating, LLC	$3,063,276 Term Note at 12% (+2% PIK) due September 30, 2026.	3,139,782	—	31,652	(3,171,434)	—	—	324,000
	1,067 Class A Preferred shares.	1,954,198	(886,698)	—	(1,067,500)	—	2,537,765	62,565
	1,067 Class B Common shares.	—	—	—	—	—	—	—
	Total DSD	5,093,980	(886,698)	31,652	(4,238,934)	—	2,537,765	386,565
Filterworks Acquisition USA, LLC	$2,283,702 Term Note modified to 3% (+11% PIK) through June 30, 2023, then 6% (+8% PIK) through November 30, 2023, thereafter 12% (+2% PIK), due August 30, 2024.	2,633,105	—	147,638	—	2,780,743	—	187,903
	626.2 shares Class A-1 Units.	256,994	—	—	—	256,994	—	—
	417.7 shares Class A-0 Units.	139,232	—	—	—	139,232	—	—
	Total Filterworks	3,029,331	—	147,638	—	3,176,969	—	187,903
Inter-National Electronic Alloys LLC	$3,288,235 Term Note at 12% (+2% PIK) due April 4, 2028.	—	—	3,304,154	—	3,304,154	—	114,719
	75.3 Class B Preferred Units.	—	—	1,011,765	—	1,011,765	—	—
	Total INEA	—	—	4,315,919	—	4,315,919	—	114,719
Knoa Software, Inc.	973,533 Series A-1 Convertible Preferred.	—	—	—	—	—	—	34,850
	1,876,922 Series B Preferred.	100,000	—	—	—	100,000	—	—
	Total Knoa	100,000	—	—	—	100,000	—	34,850
Mezmeriz, Inc.	1,554,565 Series Seed Preferred.	—	—	—	—	—	—	—
Microcision LLC	Membership Interest Purchase Warrant for 5%.	—	—	—	—	—	58,329	—
Pressure Pro, Inc.	$3,000,000 Term Note at 12% (+3% PIK) due January 19, 2028.	—	—	3,013,635	—	3,013,635	—	231,573
	Warrant for 10% Membership Interest.	—	—	30,000	—	30,000	—	—
	Total Pressure Pro	—	—	3,043,635	—	3,043,635	—	231,573

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2023 (Continued)
(Unaudited)

Company	Type of Investment	January 1, 2023, Fair Value	Net Change in Unrealized Appreciation (Depreciation)	Gross Additions (1)	Gross Reductions (2)	June 30, 2023, Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
SciAps, Inc.	187,500 Series A Preferred.	1,500,000	—	—	—	1,500,000	—	—
	274,299 Series A1 Convertible Preferred.	504,710	—	—	—	504,710	—	—
	117,371 Series B Convertible Preferred.	250,000	—	—	—	250,000	—	—
	113,636 Series C Convertible Preferred.	175,000	—	—	—	175,000	—	—
	369,698 Series C1 Convertible Preferred.	399,274	—	—	—	399,274	—	—
	147,059 Series D Convertible Preferred.	250,000	—	—	—	250,000	—	—
	Warrant to purchase Series D-1 Preferred.	45,000	—	—	—	45,000	—	—
	$2,090,000 Second Amended and Restated Secured Subordinated Promissory Note at 12% due August 20, 2024.	2,085,000	—	5,000	—	2,090,000	—	135,900
	Total SciAps	5,208,984	—	5,000	—	5,213,984	—	135,900
Seybert's Billiards Corporation	$4,139,444 Term Note at 12% (+2% PIK) due January 19, 2026.	4,184,106	—	44,837	—	4,228,943	—	312,488
	Warrant for 4% Membership Interest.	25,000	—	—	—	25,000	—	—
	$1,435,435 Term Note at 12% (+2% PIK) due January 19, 2026.	1,440,855	—	17,182	—	1,458,037	—	109,064
	Warrant for 4% Membership Interest.	25,000	—	—	—	25,000	—	—
	5.82 Common shares.	194,000	—	—	—	194,000	—	—
	Total Seybert's	5,868,961	—	62,019	—	5,930,980	—	421,552
Tilson Technology Management, Inc.	120,000 Series B Preferred.	4,559,500	—	—	—	4,559,500	—	26,250
	21,391 Series C Preferred.	812,800	—	—	—	812,800	—	—
	70,176 Series D Preferred.	2,666,400	—	—	—	2,666,400	—	—
	15,385 Series E Preferred.	584,500	—	—	—	584,500	—	—
	23,077 Series F Preferred.	876,800	—	—	—	876,800	—	—
	211,567 A-1 Units of SQF Holdco LLC.	800,000	—	—	—	800,000	—	—
	250 Class D-1 Units of SQF Holdco LLC.	—	—	250,000	—	250,000	—	—
	Total Tilson	10,300,000	—	250,000	—	10,550,000	—	26,250
	Total Affiliate Investments	**$ 38,241,589**	**$ (886,698)**	**$ 10,224,889**	**$ (4,488,981)**	**$ 43,090,799**	**$ 2,596,094**	**$ 2,342,591**
	Total Control and Affiliate Investments	**$ 41,777,796**	**$ (886,698)**	**$ 10,720,417**	**$ (4,488,981)**	**$ 47,122,534**	**$ 2,596,094**	**$ 2,681,640**

This schedule should be read in conjunction with the Corporation's Consolidated Financial Statements, including the Notes to the Consolidated Financial Statements and the Consolidated Schedule of Portfolio Investments.

(1)Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow on investments, capitalized interest and the accretion of discounts. Gross additions also include the movement of an existing portfolio company into this category and out of another category.

(2)Gross reductions include decreases in the cost basis of investments resulting from principal repayments, sales, note conversions, the exchange of existing securities for new securities and the movement of an existing portfolio company out of this category and into another category.

(3)Represents the total amount of interest, fees or dividends credited to income for the portion of the period an investment was included in "Control or Affiliate" categories, respectively.

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2023 (Continued)
(Unaudited)

Industry Classification	Percentage of Total Investments (at fair value) as of June 30, 2023
Professional Services	32.5 %
Manufacturing	25.7
Consumer Product	15.0
Software	9.5
Distribution	6.5
BDC Investment Funds	6.0
Automotive	4.8
Total Investments	**100 %**

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2022

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Non-Control/Non-Affiliate Investments – 34.2% of net assets: (g) (j)						
ACV Auctions, Inc. (e)(n) **NASDAQ: ACVA** Buffalo, NY. Live mobile wholesale auctions for new and used car dealers. (Software) www.acvauctions.com	319,934 shares of Class A Common Stock valued at $7.87 per share.	8/12/16	<1%	$ 87,219	$ 2,517,881	4.4%
Ares Capital Corporation (n) **NASDAQ: ARCC** New York, NY. (BDC Investment Fund)	21,000 shares.	3/16/20	<1%	267,140	389,130	0.7%
Barings BDC, Inc. (n) **NYSE: BBDC** New York, NY. (BDC Investment Fund)	40,000 shares.	8/13/20	<1%	333,352	326,400	0.6%
Caitec, Inc. (l) Halethorpe, MD. Pet product manufacturer and distributor. (Consumer Goods)	$1,750,000 Subordinated Secured Promissory Note at 12% (+2% PIK) due June 1, 2026.	11/6/20	4%	1,827,941	1,827,941	6.9%
www.caitec.com	150 Class A Units.	11/6/20		150,000	150,000	
	$1,750,000 Subordinated Secured Promissory Note at 12% (+2% PIK) due June 1, 2026.	11/6/20		1,827,941	1,827,941	
	150 Class A Units.	11/6/20		150,000	150,000	
	Total Caitec			3,955,882	3,955,882	
Carlyle Secured Lending Inc. (formerly TCG BDC, Inc.) (n) **NASDAQ: CGBD** New York, NY. (BDC Investment Fund)	86,000 shares.	8/13/20	<1%	899,749	1,229,227	2.1%
FS KKR Capital Corp. (n) **NYSE: FSK** Philadelphia, PA. (BDC Investment Fund)	48,000 shares.	3/16/20	<1%	755,058	835,360	1.4%
GoNoodle, Inc. (h) (l) Nashville, TN. Student engagement education	$1,500,000 Secured Note at 12% (1% PIK) due September 30, 2024.	11/1/19	<1%	1,411,768	1,411,768	2.4%
software providing core aligned physical	Warrant for 47,324 Series C Preferred.	3/1/15		25	25	
activity breaks. (Software)	Warrant for 21,948 Series D Preferred.	11/1/19		38	38	
www.gonoodle.com	**Total GoNoodle**			1,411,831	1,411,831	
HDI Acquisition LLC (Hilton Displays) (l) Greenville, NC. Manufacturing, installation and maintenance of signage and brands. (Manufacturing) www.hiltondisplays.com	$1,245,119 Term Loan at 12% (+2% PIK) due June 20, 2023.	11/8/19	0%	1,327,782	1,327,782	2.3%
Lumious (Tech 2000, Inc.) (h) Herndon, VA. Develops and delivers IT training. (Software) www.t2000inc.com	$850,000 Replacement Term Note at 14% due November 15, 2023.	11/16/18	0%	789,944	789,944	1.4%
Mattison Avenue Holdings LLC (l) Dallas, TX. Provider of upscale salon spaces for lease. (Professional Services) www.mattisonsalonsuites.com	$1,794,944 Third Amended, Restated and Consolidated Promissory Note at 12% (2% PIK) due December 9, 2023.	6/23/21	0%	1,856,536	1,856,536	3.2%

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2022 (Continued)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Nailbiter, Inc. Reston, VA. Video-metrics data analytics supporting name brand Consumer Products Groups (CPG) shopping behavioral insight. (Professional Services)	$2,250,000 Membership Interest of USB Focus Fund Nailbiter I, LLC with economic interest of $2,250,000 Subordinated Secured Promissory Note at net 9% due November 23, 2024.	11/22/21	<1%	2,250,000	2,250,000	3.9%
www.nailbiter.com	Warrants for Preferred Stock.			—	—	
	Total Nailbiter, Inc.			2,250,000	2,250,000	
OnCore Golf Technology, Inc. (e) Buffalo, NY. Patented and proprietary golf balls utilizing technology and innovation. (Consumer Product) www.oncoregolf.com	300,483 Preferred AA.	11/30/18	3%	752,712	100,000	0.2%
Open Exchange, Inc. (e)	397,899 Series C Preferred.	11/13/13	3%	1,193,697	1,193,697	2.4%
Lincoln, MA. Online presentation and training	397,899 Common.	10/22/19		208,243	208,243	
software. (Software)	**Total Open Exchange**			1,401,940	1,401,940	
www.openexc.com						
PennantPark Investment Corporation (n) NASDAQ: PNNT New York, NY. (BDC Investment Fund)	195,000 shares.	8/13/20	<1%	892,212	1,109,550	1.9%
PostProcess Technologies, Inc. (e) Buffalo, NY. Provides innovative solutions for the post-processing of additive manufactured 3D parts. (Manufacturing) www.postprocess.com	360,002 Series A1 Preferred.	11/1/19	<1%	348,875	100,000	0.2%
Rheonix, Inc. (e)	9,676 Common.	10/29/09	4%	—	—	0.0%
Ithaca, NY. Developer of fully automated	1,839,422 Series A Preferred.	12/12/13		2,099,999	—	
microfluidic based molecular assay and	50,593 Common.	10/24/09		—	—	
diagnostic testing devices. (Health Care)	589,420 Series B Preferred.	9/29/15		702,732	—	
www.rheonix.com	**Total Rheonix**			2,802,731	—	
Somerset Gas Transmission Company, LLC (e)(m) Columbus, OH. Natural gas transportation. (Oil and Gas) www.somersetgas.com	26.5337 Units.	4/1/05	3%	719,097	125,000	0.2%
Subtotal Non-Control/Non-Affiliate Investments				**$ 20,852,060**	**$ 19,726,463**	
Affiliate Investments – 66.3% of net assets (g) (k)						
Applied Image, Inc. Rochester, NY. Global supplier of precision	$1,750,000 Term Note at 10% due February 1, 2029.	12/31/21	12%	1,750,000	1,750,000	3.0%
imaged optical components and calibration	Warrant for 1,167 shares.	12/31/21		—	—	
standards for a wide range of industries and	**Total Applied Image**			1,750,000	1,750,000	
applications. (Manufacturing) www.appliedimage.com						
BMP Food Service Supply Holdco, LLC (m) Salt Lake City, UT. Provides design,	$2,500,000 Term Note at 12% due November 22, 2027.	11/22/22	24%	2,500,000	2,500,000	5.4%
distribution, and installation services for	24.83% Preferred Interest			600,000	600,000	
commercial kitchen renovations and new builds.	**Total BMP Food Service Supply**			3,100,000	3,100,000	
(Professional Services) www.foodservicesupply.com						
BMP Swanson Holdco, LLC (m) Plano, TX. Designs, installs, and maintains a	$1,600,000 Term Note at 12% due September 4, 2026.	3/4/21	9%	1,600,000	1,600,000	3.2%
variety of fire protection systems.	Preferred Membership Interest for 9.29%.	3/4/21		233,333	233,333	
(Professional Services)	**Total BMP Swanson**			1,833,333	1,833,333	
www.swansonfire.com						

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2022 (Continued)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Carolina Skiff LLC (m)	6.0825% Class A Common Membership Interest.	1/30/04	7%	15,000	1,957,000	3.4%
Waycross, GA. Manufacturer of ocean fishing						
and pleasure boats. (Manufacturing)						
www.carolinaskiff.com						
DSD Operating, LLC (l)(m) Duluth, GA. Design and renovate auto	$3,063,276 Term Note at 12% (+2% PIK) due September 30, 2026.	9/30/21	11%	3,139,782	3,139,782	8.8%
dealerships. (Automotive)	1,067 Class A Preferred shares.			1,067,500	1,954,198	
www.dsdteam.com	1,067 Class B Common shares.			—	—	
	Total DSD			4,207,282	5,093,980	
Filterworks Acquisition USA, LLC DBA Autotality (l) (m) Deerfield Beach, FL. Provides spray booth equipment, frame repair machines and paint booth filter services for collision shops.	$2,283,702 Term Note at 12% (+2% PIK) modified to 8% PIK and 6% payable in A-0 shares for the period May 1, through December 31, 2022, due December 4, 2023.	11/18/19	8%	2,633,105	2,633,105	5.3%
(Automotive)	626.2 shares Class A-1 Units.	6/3/22		626,243	256,994	
www.autotality.com	417.7 shares Class A-0 Units.	9/30/22		139,232	139,232	
	Total Filterworks			3,398,580	3,029,331	
Knoa Software, Inc.	973,533 Series A-1 Convertible Preferred.	11/20/12	7%	750,000	—	0.2%
New York, NY. End user experience	1,876,922 Series B Preferred.	6/9/14		479,155	100,000	
management and performance (EMP) solutions	**Total Knoa**			1,229,155	100,000	
utilizing enterprise applications. (Software)						
www.knoa.com						
Mezmeriz, Inc. (e)	1,554,565 Series Seed Preferred.	5/14/15	12%	742,850	—	0.0%
Ithaca, NY. Technology company developing novel reality capture tools for 3D mapping, reality modeling, object tracking and classification. (Electronics Developer)						
www.mezmeriz.com						
SciAps, Inc.	187,500 Series A Preferred.	7/12/13	6%	1,500,000	1,500,000	9.0%
Woburn, MA. Instrumentation company	274,299 Series A1 Convertible Preferred.	4/4/14		504,710	504,710	
producing portable analytical devices using	117,371 Series B Convertible Preferred.	8/31/15		250,000	250,000	
XRF, LIBS and RAMAN spectroscopy to	113,636 Series C Convertible Preferred.	4/7/16		175,000	175,000	
identify compounds, minerals, and elements.	369,698 Series C1 Convertible Preferred.	4/7/16		399,274	399,274	
(Manufacturing)	147,059 Series D Convertible Preferred.	5/9/17		250,000	250,000	
www.sciaps.com	Warrant to purchase Series D-1 Preferred.	5/9/17		45,000	45,000	
	$2,090,000 Second Amended and Restated Secured Subordinated Promissory Note at 12% due August 20, 2024.	8/20/21		2,085,000	2,085,000	
	Total SciAps			5,208,984	5,208,984	
Seybert's Billiards Corporation (l) Coldwater, MI. Billiard supplies.	$4,139,444 Term Note at 12% (+2% PIK) due January 19, 2026.	11/22/21	8%	4,184,106	4,184,106	10.2%
(Consumer Product)	Warrant for 4% Membership Interest.	1/19/21		25,000	25,000	
www.seyberts.com	$1,435,435 Term Note at 12% (+2% PIK) due January 19, 2026.	1/19/21		1,440,855	1,440,855	
	Warrant for 4% Membership Interest.	1/19/21		25,000	25,000	
	5.82 Common shares	10/24/22		194,000	194,000	
	Total Seybert's			5,868,961	5,868,961	

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2022 (Continued)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity		Cost		(d)(f) Fair Value	Percent of Net Assets
Tilson Technology Management, Inc.	*120,000 Series B Preferred.	1/20/15	9%		600,000		4,559,500	17.8%
Portland, ME. Provides network deployment	*21,391 Series C Preferred.	9/28/16			200,000		812,800	
construction and information system services	*70,176 Series D Preferred.	9/29/17			800,000		2,666,400	
management for cellular, fiber optic and	*15,385 Series E Preferred.	3/15/19			500,012		584,500	
wireless systems providers. Its affiliated entity, SQF, LLC is a CLEC supporting	211,567 Class A-1 Units of SQF Holdco LLC.	3/15/19			—		800,000	
small cell 5G deployment.	23,077 Series F Preferred.	6/15/20			750,003		876,800	
(Professional Services)	**Total Tilson**				2,850,015		10,300,000	
www.tilsontech.com	*2.5% dividend payable quarterly.							
Subtotal Affiliate Investments				**$**	**30,204,160**	**$**	**38,241,589**	
Control Investments - 6.1% of net assets (o)								
ITA Acquisition, LLC (l)(m) Ormond Beach, FL. Blind and shade	$1,900,000 Term Note at 12% (+2% PIK) due June 21, 2026.	6/22/21	37%		1,976,116		1,976,116	6.1%
manufacturing. (Manufacturing) www.itainc.com	$1,500,000 Term Note at 12% (+2% PIK) due June 21, 2026.	6/22/21			1,560,091		1,560,091	
	1,124 Class A Preferred Units and 1,924 Class B Common Units.	6/22/21			1,123,810		—	
	Total ITA				4,660,017		3,536,207	
Subtotal Control Investments				**$**	**4,660,017**	**$**	**3,536,207**	
TOTAL INVESTMENTS – 106.6%				**$**	**55,716,237**	**$**	**61,504,259**	
LIABILITIES IN EXCESS OF OTHER ASSETS - (6.6%)							**(3,782,939)**	
NET ASSETS – 100%						**$**	**57,721,320**	

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2022 (Continued)

Notes to the Consolidated Schedule of Portfolio Investments

(a)At December 31, 2022, restricted securities represented 90% of the fair value of the investment portfolio. Restricted securities are subject to one or more restrictions on resale and are not freely marketable. Type of investment for equity position is in the form of shares unless otherwise noted as units or interests, i.e., preferred shares, common shares.

(b)The Date Acquired column indicates the date on which the Corporation first acquired an investment.

(c)Each equity percentage estimates the Corporation's ownership interest in the applicable portfolio investment. The estimated ownership is calculated based on the percent of outstanding voting securities held by the Corporation or the potential percentage of voting securities held by the Corporation upon exercise of warrants or conversion of debentures, or other available data. If applicable, the symbol "<1%" indicates that the Corporation holds an equity interest of less than one percent.

(d)The Corporation's investments are carried at fair value in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 "Fair Value Measurements and Disclosures," which defines fair value and establishes guidelines for measuring fair value. At December 31, 2022, ASC 820 designates 90% of the Corporation's investments as "Level 3" assets. Under the valuation policy of the Corporation, unrestricted publicly traded securities are valued at the average closing price for these securities for the last three trading days of the reporting period. Restricted securities are subject to restrictions on resale and are valued at fair value as determined in good faith by our external investment advisor RCM and approved by the Board of Directors. Fair value is considered to be the amount that the Corporation may reasonably expect to receive for portfolio securities when sold on the valuation date. Valuations as of any particular date, however, are not necessarily indicative of amounts which may ultimately be realized as a result of future sales or other dispositions of securities and these favorable or unfavorable differences could be material. Among the factors considered in determining the fair value of restricted securities are the financial condition and operating results, projected operations, and other analytical data relating to the investment. Also considered are the market prices for unrestricted securities of the same class (if applicable) and other matters which may have an impact on the value of the portfolio company (see Note 3. "Investments" to the Consolidated Financial Statements).

(e)These investments are non-income producing. All other investments are income producing. Non-income producing investments have not generated cash payments of interest or dividends including LLC tax-related distributions within the last twelve months or are not expected to do so going forward. If a debt or a preferred equity investment fails to make its most recent payment, then the investment will also be classified as non-income producing.

(f)As of December 31, 2022, the total cost of investment securities was approximately $55.7 million. Net unrealized appreciation was approximately $5.8 million, which was comprised of $13.5 million of unrealized appreciation of investment securities and ($7.7) million of unrealized depreciation of investment securities. At December 31, 2022, the aggregate gross unrealized gain for federal income tax purposes was $13.2 million and the aggregate gross unrealized loss for federal income tax purposes was ($6.7) million. The net unrealized gain for federal income tax purposes was $6.5 million based on a tax cost of $55.0 million.

(g)All of the Corporation's portfolio assets are pledged as collateral for purposes of securing the Corporation's senior secured revolving credit facility pursuant to a general security agreement, dated June 27, 2022, between the Corporation, the subsidiaries listed therein, and the Lender (as defined herein).

(h)Reduction in cost and fair value from previously reported balances reflects current principal repayment.

(i)Represents interest due (amounts over $50,000) from investments included as interest receivable on the Corporation's Consolidated Statements of Financial Position. None at December 31, 2022.

(j)Non-Control/Non-Affiliate Investments are investments that are neither Control Investments nor Affiliate Investments.

(k)Affiliate Investments are defined by the 1940 Act, as those Non-Control investments in companies in which between 5% and 25% of the voting securities are owned by the Corporation.

(l)Payment in kind (PIK) represents earned interest that is added to the cost basis of the investment and due at maturity. The amount of PIK earned is included in the interest rate detailed in the "Type of Investment" column, unless it has been noted with a (+), in which case the PIK is in addition to the face amount of interest due on the security.

(m)Equity holdings are held in a wholly owned (100%) "blocker corporation" of Rand Capital Corporation or Rand Capital Sub LLC for federal income tax and Regulated Investment Company (RIC) compliance.

(n)Publicly traded company.

(o)Control Investments are defined by the 1940 Act as investments in companies in which more than 25% of the voting securities are owned by the Corporation or where greater than 50% of the board representation is maintained.

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2022 (Continued)

Investments in and Advances to Affiliates

Company	Type of Investment	January 1, 2022, Fair Value	Net Change in Unrealized Appreciation (Depreciation)	Gross Additions (1)	Gross Reductions (2)	December 31, 2022, Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
Control Investments:								
ITA Acquisition, LLC	$1,900,000 Term Note at 12% (+2% PIK) due June 21, 2026.	$ —	$ —	$ 1,976,116	$ —	$ 1,976,116	$ —	$ 159,738
	$1,500,000 Term Note at 12% (+2% PIK) due June 21, 2026.	—	—	1,560,091	—	1,560,091	—	127,117
	1,124 Class A Preferred Units and 1,924 Class B Common Units.	—	(748,810)	748,810	—	—	—	—
	Total ITA	—	(748,810)	4,285,017	—	3,536,207	—	286,855
	Total Control Investments	**$ —**	**$ (748,810)**	**$ 4,285,017**	**$ —**	**$ 3,536,207**	**$ —**	**$ 286,855**
Affiliate Investments:								
Applied Image, Inc.	$1,750,000 Term Note at 10% due February 1, 2029.	$ 1,750,000	$ —	$ —	$ —	$ 1,750,000	$ —	$ 184,022
	Warrant for 1,167 shares.	—	—	—	—	—	—	—
	Total Applied Image	1,750,000	—	—	—	1,750,000	—	184,022
BMP Food Service Supply Holdco, LLC	$2,500,000 Term Note at 12% due November 22, 2027.	—	—	2,500,000	—	2,500,000	—	33,533
	24.83% Preferred Interest	—	—	600,000	—	600,000	—	—
	Total FSS	—	—	3,100,000	—	3,100,000	—	33,533
BMP Swanson Holdco, LLC	$1,600,000 Term Note at 12% due September 4, 2026.	1,600,000	—	—	—	1,600,000	—	201,334
	Preferred Membership Interest for 9.29%.	233,333	—	—	—	233,333	—	—
	Total BMP Swanson	1,833,333	—	—	—	1,833,333	—	201,334
Carolina Skiff LLC	6.0825% Class A Common Membership Interest.	1,300,000	657,000	—	—	1,957,000	—	653,437
DSD Operating, LLC	$3,063,276 Term Note at 12% (+2% PIK) due September 30, 2026.	2,759,183	—	380,599	—	3,139,782	—	720,247
	1,067 Class A Preferred shares.	1,067,500	886,698	—	—	1,954,198	—	—
	1,067 Class B Common shares.	—	—	—	—	—	—	—
	Total DSD	3,826,683	886,698	380,599	—	5,093,980	—	720,247
Filterworks Acquisition USA, LLC	$2,283,702 Term Note at 12% (+2% PIK) modified to 8% PIK and 6% payable in A-0 shares for the period May 1, through December 31, 2022, due December 4, 2023.	2,446,617	—	186,488	—	2,633,105	—	358,545
	626.2 shares Class A-1 Units.	256,994	—	—	—	256,994	—	—
	417.7 shares Class A-0 Units.	—	—	139,232	—	139,232	—	—
	Total Filterworks	2,703,611	—	325,720	—	3,029,331	—	358,545
ITA Acquisition, LLC	$1,900,000 Term Note at 12% (+2% PIK) due June 21, 2026.	1,920,459	—	29,324	(1,949,783)	—	—	139,547
	$1,500,000 Term Note at 12% (+2% PIK) due June 21, 2026.	1,516,152	—	23,151	(1,539,303)	—	—	110,373
	1,124 Class A Preferred Units and 1,924 Class B Common Units.	125,000	—	623,810	(748,810)	—	—	—
	Total ITA	3,561,611	—	676,285	(4,237,896)	—	—	249,920
Knoa Software, Inc.	973,533 Series A-1 Convertible Preferred.	—	—	—	—	—	—	—
	1,876,922 Series B Preferred.	479,155	(379,155)	—	—	100,000	—	—
	Total Knoa	479,155	(379,155)	—	—	100,000	—	—
Mezmeriz, Inc.	1,554,565 Series Seed Preferred.	—	—	—	—	—	—	—
Microcision	Membership Interest Purchase Warrant for 5%.	85,000	—	—	(85,000)	—	190,000	—
New Monarch Machine Tool, Inc.	22.84 Common.	—	—	—	—	—	(22,841)	—

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2022 (Continued)

Company	Type of Investment	January 1, 2022, Fair Value	Net Change in Unrealized Appreciation (Depreciation)	Gross Additions (1)	Gross Reductions (2)	December 31, 2022, Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
SciAps, Inc.	187,500 Series A Preferred.	210,000	1,290,000	—	—	1,500,000	—	—
	274,299 Series A1 Convertible Preferred.	96,000	408,710	—	—	504,710	—	—
	117,371 Series B Convertible Preferred.	124,000	126,000	—	—	250,000	—	—
	113,636 Series C Convertible Preferred.	84,000	91,000	—	—	175,000	—	—
	369,698 Series C1 Convertible Preferred.	207,000	192,274	—	—	399,274	—	—
	147,059 Series D Convertible Preferred.	250,000	—	—	—	250,000	—	—
	Warrant to purchase Series D-1 Preferred.	—	45,000	—	—	45,000	—	—
	$2,090,000 Second Amended and Restated Secured Subordinated Promissory Note at 12% due August 20, 2024.	1,480,000	—	605,000	—	2,085,000	—	231,520
	Total SciAps	2,451,000	2,152,984	605,000	—	5,208,984	—	231,520
Seybert's Billiards Corporation	$4,139,444 Term Note at 12% (+2% PIK) due January 19, 2026.	1,907,775	—	2,276,331	—	4,184,106	—	532,377
	Warrant for 4% Membership Interest.	25,000	—	—	—	25,000	—	—
	$1,435,435 Term Note at 12% (+2% PIK) due January 19, 2026.	1,406,690	—	34,165	—	1,440,855	—	216,720
	Warrant for 4% Membership Interest.	25,000	—	—	—	25,000	—	—
	5.82 Common shares	—	—	194,000	—	194,000	—	—
	Total Seybert's	3,364,465	—	2,504,496	—	5,868,961	—	749,097
Tilson Technology Management, Inc.	120,000 Series B Preferred.	3,900,000	659,500	—	—	4,559,500	—	52,500
	21,391 Series C Preferred.	695,000	117,800	—	—	812,800	—	—
	70,176 Series D Preferred.	2,280,000	386,400	—	—	2,666,400	—	—
	15,385 Series E Preferred.	500,012	84,488	—	—	584,500	—	—
	211,567 Class A-1 Units of SQF Holdco LLC.	800,000	—	—	—	800,000	—	—
	23,077 Series F Preferred.	750,003	126,797	—	—	876,800	—	—
	Total Tilson	8,925,015	1,374,985	—	—	10,300,000	—	52,500
	Total Affiliate Investments	**$ 30,279,873**	**$ 4,692,512**	**$ 7,592,100**	**$ (4,322,896)**	**$ 38,241,589**	**$ 167,159**	**$ 3,434,155**
	Total Control and Affiliate Investments	**$ 30,279,873**	**$ 3,943,702**	**$ 11,877,117**	**$ (4,322,896)**	**$ 41,777,796**	**$ 167,159**	**$ 3,721,010**

This schedule should be read in conjunction with the Corporation's Consolidated Financial Statements, including the Notes to the Consolidated Financial Statements and the Consolidated Schedule of Portfolio Investments.

(1)Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow on investments, capitalized interest and the accretion of discounts. Gross additions also include the movement of an existing portfolio company into this category and out of another category.

(2)Gross reductions include decreases in the cost basis of investments resulting from principal repayments, sales, note conversions, the exchange of existing securities for new securities and the movement of an existing portfolio company out of this category and into another category.

(3)Represents the total amount of interest, fees or dividends credited to income for the portion of the period an investment was included in "Control or Affiliate" categories, respectively.

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2022 (Continued)

Industry Classification	Percentage of Total Investments (at fair value) as of December 31, 2022
Professional Services	31.4 %
Manufacturing	22.6
Consumer Product	16.2
Automotive	13.2
Software	10.1
BDC Investment Funds	6.3
Oil and Gas	0.2
Total Investments	**100 %**

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. ORGANIZATION

Rand Capital Corporation ("Rand", "we", "us" and "our") was incorporated under the laws of New York in February 1969. We completed our initial public offering in 1971 and operated as an internally managed, closed end, diversified, management investment company from that time until November 2019.

In November 2019, Rand completed a stock sale transaction (the "Closing") with East Asset Management ("East"). The transaction consisted of a $25 million investment in Rand by East, in the form of cash and contributed portfolio assets, in exchange for approximately 8.3 million shares of Rand common stock. East owns approximately 64% of Rand Capital's outstanding common stock at June 30, 2023. Concurrent with the Closing, Rand Capital Management, LLC ("RCM"), a registered investment adviser, was retained by Rand as its external investment adviser and administrator (the Closing and the retention of RCM as our investment adviser and administrator are collectively referred to herein as the "Transaction"). The term of the new investment advisory and management agreement (the "Investment Management Agreement") with RCM was extended after its renewal was approved by our Board of Directors (the "Board") in November 2022 and is now set to expire December 31, 2023. In addition, the term of the administration agreement (the "Administration Agreement") with RCM was extended after its renewal was approved by our Board of Directors (the "Board") in November 2022 and is now set to expire December 31, 2023. After December 31, 2023, the Investment Management Agreement and Administration Agreement will continue for successive annual periods provided that such continuance is specifically approved at least annually by (i)(A) the affirmative vote of a majority of the Board or (B) the affirmative vote of a majority of our outstanding voting securities, and (ii) the affirmative vote of a majority of our directors who are not "interested persons," as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the "1940 Act"), of us, RCM or our respective affiliates. Pursuant to the terms of the Investment Management Agreement, Rand pays RCM a base management fee and may pay an incentive fee, if specified benchmarks are met.

In connection with the Closing, we also entered into a shareholder agreement by and between Rand and East (the "Shareholder Agreement"). Pursuant to the terms of the Shareholder Agreement, East has the right to designate two or three persons, depending upon the size of the Board of Directors of Rand (the "Board"), for nomination for election to the Board. East has the right to designate (i) up to two persons if the size of the Board is composed of fewer than seven directors or (ii) up to three persons if the size of the Board is composed of seven or more directors. East's right to designate persons for nomination for election to the Board under the Shareholder Agreement is the exclusive means by which East may designate or nominate persons for election to the Board. The Board currently consists of five directors, and East's designees are Adam S. Gusky and Benjamin E. Godley.

We are an externally managed, closed-end, diversified investment company. We have elected to be regulated as a business development company ("BDC") under the 1940 Act. As a BDC, we are required to comply with certain regulatory requirements specified in the 1940 Act. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets" and provide managerial assistance to the portfolio companies in which we invest. See "Item 1. Business - Regulations, Business Development Company Regulations" in our Annual Report on Form 10-K for the year ended December 31, 2022.

Since the completion of the Transaction, we adopted an investment strategy focused on higher yielding debt investments and elected to be treated as a regulated investment company ("RIC") for U.S. Federal income tax purposes as of January 1, 2020 on our U.S. Federal tax return for the 2020 tax year. As required for the RIC election, we paid a special dividend to shareholders to distribute all of our accumulated earnings and profits since inception to 2019.

The Board declared the following quarterly cash dividends during the six months ended June 30, 2023:

Quarter	Dividend/Share Amount	Record Date	Payment Date
1st	$ 0.20	March 13, 2023	March 27, 2023
2nd	$ 0.25	May 31, 2023	June 14, 2023

In order to continue to qualify as a RIC, Rand holds several of its equity investments in holding companies that facilitate a tax structure that is advantageous to the RIC election. Rand has the following wholly owned blocker companies in place at June 30, 2023: Rand BMP Swanson Holdings Corp., Rand Carolina Skiff Holdings Corp., Rand DSD Holdings Corp., Rand Filterworks Holdings Corp., Rand FSS Holdings Corp., Rand INEA Holdings Corp., Rand ITA Holdings Corp., and Rand Somerset Holdings Corp. (the "Blocker Corps"). These subsidiaries are consolidated using United States generally accepted accounting principles ("GAAP") for financial reporting purposes.

On October 7, 2020, Rand, RCM and certain of their affiliates received an exemptive order for relief from the Securities and Exchange Commission ("SEC") to permit Rand to co-invest in portfolio companies with certain affiliates, including other BDCs and registered investment companies, managed by RCM and certain of its affiliates in a manner consistent with Rand's investment objective, policies, strategies and restrictions as well as regulatory requirements, subject to compliance with certain conditions (the "Order"). On March 29, 2021, the SEC granted Rand, Callodine Group, LLC ("Callodine"), which holds a controlling interest in RCM, and certain of their affiliates a new exemptive order (the "New Order") that superseded the Order and permits Rand to co-invest with affiliates managed by RCM and Callodine. Callodine is a yield focused asset management platform. Pursuant to the New Order, Rand is generally permitted to co-invest with affiliates covered by the New Order if a "required majority" (as defined in Section 57(o) of the 1940 Act) of Rand's independent directors make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the transaction, including the consideration to be paid, are reasonable and fair to Rand and its shareholders and do not involve overreaching of Rand or its shareholders on the part of any person concerned, (2) the transaction is consistent with the interests of Rand's shareholders and is consistent with Rand's investment objective and strategies and (3) the investment by Rand's affiliates would not disadvantage Rand, and Rand's participation would not be on a basis different from or less advantageous than that on which Rand's affiliates are investing. In addition, on September 6, 2022, the SEC granted an amendment to the New Order to permit Rand to participate in follow-on investments in our existing portfolio companies with certain Affiliated Funds (as defined in the amended New Order) that do not hold any investments in such existing portfolio companies.

The accompanying consolidated financial statements describe the operations of Rand and its wholly-owned subsidiaries, Rand Capital Sub, LLC ("Rand Sub") and the Blocker Corps (collectively, the "Corporation").

Our corporate office is located in Buffalo, NY and our website address is www.randcapital.com. We make available on our website our annual and quarterly reports, proxy statements and other information as soon as reasonably practicable after such material is filed with the Securities and Exchange Commission ("SEC"). Our shares are traded on the Nasdaq Capital Market under the ticker symbol "RAND."

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – It is our opinion that the accompanying consolidated financial statements include all adjustments of a normal recurring nature necessary for a fair presentation in accordance with GAAP of the consolidated financial position, results of operations, cash flows and statement of changes in net assets for the interim periods presented. Certain information and note disclosures normally included in audited annual consolidated financial statements prepared in accordance with GAAP have been omitted; however, we believe that the disclosures made are adequate to make the information presented herein not misleading. The interim results for the six months ended June 30, 2023 are not necessarily indicative of the results to be expected for the full year.

These statements should be read in conjunction with the consolidated financial statements and the notes included in our Annual Report on Form 10-K for the year ended December 31, 2022. Information contained in this filing should also be reviewed in conjunction with our related filings with the SEC prior to the date of this report.

Principles of Consolidation - The consolidated financial statements include the accounts of Rand and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Fair Value of Financial Instruments – The carrying amounts reported in the consolidated statement of financial position of cash, interest receivable, accounts payable and accrued expenses approximate fair value because of the immediate or short-term nature of these financial instruments.

Investment Classification – In accordance with the provisions of the 1940 Act, the Corporation classifies its investments by level of control. Under the 1940 Act, "Control Investments" are investments in companies that the Corporation is deemed to "Control" because it owns more than 25% of the voting securities of the company or has greater than 50% representation on the company's board. "Affiliate Investments" are companies in which the Corporation owns between 5% and 25% of the voting securities. "Non-Control/Non-Affiliate Investments" are those companies that are neither Control Investments nor Affiliate Investments.

Investments - Investments are valued at fair value as determined in good faith by RCM and approved by the Board. The Corporation generally invests in loan, debt, and equity instruments and there is no single standard for determining fair value of these investments. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio company while employing a consistent valuation process. Due to the inherent uncertainty of determining the fair value of portfolio investments, there may be material risks associated with this determination including that estimated fair values may differ from the values that would have been used had a readily available market value for the investments existed and these differences could be material if our assumptions and judgments differ from results of actual liquidation events. The Corporation analyzes and values each investment quarterly and records unrealized depreciation for an investment that it believes has become impaired, including where collection of a loan or realization of the recorded value of an equity security is doubtful. Conversely, the Corporation will record unrealized appreciation if it believes that an underlying portfolio company has appreciated in value and, therefore, the Corporation's equity securities in the underlying portfolio company has also appreciated in value. Additionally, the Corporation continues to assess any material risks associated with this fair value determination, including risks associated with material conflicts of interest. Under the valuation policy of the Corporation, unrestricted publicly traded securities are valued at the average closing price for these securities for the last three trading days of the reporting period.

Qualifying Assets - The Corporation’s portfolio of investments includes both qualifying and non-qualifying assets. A majority of the Corporation’s investments represent qualifying investments in privately held businesses, principally based in the United States, and represent qualifying assets as defined by Section 55(a) of the 1940 Act. The non-qualifying assets generally include investments in other publicly traded BDC investment companies and other publicly traded securities.

Revenue Recognition - Interest Income - Interest income is recognized on the accrual basis except where the investment is in default or otherwise presumed to be in doubt. In such cases, interest is recognized at the time of receipt. A reserve for possible losses on interest receivable is maintained when appropriate. There was no reserve for possible losses as of June 30, 2023 or December 31, 2022.

The Corporation holds debt securities in its investment portfolio that contain payment-in-kind (“PIK”) interest provisions. PIK interest, computed at the contractual rate specified in each debt agreement, is added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment.

Revenue Recognition - Dividend Income – The Corporation may receive cash distributions from portfolio companies that are limited liability companies or corporations, and these distributions are classified as dividend income on the consolidated statement of operations. Dividend income is recognized on an accrual basis when it can be reasonably estimated.

The Corporation may hold preferred equity securities that contain cumulative dividend provisions. Cumulative dividends are recorded as dividend income, if declared and deemed collectible, and any dividends in arrears are recognized into income and added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed.

Revenue Recognition - Fee Income - Consists of the revenue associated with the amortization of financing fees charged to the portfolio companies upon successful closing of financings and income associated with portfolio company board attendance fees.

Realized Gain or Loss and Unrealized Appreciation or Depreciation of Investments - Amounts reported as realized gains and losses are measured by the difference between the proceeds from the sale or exchange and the cost basis of the investment without regard to unrealized gains or losses recorded in prior periods. The cost of securities that have, in management’s judgment, become worthless are written off and reported as realized losses when appropriate. Unrealized appreciation or depreciation reflects the difference between the fair value of the investments and the cost basis of the investments.

Original Issue Discount – Investments may include “original issue discount” or OID income. This occurs when the Corporation purchases a warrant and a note from a portfolio company simultaneously, which requires an allocation of a portion of the purchase price to the warrant and reduces the note or debt instrument by an equal amount in the form of a note discount or OID.

Net Assets per Share - Net assets per share are based on the number of shares of common stock outstanding. There are no common stock equivalents outstanding.

Supplemental Cash Flow Information - Income taxes paid (refunded) during the six months ended June 30, 2023 and 2022 were $192,914 and ($149,185), respectively. Interest paid during the six months ended June 30, 2023 and 2022 was $361,915 and $0, respectively. The Corporation converted $521,980 and $290,591 of interest receivable into investments during the six months ended June 30, 2023 and 2022, respectively.

Accounting Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Stockholders’ Equity (Net Assets) - At June 30, 2023 and December 31, 2022, there were 500,000 shares of $10.00 par value preferred stock authorized and unissued.

On April 19, 2023, the Board approved a share repurchase plan which authorizes the Corporation to repurchase shares of Rand's outstanding common stock with an aggregate cost of up to $1,500,000 at prices per share of common stock no greater than the then current net asset value. This share repurchase authorization is in effect through April 19, 2024. This share repurchase plan replaces the share repurchase authorization that was previously approved by the Board in April 2022. No shares of Rand's common stock were repurchased by the Corporation during the six months ended June 30, 2023 or the six months ended June 30, 2022.

Income Taxes – The Corporation elected to be treated, for U.S. federal income tax purposes, as a RIC for the 2022 and 2021 tax years under Subchapter M of the Code. The Corporation must distribute substantially all of its investment company taxable income each tax year as dividends to its shareholders to maintain its RIC status. If the Corporation continues to qualify as a RIC and continues to satisfy the annual distribution requirement, the Corporation will not have to pay corporate level U.S. federal income taxes on any income that the Corporation distributes to its stockholders. The Blocker Corps, which are consolidated under U.S. GAAP for financial reporting purposes, are subject to U.S. federal and state income taxes.

Depending on the level of taxable income earned in a tax year, the Corporation may choose to carry forward taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Corporation determines that its estimated current year taxable income will be in excess of estimated dividend distributions for the current year from such income, the Corporation accrues excise tax, if any, on estimated excess taxable income as such taxable income is earned. The Corporation incurred $24,543 and $0 in federal excise tax expense during the six months ended June 30, 2023 and 2022, respectively.

Distributions from net investment income and distributions from net realized capital gains are determined in accordance with U.S. federal tax regulations, which may differ from amounts determined in accordance with GAAP and those differences could be material. These book-to-tax differences are either temporary or permanent in nature. Reclassifications due to permanent book-tax differences, including the offset of net operating losses against short-term gains and nondeductible meals and entertainment, have no impact on net assets.

The Corporation reviews the tax positions it has taken to determine if they meet a "more likely than not threshold" for the benefit of the tax position to be recognized in the consolidated financial statements. A tax position that fails to meet the more likely than not recognition threshold will result in either a reduction of a current or deferred tax asset or receivable, or the recording of a current or deferred tax liability. There were no uncertain tax positions recorded at June 30, 2023 or December 31, 2022.

The Corporation is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended December 31, 2019 through 2022. In general, the Corporation's state income tax returns are open to audit under the statute of limitations for the years ended December 31, 2019 through 2022.

It is the Corporation's policy to include interest and penalties related to income tax liabilities in income tax expense on the Consolidated Statement of Operations. There were no amounts recognized for the six months ended June 30, 2023 or 2022.

Concentration of Credit and Market Risk – The Corporation's financial instruments potentially subject it to concentrations of credit risk. Cash is invested with banks in amounts which, at times, exceed insured limits. The Corporation does not anticipate non-performance by such banks.

The following are the concentrations of the top five portfolio company values compared to the fair value of the Corporation's total investment portfolio:

	June 30, 2023
Tilson Technology Management, Inc. (Tilson)	16 %
Seybert's Billiards Corporation (Seybert's)	9 %
SciAps, Inc. (Sciaps)	8 %
BMP Food Service Supply Holdco, LLC (FSS)	8 %
Inter-National Electronic Alloys LLC (INEA)	6 %

	December 31, 2022
Tilson	17 %
Seybert's	10 %
Sciaps	8 %
DSD Operating, LLC (DSD)	8 %
Caitec, Inc. (Caitec)	6 %

Recent Accounting Pronouncements – In March 2022, the FASB issued ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326)", which is intended to address issues identified during the post-implementation review of ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". The amendment, among other things, eliminates the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, "Receivables - Troubled Debt Restructurings by Creditors", while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The new guidance is effective for interim and annual periods beginning after December 15, 2022. The Corporation evaluated the impact of the adoption of ASU 2022-02 on its consolidated financial statements and disclosures and determined that this guidance does not have a material impact on its consolidated financial statements.

Note 3. INVESTMENTS

The Corporation's investments are carried at fair value, as determined in good faith by the Board, in accordance with FASB Accounting Standards Codification (ASC) 820, "Fair Value Measurements and Disclosures", which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements.

Loan investments are defined as traditional loan financings typically with no equity features or required equity co-investment. Debt investments are defined as debt financings that include one or more equity features such as conversion rights, stock purchase warrants, and/or stock purchase options. Equity investments will be direct investments into a portfolio company and may include preferred stock, common stock, warrants and limited liability company membership interests.

The Corporation uses several approaches to determine the fair value of an investment. The main approaches are:

- Loan and debt securities are generally valued using an asset approach and will be valued at cost when representative of the fair value of the investment or sufficient assets or liquidation proceeds are expected to exist from a sale of a portfolio company at its estimated fair value. The valuation may also consider the carrying interest rate versus the related inherent portfolio risk of the investment. A loan or debt instrument may be reduced in value if it is judged to be of poor quality, collection is in doubt or insufficient liquidation proceeds exist.

- Equity securities may be valued using the "asset approach", "market approach" or "income approach." The asset approach uses estimates of the liquidation value of the portfolio companies' assets in relation to the cost of the respective security. This approach values the equity at the value remaining after the portfolio company pays off its debt and loan balances and its outstanding liabilities. The market approach uses observable prices and other relevant information generated by similar market transactions. It may include both private and public M&A transactions where the traded price is a multiple of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) or another relevant operating metric. It may also include the market value of comparable public companies that are trading in an active market, or the use of market multiples derived from a set of comparables to assist in pricing the investment. Additionally, the Corporation adjusts valuations if a subsequent significant equity financing has occurred that includes a meaningful portion of the financing by a sophisticated, unrelated new investor. The income approach employs valuation techniques to convert future benefits or costs, usually in the form of cash flows, into a present value amount. The measurement is based on value indicated by current market expectations about those future amounts.

ASC 820 classifies the inputs used to measure fair value into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, used in the Corporation's valuation at the measurement date. Under the valuation policy, the Corporation values unrestricted publicly traded companies, categorized as Level 1 investments, at the average closing price for the last three trading days of the reporting period.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable and significant inputs to determining the fair value.

Financial assets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Any changes in estimated fair value are recorded in the statement of operations.

At June 30, 2023, 11% of the Corporation's investments were Level 1 investments and 89% were Level 3 investments. At December 31, 2022, 10% of the Corporation's investments were Level 1 investments and 90% were Level 3 investments. There were no Level 2 investments at June 30, 2023 or December 31, 2022.

In the valuation process, the Corporation values restricted securities categorized as Level 3 investments, using information from these portfolio companies, which may include:

- Audited and unaudited statements of operations, balance sheets and operating budgets;
- Current and projected financial, operational and technological developments of the portfolio company;
- Current and projected ability of the portfolio company to service its debt obligations;
- The current capital structure of the business and the seniority of the various classes of equity if a deemed liquidation event were to occur;
- Pending debt or capital restructuring of the portfolio company;
- Current information regarding any offers to purchase the investment, or recent fundraising transactions;
- Current ability of the portfolio company to raise additional financing if needed;
- Changes in the economic environment which may have a material impact on the operating results of the portfolio company;
- Internal circumstances and events that may have an impact (positive or negative) on the operating performance of the portfolio company;
- Qualitative assessment of key management;
- Contractual rights, obligations or restrictions associated with the investment; and
- Other factors deemed relevant to assess valuation.

The valuation may be reduced if a portfolio company's performance and potential have deteriorated significantly. If the factors that led to a reduction in valuation are overcome, the valuation may be readjusted.

Equity Securities

Equity securities may include preferred stock, common stock, warrants and limited liability company membership interests.

The significant unobservable inputs used in the fair value measurement of the Corporation's equity investments are earnings before interest, tax and depreciation and amortization (EBITDA) and revenue multiples, where applicable, the financial and operational performance of the business, and the debt and senior equity preferences that may exist in a deemed liquidation event. Standard industry multiples may be used when available; however, the Corporation's portfolio companies are typically privately-held, lower middle market companies and these industry standards may be adjusted to more closely match the specific financial and operational performance of the portfolio company. Due to the nature of certain investments, fair value measurements may be based on other criteria, which may include third party appraisals. Significant changes in any of these unobservable inputs may result in a significantly higher or lower fair value estimate.

Another key factor used in valuing equity investments is a significant recent arms-length equity transaction entered into by the portfolio company with a sophisticated, non-strategic, unrelated, new investor. The terms of these equity transactions may not be identical to the equity transactions between the portfolio company and the Corporation, and the impact of the difference in transaction terms on the market value of the portfolio company may be difficult or impossible to quantify.

When appropriate the Black-Scholes pricing model is used to estimate the fair value of warrants for accounting purposes. This model requires the use of highly subjective inputs including expected volatility and expected life, in addition to variables for the valuation of minority equity positions in small private and early stage companies. Significant changes in any of these unobservable inputs may result in a significantly higher or lower fair value estimate.

For investments made within the last year, the Corporation generally relies on the cost basis, which is deemed to represent the fair value, unless other fair value inputs are identified causing the Corporation to depart from this basis.

Loan and Debt Securities

The significant unobservable inputs used in the fair value measurement of the Corporation's loan and debt securities are the financial and operational performance of the portfolio company, similar debt with similar terms with other portfolio companies, as well as the market acceptance for the portfolio company's products or services. These inputs will likely provide an indicator as to the probability of principal recovery of the investment. The Corporation's loan and debt investments are often junior secured or unsecured securities. Fair value may also be determined based on other criteria where appropriate. Significant changes to the unobservable inputs may result in a change in fair value. For recent investments, the Corporation generally relies on the cost basis, which is deemed to represent the fair value, unless other fair value inputs are identified causing the Corporation to depart from this basis.

The following table provides a summary of the significant unobservable inputs used to determine the fair value of the Corporation's Level 3 portfolio investments as of June 30, 2023:

Investment Type	**Market Approach EBITDA Multiple**	**Market Approach Liquidation Seniority**	**Market Approach Revenue Multiple**	**Market Approach Transaction Pricing**	**Totals**
Non-Control/Non-Affiliate Equity	$ 300,000	$ —	$ 700,000	$ 200,063	$ 1,200,063
Non-Control/Non-Affiliate Loan and Debt	6,607,700	2,208,779	—	2,250,000	11,066,479
Total Non-Control/Non-Affiliate	**$ 6,907,700**	**$ 2,208,779**	**$ 700,000**	**$ 2,450,063**	**$ 12,266,542**
Affiliate Equity	$ 4,232,324	$ —	$ 3,223,984	$ 10,580,000	$ 18,036,308
Affiliate Loan and Debt	18,200,856	—	2,090,000	4,763,635	25,054,491
Total Affiliate	**$ 22,433,180**	**$ —**	**$ 5,313,984**	**$ 15,343,635**	**$ 43,090,799**
Control Equity	$ —	$ —	$ —	$ —	$ —
Control Loan and Debt	—	4,031,735	—	—	4,031,735
Total Control	**$ —**	**$ 4,031,735**	**$ —**	**$ —**	**$ 4,031,735**
Total Level 3 Investments	**$ 29,340,880**	**$ 6,240,514**	**$ 6,013,984**	**$ 17,793,698**	**$ 59,389,076**

Range	5X - 7X	1X	1X - 4X	Not Applicable
Unobservable Input	EBITDA Multiple	Asset Value	Revenue Multiple	Transaction Price
Weighted Average	5.4X	1X	1.7X	Not Applicable

The following table provides a summary of the components of Level 1, 2 and 3 Assets Measured at Fair Value at June 30, 2023:

		Fair Value Measurements at Reported Date Using		
Description	**June 30, 2023**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Other Significant Unobservable Inputs (Level 3)**
Loan investments	$ 12,038,755	$ —	$ —	$ 12,038,755
Debt investments	28,113,950	—	—	28,113,950
Equity investments	26,639,038	7,402,667	—	19,236,371
Total	**$ 66,791,743**	**$ 7,402,667**	**$ —**	**$ 59,389,076**

The following table provides a summary of the components of Level 1, 2 and 3 Assets Measured at Fair Value at December 31, 2022:

		Fair Value Measurements at Reported Date Using		
Description	**December 31, 2022**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Other Significant Unobservable Inputs (Level 3)**
Loan investments	$ 14,578,351	$ —	$ —	$ 14,578,351
Debt investments	19,582,616	—	—	19,582,616
Equity investments	27,343,292	6,407,548	—	20,935,744
Total	$ 61,504,259	$ 6,407,548	$ —	$ 55,096,711

The following table provides a summary of changes in Assets Measured at Fair Value Using Significant Unobservable Inputs (Level 3) for the six months ended June 30, 2023:

Description	Loan Investments	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Debt Investments	Equity Investments	Total
Ending balance December 31, 2022, of Level 3 Assets	$ 14,578,351	$ 19,582,616	$ 20,935,744	$ 55,096,711
Realized gains (losses) included in net change in net assets from operations:				
ClearView Social, Inc. (Clearview Social)	—	—	10,432	10,432
DSD Operating, LLC (DSD)	—	—	2,537,765	2,537,765
Microcision, LLC (Microcision)	—	—	58,329	58,329
SocialFlow, Inc. (Social Flow)	—	—	(4,941)	(4,941)
Somerset Gas Transmission Company, LLC (Somerset)	—	—	(448,717)	(448,717)
Total realized gains, net	—	—	2,152,868	2,152,868
Unrealized gains (losses) included in net change in net assets from operations:				
DSD	—	—	(886,698)	(886,698)
Open Exchange, Inc. (Open Exchange)	—	—	(701,940)	(701,940)
Somerset	—	—	594,097	594,097
Total unrealized gains (losses)	—	—	(994,541)	(994,541)
Purchases of securities/changes to securities/non-cash conversions:				
Caitec, Inc. (Caitec)	36,916	—	—	36,916
DSD	31,652	—	—	31,652
Filterworks Acquisition USA, LLC (Filterworks)	—	147,638	—	147,638
BMP Food Service Supply Holdco, LLC (FSS)	—	2,320,000	—	2,320,000
GoNoodle, Inc. (GoNoodle)	—	7,067	—	7,067
HDI Acquisition LLC (Hilton Displays)	—	11,868	—	11,868
Inter-National Electronic Alloys LLC (INEA)	—	3,304,154	1,011,765	4,315,919
ITA Acquisition, LLC (ITA)	495,528	—	—	495,528
Mattison Avenue Holdings LLC (Mattison)	18,716	—	—	18,716
Pressure Pro, Inc. (Pressure Pro)	—	3,013,635	30,000	3,043,635
Seybert's Billiards Corporation (Seybert's)	—	62,019	—	62,019
SciAps, Inc. (Sciaps)	—	5,000	—	5,000
Social Flow	—	—	4,941	4,941
BMP Swanson Holdco, LLC (Swanson)	49,026	—	—	49,026
Tilson Technology Management, Inc. (Tilson)	—	—	250,000	250,000
Total purchases of securities/changes to securities/non-cash conversions	631,838	8,871,381	1,296,706	10,799,925
Repayments and sales of securities:				
Clearview Social	—	—	(10,432)	(10,432)
DSD	(3,171,434)	—	(3,605,265)	(6,776,699)
FSS	—	(40,047)	(210,000)	(250,047)
Hilton Displays	—	(300,000)	—	(300,000)
Microcision	—	—	(58,329)	(58,329)
Somerset	—	—	(270,380)	(270,380)
Total repayments and sales of securities	(3,171,434)	(340,047)	(4,154,406)	(7,665,887)
Ending balance June 30, 2023, of Level 3 Assets	$ 12,038,755	$ 28,113,950	$ 19,236,371	$ 59,389,076
Change in unrealized appreciation/depreciation included in earnings related to Level 3 investments still held at reporting date				$ (701,940)

The following table provides a summary of changes in Assets Measured at Fair Value Using Significant Unobservable Inputs (Level 3) for the six months ended June 30, 2022:

		Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
Description	**Loan Investments**	**Debt Investments**	**Equity Investments**	**Total**
Ending Balance December 31, 2021, of Level 3 Assets	$ 15,503,404	$ 14,030,078	$ 20,633,935	$ 50,167,417
Realized gains (losses) included in net change in net assets from operations:				
ClearView Social, Inc. (Clearview Social)	—	—	38,881	38,881
Microcision, LLC (Microcision)	—	—	190,000	190,000
New Monarch Machine Tool, Inc. (New Monarch)	—	—	(22,841)	(22,841)
SocialFlow, Inc. (Social Flow)	—	—	(1,481,498)	(1,481,498)
Total realized (losses), net	—	—	(1,275,458)	(1,275,458)
Unrealized gains included in net change in net assets from operations:				
Microcision	—	—	25,000	25,000
New Monarch	—	—	22,841	22,841
Social Flow	—	—	1,628,000	1,628,000
Total unrealized gains	—	—	1,675,841	1,675,841
Purchases of securities/changes to securities/non-cash conversions:				
Caitec, Inc. (Caitec)	36,178	—	—	36,178
DSD Operating, LLC (DSD)	348,748	—	—	348,748
Filterworks Acquisition USA, LLC (Filterworks)	—	107,559	—	107,559
GoNoodle, Inc. (GoNoodle)	—	7,110	—	7,110
HDI Acquisition LLC (Hilton Displays)	—	13,117	—	13,117
ITA Acquisition, LLC (ITA)	34,701	—	223,810	258,511
Mattison Avenue Holdings LLC (Mattison)	18,341	—	—	18,341
Seybert’s Billiards Corporation (Seybert’s)	—	2,248,118	—	2,248,118
SciAps, Inc. (Sciaps)	—	7,500	—	7,500
Total purchases of securities/changes to securities/non-cash conversions	437,968	2,383,404	223,810	3,045,182
Repayments and sale of securities:				
Clearview Social	—	—	(38,881)	(38,881)
GoNoodle	—	(90,175)	—	(90,175)
Microcision	—	—	(300,000)	(300,000)
Social Flow	—	—	(268,502)	(268,502)
Total repayments and sale of securities	—	(90,175)	(607,383)	(697,558)
Ending Balance June 30, 2022, of Level 3 Assets	$ 15,941,372	$ 16,323,307	$ 20,650,745	$ 52,915,424
Change in unrealized appreciation/depreciation included in earnings related to Level 3 investments still held at reporting date				$ —

Note 4. OTHER ASSETS

At June 30, 2023 and December 31, 2022, other assets was comprised of the following:

	June 30, 2023	**December 31, 2022**
Escrow receivables	**$ 243,719**	$ 68,983
Dividend receivables	**110,440**	102,655
Deferred financing fees, net	**100,000**	112,500
Prepaid expenses	**78,121**	10,905
Total other assets	**$ 532,280**	$ 295,043

Amortization expense related to the deferred financing fees during the six months ended June 30, 2023 was $12,500.

Note 5. COMMITMENTS AND CONTINGENCIES

The Corporation had no commitments at June 30, 2023 or December 31, 2022.

Note 6. SENIOR SECURED REVOLVING CREDIT FACILITY

On June 27, 2022, the Corporation entered into a credit agreement (the “Credit Agreement”) with M&T Bank, as lender (the “Lender”), which provides the Corporation with a senior secured revolving credit facility in a principal amount not to exceed $25.0 million (the “Credit Facility”). The amount the Corporation can borrow, at any given time, under the Credit Facility is tied to a borrowing base, which is measured as (i) 75% of the aggregate sum of the fair market values of the publicly traded equity securities held (other than shares of ACV Auctions) plus (ii) the least of (a) 75% of the fair market value of the shares of ACV Auctions held, (b) $6.25 million and (c) 25% of the aggregate borrowing base availability for the Credit Facility at any date of determination plus (iii) 50% of the aggregate sum of the fair market values of eligible private loans held that meet specified criteria plus (iv) the lesser of (a) 50% of the aggregate sum of the fair market values of unsecured private loans held that meet specified criteria and (b) $1.25 million minus (v) such reserves as the Lender may establish from time to time in its sole discretion. The Credit Facility has a maturity date of June 27, 2027.

The Corporation’s borrowings under the Credit Facility bear interest at a variable rate determined as a rate per annum equal to 3.50 percentage points above the greater of (i) the applicable daily simple secured overnight financing rate (SOFR) and (ii) 0.25%. At June 30, 2023, the Corporation's applicable interest rate was 8.59%. In addition, under the terms of the Credit Facility, the Corporation has also agreed to pay the Lender an unused commitment fee on a quarterly basis, computed as 0.30% multiplied by the average daily Unused Commitment Fee Base (which is defined as the difference between (i) $25.0 million and (ii) the sum of the aggregate principal amount of the Corporation’s outstanding borrowings under the Credit Facility) for the preceding quarter.

The Credit Agreement contains representations and warranties and affirmative, negative and financial covenants usual and customary for agreements of this type, including among others, covenants that prohibit, subject to certain specified exceptions, the Corporation’s ability to merge or consolidate with other companies, sell any material part of the Corporation’s assets, incur other indebtedness, incur liens on the Corporation’s assets, make investments or loans to third parties other than permitted investments and permitted loans, and declare any distribution or dividend other than certain permitted distributions. The Credit Agreement includes the following financial covenants: (i) a tangible net worth covenant that requires the Corporation to maintain a Tangible Net Worth (defined in the Credit Agreement as the Corporation’s aggregate assets, excluding intangible assets, less all liabilities) of not less than $50.0 million, which is measured quarterly at the end of each fiscal quarter, (ii) an asset coverage ratio covenant that requires the Corporation to maintain an Asset Coverage Ratio (defined in the Credit Agreement as the ratio of the fair market value of all of the Corporation’s assets to the sum of all of the Corporation’s obligations for borrowed money plus all capital lease obligations) of not less than 3:1, which is measured quarterly at the end of each fiscal quarter and (iii) an interest coverage ratio covenant that requires the Corporation to maintain an Interest Coverage Ratio (defined in the Credit Agreement as the ratio of Cash Flow (as defined in the Credit Agreement) to Interest Expense (as defined in the Credit Agreement)) of not less than 2.5:1, which is measured quarterly on a trailing twelve-months basis. As of June 30, 2023, the Corporation is in compliance with all covenants.

Events of default under the Credit Agreement which permit the Lender to exercise its remedies, including acceleration of the principal and interest on the Credit Facility, include, among others: (i) default in the payment of principal or interest on the Credit Facility, (ii) default by the Corporation on any other obligation, condition, covenant or other provision under the Credit Agreement and related documents, (iii) failure by the Corporation to pay any material indebtedness or obligation owing to any third party or affiliate, or the failure by the Corporation to perform any agreement with any third party or affiliate that would have a material adverse effect on the Corporation and its subsidiaries taken as a whole, (iv) the sale of all or substantially all of the Corporation’s assets to a third party, (v) various bankruptcy and insolvency events, and (vi) any material adverse change in the Corporation and its subsidiaries, taken as a whole, or their business, assets, operations, management, ownership, affairs, condition (financial or otherwise) or the Lender’s collateral that the Lender reasonably determines will have a material adverse effect on the Lender’s collateral, the Corporation and its subsidiaries, taken as a whole, or their business, assets, operation or condition (financial or otherwise) or on the Corporation’s ability to repay its debts.

In connection with entry into the Credit Facility, the Corporation and each of its subsidiaries that guaranty the Credit Facility entered into a general security agreement, dated June 27, 2022, with the Lender (the “Security Agreement”). The Security Agreement secures all of the Corporation’s obligations to the Lender, including, without limitation, principal and interest on the Credit Facility and any fees and charges. The security interest granted under the Security Agreement covers all of the Corporation’s personal property including, among other things, all accounts, chattel paper, investment property, deposit accounts, general intangibles, inventory, and all of the fixtures. The Security Agreement contains various representations, warranties, covenants and agreements customary in security agreements and various events of default with remedies under the New York Uniform Commercial Code and the Security

Agreement. Events of default under the Security Agreement, which permit the Lender to exercise its various remedies, are similar to those contained in the Credit Agreement.

The outstanding balance drawn on the Credit Facility at June 30, 2023 and December 31, 2022 was $10,650,000 and $2,550,000, respectively. The unamortized closing fee was $100,000 and $112,500 as of June 30, 2023 and December 31, 2022, and it is recorded in Other Assets on the Consolidated Statement of Financial Position. Amortization expense related to the Credit Facility during the six months ended June 30, 2023 was $12,500.

Note 7. CHANGES IN STOCKHOLDERS' EQUITY (NET ASSETS)

The following schedule analyzes the changes in stockholders' equity (net assets) section of the Consolidated Statements of Financial Position for the three and six months ended June 30, 2023 and 2022, respectively:

	Common Stock	Capital in excess of par value	Treasury Stock, at cost	Total distributable earnings (losses)	Total Stockholders' Equity (Net Assets)
April 1, 2023	$ 264,892	$ 51,464,267	$ (1,566,605)	$ 9,212,839	$ 59,375,393
Payment of dividend	—	—	—	(645,255)	(645,255)
Net increase in net assets from operations	—	—	—	2,671,890	2,671,890
June 30, 2023	$ 264,892	$ 51,464,267	$ (1,566,605)	$ 11,239,474	$ 61,402,028

	Common Stock	Capital in excess of par value	Treasury Stock, at cost	Total distributable earnings (losses)	Total Stockholders' Equity (Net Assets)
April 1, 2022	$ 264,892	$ 51,679,809	$ (1,566,605)	$ 9,569,630	$ 59,947,726
Payment of dividend	—	—	—	(387,153)	(387,153)
Net decrease in net assets from operations	—	—	—	(1,896,389)	(1,896,389)
June 30, 2022	$ 264,892	$ 51,679,809	$ (1,566,605)	$ 7,286,088	$ 57,664,184

	Common Stock	Capital in excess of par value	Treasury Stock, at cost	Total distributable earnings (losses)	Total Stockholders' Equity (Net Assets)
January 1, 2023	$ 264,892	$ 51,464,267	$ (1,566,605)	$ 7,558,766	$ 57,721,320
Payment of dividend	—	—	—	(1,161,459)	(1,161,459)
Net increase in net assets from operations	—	—	—	4,842,167	4,842,167
June 30, 2023	$ 264,892	$ 51,464,267	$ (1,566,605)	$ 11,239,474	$ 61,402,028

	Common Stock	Capital in excess of par value	Treasury Stock, at cost	Total distributable earnings (losses)	Total Stockholders' Equity (Net Assets)
January 1, 2022	$ 264,892	$ 51,679,809	$ (1,566,605)	$ 10,367,320	$ 60,745,416
Payment of dividend	—	—	—	(774,306)	(774,306)
Net decrease in net assets from operations	—	—	—	(2,306,926)	(2,306,926)
June 30, 2022	$ 264,892	$ 51,679,809	$ (1,566,605)	$ 7,286,088	$ 57,664,184

Note 8. RELATED PARTY TRANSACTIONS

Investment Management Agreement

Effective with the Closing, RCM, a registered investment adviser, was retained by the Corporation as its external investment adviser and administrator. Under the Investment Management Agreement, the Corporation pays RCM, as compensation for the investment advisory and management services, fees consisting of two components: (i) the Base Management Fee and (ii) the Incentive Fee.

The "Base Management Fee" is calculated at an annual rate of 1.50% of the Corporation's total assets (other than cash but including assets purchased with borrowed funds). For the three and six months ended June 30, 2023, the Base Management Fee was $255,867 and $501,260, respectively. For the three and six months ended June 30, 2022, the Base Management Fee was $230,767 and

$471,042, respectively. At June 30, 2023 and December 31, 2022, the Corporation had $255,867 and $230,221 payable, respectively, for the Base Management Fees on its Consolidated Statement of Financial Position.

The "Incentive Fee" is comprised of two parts: (1) the "Income Based Fee" and (2) the "Capital Gains Fee". The Income Based Fee is calculated and payable quarterly in arrears based on the "Pre-Incentive Fee Net Investment Income" (as defined in the Investment Management Agreement) for the immediately preceding calendar quarter, subject to a hurdle rate of 1.75% per quarter (7% annualized) and is payable promptly following the filing of the Corporation's financial statements for such quarter.

The Corporation pays RCM an Incentive Fee with respect to its Pre-Incentive Fee Net Investment Income in each calendar quarter as follows:

(i)no Income Based Fee in any quarter in which the Pre-Incentive Fee Net Investment Income for such quarter does not exceed the hurdle rate of 1.75% (7.00% annualized);

(ii)100% of the Pre-Incentive Fee Net Investment Income for any calendar quarter with respect to that portion of the Pre-Incentive Fee Net Investment Income for such calendar quarter, if any, that exceeds the hurdle rate of 1.75% (7.00% annualized) but is less than 2.1875% (8.75% annualized); and

(iii)20% of the amount of the Pre-Incentive Fee Net Investment Income for any calendar quarter with respect to that portion of the Pre-Incentive Fee Net Investment Income for such calendar quarter, if any, that exceeds 2.1875% (8.75% annualized).

The Income Based Fee paid to RCM for any calendar quarter shall not be in excess of the Incentive Fee Cap. The "Incentive Fee Cap" for any quarter is an amount equal to (1) 20.0% of the Cumulative Net Return (as defined below) during the relevant Income Based Fee Calculation Period (as defined below) minus (2) the aggregate Income Based Fee that was paid in respect of the calendar quarters included in the relevant Income Based Fee Calculation Period.

For purposes of the calculation of the Income Based Fee, "Income Based Fee Calculation Period" is defined as, with reference to a calendar quarter, the period of time consisting of such calendar quarter and the additional quarters that comprise the lesser of (1) the number of quarters immediately preceding such calendar quarter that began more than two years after November 8, 2019 or (2) the eleven calendar quarters immediately preceding such calendar quarter.

For purposes of the calculation of the Income Based Fee, "Cumulative Net Return" is defined as (1) the aggregate net investment income in respect of the relevant Income Based Fee Calculation Period minus (2) any Net Capital Loss, if any, in respect of the relevant Income Based Fee Calculation Period. If, in any quarter, the Incentive Fee Cap is zero or a negative value, the Corporation pays no Income Based Fee to RCM for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is a positive value but is less than the Income Based Fee that is payable to RCM for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, the Corporation pays an Income Based Fee to RCM equal to the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is equal to or greater than the Income Based Fee that is payable to RCM for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, we pay an Income Based Fee to the Adviser equal to the Income Based Fee calculated as described above for such quarter without regard to the Incentive Fee Cap.

For purposes of the calculation of the Income Based Fee, "Net Capital Loss," in respect of a particular period, means the difference, if positive, between (1) aggregate capital losses, whether realized or unrealized, in such period and (2) aggregate capital gains, whether realized or unrealized, in such period.

Any Income Based Fee otherwise payable under the Investment Management Agreement with respect to Accrued Unpaid Income (such fees being the "Accrued Unpaid Income Based Fees") shall be deferred, on a security by security basis, and shall become payable to RCM only if, as, when and to the extent cash is received by us in respect of any Accrued Unpaid Income. Any Accrued Unpaid Income that is subsequently reversed by us in connection with a write-down, write-off, impairment or similar treatment of the investment giving rise to such Accrued Unpaid Income will, in the applicable period of reversal, (1) reduce Pre-Incentive Fee Net Investment Income and (2) reduce the amount of Accrued Unpaid Income Based Fees. Subsequent payments of Accrued Unpaid Income Based Fees deferred pursuant to this paragraph shall not reduce the amounts otherwise payable for any quarter as an Income Based Fee.

For the six months ended June 30, 2023 and 2022, there were no Income Based Fees earned under the Investment Management Agreement.

The second part of the Incentive Fee is the "Capital Gains Fee". This fee is determined and payable in arrears as of the end of each calendar year. Under the terms of the Investment Management Agreement, the Capital Gains Fee is calculated at the end of each applicable year by subtracting (1) the sum of the cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (2) the cumulative aggregate realized capital gains, in each case calculated from November 8, 2019. If this amount is positive at the end of any calendar year, then the Capital Gains Fee for such year is equal to 20.0% of such amount, less the cumulative aggregate amount of Capital Gains Fees paid in all prior years. If such amount is negative, then there is no Capital Gains Fee payable for that calendar year. If the Investment Management Agreement is terminated as of a date that is not a calendar year end, the termination date shall be treated as though it were a calendar year end for purposes of calculating and paying the Capital Gains Fee.

For purposes of the Capital Gains Fee:

•The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in the Corporations portfolio when sold minus (b) the accreted or amortized cost basis of such investment.

•The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (a) the net sales price of each investment in the portfolio when sold is less than (b) the accreted or amortized cost basis of such investment.

•The aggregate unrealized capital depreciation is calculated as the sum of the amount, if negative, between (a) the valuation of each investment in the portfolio as of the applicable Capital Gains Fee calculation date minus (b) the accreted or amortized cost basis of such investment.

For purposes of calculating the amount of the capital gains incentive fee accrual to be included as part of a company's financial statements, U.S. generally accepted accounting principles (GAAP) requires a company to consider, as part of such calculation, the amount of cumulative aggregate unrealized capital appreciation that such company has with respect to its investments. As a result, the capital gains incentive fee accrual under GAAP is calculated using the both the cumulative aggregate realized capital gains and losses and the aggregate net change in unrealized capital appreciation/depreciation at the close of the period. If the calculated amount is positive, GAAP requires the Corporation to record a capital gains incentive fee accrual equal to 20% of this cumulative amount, less the aggregate amount of actual capital gains incentive fees paid, or capital gains incentive fees accrued under GAAP, for all prior periods. However, unrealized capital appreciation is not used by the Corporation as part of the calculation to determine the amount of the Capital Gains Fee actually payable to RCM under the terms of the Investment Management Agreement. There can be no assurances that the Corporation will realize the unrealized capital appreciation, upon which the Corporation's capital gains incentive fee accrual has been calculated under GAAP, in the future.

As of June 30, 2023, there was no Capital Gains Fee currently payable under the terms of the Investment Management Agreement, and the final calculations are determined annually, and subject to change based on subsequent realized gains, losses or unrealized losses during the remainder of 2023.

In accordance with GAAP, the Corporation is required to accrue a capital gains incentive fee on all realized and unrealized gains and losses, resulting in an accrual of $2,949,000 at June 30, 2023, which represents the fee that would be due based on net portfolio appreciation. The $2,949,000 accrued capital gains incentive fee is recorded in the line item "Capital gains incentive fees" on the Consolidated Statements of Financial Position at June 30, 2023. At December 31, 2022, there was an accrual of $2,499,000 for the capital gains incentive fee, which represented both the capital gains fee payable to RCM of $332,000 and $2,167,000 that would be due based on net portfolio appreciation at December 31, 2022. The $332,000 capital gains fee payable is recorded in the line item "Due to investment adviser" on the Consolidated Statement of Financial Position at December 31, 2022, and was paid to RCM during the six months ended June 30, 2023.

Administration Agreement

Under the terms of the Administration Agreement, RCM agreed to perform (or oversee, or arrange for, the performance of) the administrative services necessary for the Corporation's operations, including, but not limited to, office facilities, equipment, clerical, bookkeeping, finance, accounting, compliance and record keeping services at such office facilities and such other services as RCM, subject to review by the Board, will from time to time determine to be necessary or useful to perform its obligations under the Administration Agreement. RCM shall also arrange for the services of, and oversee, custodians, depositories, transfer agents, dividend disbursing agents, other shareholder servicing agents, accountants, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks and such other persons in any such other capacity deemed to be necessary or desirable.

RCM is responsible for the Corporation's financial and other records that are required to be maintained and prepares all reports and other materials required to be filed with the SEC or any other regulatory authority, including reports to shareholders. In addition, RCM assists the Corporation in determining and publishing the Corporation's net asset value (NAV), overseeing the preparation and filing of the tax returns, and the printing and dissemination of reports to shareholders, and generally overseeing the payment of expenses and the performance of administrative and professional services rendered by others. RCM provides, on the Corporation's behalf, managerial assistance to those portfolio companies that have accepted its offer to provide such assistance.

Note 9. FINANCIAL HIGHLIGHTS

The following schedule provides the financial highlights, calculated based on shares outstanding, for the periods indicated:

	Six months ended June 30, 2023 (Unaudited) *	Six months ended June 30, 2022 (Unaudited) *
Net asset value, beginning of period	22.36	23.54
Income (loss) from operations (1):		
Net investment income	0.47	0.84
Net realized gains	1.37	0.27
Net unrealized appreciation (depreciation)	0.04	(2.01)
Increase (decrease) in net assets from operations	1.88	(0.90)
Payment of cash dividend	(0.45)	(0.30)
Increase (decrease) in net assets	1.43	(1.20)
Net asset value, end of period	$ 23.79	$ 22.34
Per share market price, end of period	$ 13.01	$ 14.60
Total return based on market value (2)	1.05 %	(14.07)%
Total return based on net asset value (3)	8.39 %	(5.07)%
Supplemental data:		
Ratio of expenses before income taxes to average net assets (4)	7.91 %	0.84 %
Ratio of expenses including income taxes to average net assets (4)	9.17 %	0.98 %
Ratio of net investment income to average net assets (4)	4.05 %	7.40 %
Portfolio turnover	15.99 %	4.50 %
Debt/equity ratio	17.34 %	— %
Net assets, end of period	$ 61,402,028	$ 57,664,184

(1)*Per share data is based on shares outstanding and the results are rounded to the nearest cent.*

(2)*Total return based on market value is calculated as the change in market value per share during the period plus declared dividends per share, assuming reinvestment of dividends, divided by the beginning market value per share.*

(3)*Total return based on net asset value is calculated as the change in net asset value per share during the period plus declared dividends per share, divided by the beginning net asset value per share.*

(4)*Percentage is presented on an annualized basis.*

* *Amounts are rounded.*

The Corporation's interim period results could fluctuate as a result of a number of factors; therefore results for any interim period should not be relied upon as being indicative of performance for the full year or in future periods.

Note 10. SUBSEQUENT EVENT

Subsequent to the quarter end, on July 25, 2023, the Board declared a quarterly cash dividend of $0.25 per share. The cash dividend will be paid on or about September 14, 2023 to shareholders of record as of August 31, 2023.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and related notes included elsewhere in this report. Historical results and percentage relationships among any amounts in the consolidated financial statements are not necessarily indicative of trends in operating results for any future periods.

FORWARD LOOKING STATEMENTS

Statements included in this Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this report that do not relate to present or historical conditions are "forward-looking statements" within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and in Section 21E of the Securities Exchange Act of 1934, as amended. Additional oral or written forward-looking statements may be made by us from time to time, and forward-looking statements may be included in documents that are filed with the SEC. Forward-looking statements involve risks and uncertainties that could cause our results or outcomes to differ materially from those expressed in the forward-looking statements. Forward-looking statements may include, without limitation, statements relating to our plans, strategies, objectives, expectations and intentions, including statements related to our investment strategies and our intention to co-invest with certain of our affiliates; the impact of our election as a RIC for U.S. federal tax purposes on the payment of corporate level U.S. federal income taxes by Rand; statements regarding our liquidity and financial resources; statements regarding any capital gains fee that may be due to RCM upon a hypothetical liquidation of our portfolio and the amount of the capital gains fee that may be payable for 2023; and statements regarding our compliance with the RIC requirements as of June 30, 2023, statements regarding future dividend payments, and are intended to be made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "believes," "forecasts," "intends," "possible," "expects," "estimates," "anticipates," or "plans" and similar expressions are intended to identify forward-looking statements. Among the important factors on which such statements are based are assumptions concerning the state of the United States economy and the local markets in which our portfolio companies operate, the state of the securities markets in which the securities of our portfolio companies could be traded, liquidity within the United States financial markets, and inflation. Forward-looking statements are also subject to the risks and uncertainties described under the caption "Risk Factors" contained in Part II, Item 1A of this report and in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022.

There may be other factors not identified that affect the accuracy of our forward-looking statements. Further, any forward-looking statement speaks only as of the date when it is made and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time that may cause our business not to develop as we expect, and we cannot predict all of them.

Overview

We are an externally managed investment company that lends to and invests in lower middle market companies. Our investment objective is to generate current income and when possible, capital appreciation, by targeting investment opportunities with favorable risk-adjusted returns. Our investment activities are managed by our investment adviser, Rand Capital Management, LLC ("RCM").

We have elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). As a BDC, we are required to comply with certain regulatory requirements specified in the 1940 Act.

In November 2019, Rand completed a stock sale transaction (the "Transaction") with East. The Transaction consisted of a $25 million investment in Rand by East, in exchange for approximately 8.3 million shares of Rand common stock. Concurrent with the closing of the Transaction, on November 8, 2019, Rand entered into an investment advisory and management agreement (the "Prior Investment Management Agreement") and an administration agreement (the "Prior Administration Agreement") with RCM. In connection with retaining RCM as our investment adviser and administrator, Rand's management and staff became employees of RCM.

In December 2020, Rand's shareholders approved a new investment advisory and management agreement (the "Investment Management Agreement") with RCM at a special meeting of shareholders (the "Special Meeting"). The approval was required because Callodine Group, LLC ("Callodine") planned to acquire a controlling interest in RCM, which was, at that time, majority owned by East (the "Adviser Change in Control"). Callodine is a yield focused asset management platform. The terms of the Investment Management Agreement are identical to those contained in the Prior Investment Management Agreement, with RCM continuing to provide investment advisory and management services to Rand following the Adviser Change in Control. Following approval by Rand's shareholders at the Special Meeting, Rand, on December 31, 2020, entered into the Investment Management Agreement and a new administration agreement (the "Administration Agreement") with RCM and terminated the Prior Administration Agreement. The terms of the Administration Agreement are identical to those contained in the Prior Administration Agreement.

Pursuant to the terms of the Investment Management Agreement, Rand pays RCM a base management fee and may pay an incentive fee, comprised of two parts: (1) the "Income Based Fee" and (2) the "Capital Gains Fee", if specified benchmarks are met.

In 2020, we elected U.S federal tax treatment as a regulated investment company ("RIC") under subchapter M of the Internal Revenue Code of 1986, as amended. To maintain our qualification as a RIC, we must, among other things, meet certain source of income and asset diversification requirements. As of June 30, 2023, we believe we were in compliance with the RIC requirements. As a RIC, we generally will not be subject to corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we timely distribute to our shareholders as dividends. We must distribute annually to our shareholders at least 90% of our ordinary net income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Accordingly, our Board of Directors has initiated a quarterly cash dividend.

Our Board of Directors declared the following quarterly cash dividends during the six months ended June 30, 2023:

Quarter	Dividend/Share Amount	Record Date	Payment Date
1st	$ 0.20	March 13, 2023	March 27, 2023
2nd	$ 0.25	May 31, 2023	June 14, 2023

We intend to co-invest, subject to the conditions included in the exemptive relief order we received from the SEC, with certain of our affiliates. See "SEC Exemptive Order" below. We believe these types of co-investments are likely to afford us additional investment opportunities and provide an ability to achieve greater diversification in our investment portfolio.

SEC Exemptive Order

On October 7, 2020, Rand, RCM and certain of their affiliates received an exemptive order from the SEC to permit the Corporation to co-invest in portfolio companies with certain affiliates, including other BDCs and registered investment companies, managed by RCM and certain of its affiliates, in a manner consistent with the Corporation's investment objective, positions, policies, strategies and restrictions as well as regulatory requirements, subject to compliance with certain conditions (the "Order"). On March 29, 2021, the SEC granted Rand, RCM, Callodine, which holds a controlling interest in RCM, and certain of their affiliates a new exemptive order (the "New Order") that superseded the Order and permits Rand to co-invest with affiliates managed by RCM and Callodine. Pursuant to the New Order, the Corporation is generally permitted to co-invest with affiliates covered by the New Order if a "required majority" (as defined in Section 57(o) of the 1940 Act) of Rand's independent directors makes certain conclusions in connection with a co-investment transaction, including that (1) the terms of the transaction, including the consideration to be paid, are reasonable and fair to Rand and its shareholders and do not involve overreaching in respect of Rand or its shareholders on the part of any person concerned, (2) the transaction is consistent with the interests of the Rand's shareholders and is consistent with Rand's investment objective and strategies and (3) the investment by Rand's affiliates would not disadvantage Rand, and Rand's participation would not be on a basis different from or less advantageous than that on which Rand's affiliates are investing. In addition, on September 6, 2022, the SEC granted an amendment to the New Order to permit us to participate in follow-on investments in our existing portfolio companies with certain Affiliated Funds (as defined in the amended New Order) that do not hold any investments in such existing portfolio companies.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with United States generally accepted accounting principles (GAAP), which require the use of estimates and assumptions that affect the reported amounts of assets and liabilities. A summary of our critical accounting policies can be found in our Annual Report on Form 10-K for the year ended December 31, 2022 under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Financial Condition

Overview:

	June 30, 2023	December 31, 2022	Increase	% Increase
Total assets	$ 76,054,837	$ 63,481,192	$ 12,573,645	19.8 %
Total liabilities	14,652,809	5,759,872	8,892,937	154.4 %
Net assets	$ 61,402,028	$ 57,721,320	$ 3,680,708	6.4 %

Net asset value per share (NAV) was $23.79 at June 30, 2023 and $22.36 at December 31, 2022.

Cash approximated 13.6% of net assets at June 30, 2023, as compared to 2.4% of net assets at December 31, 2022.

During the second quarter of 2022, we entered into a $25 million senior secured revolving credit facility (the "Credit Facility") with M&T Bank, as lender (the "Lender"), with the amount that we can borrow thereunder, at any given time, determined based upon a borrowing base formula. The Credit Facility has a 5-year term with a maturity date of June 27, 2027. Our borrowings under the Credit Facility bear interest at a variable rate per annum equal to 3.50 percentage points above the greater of (i) the applicable daily simple secured overnight financing rate (SOFR) and (ii) 0.25%. At June 30, 2023, there was $10,650,000 drawn on the Credit Facility and the applicable interest rate was 8.59%. See "Note 6. Senior Secured Revolving Credit Facility" in the Notes to the Consolidated Financial Statements for additional information regarding the terms of our Credit Facility.

Composition of Our Investment Portfolio

Our financial condition is dependent on the success of our portfolio holdings. The following summarizes our investment portfolio at the dates indicated.

	June 30, 2023	December 31, 2022	Increase	% Increase
Investments, at cost	$ 60,969,018	$ 55,716,237	$ 5,252,781	9.4 %
Unrealized appreciation, net	5,822,725	5,788,022	34,703	0.6 %
Investments, at fair value	$ 66,791,743	$ 61,504,259	$ 5,287,484	8.6 %

Our total investments at fair value, as determined by RCM and approved by our Board of Directors, approximated 109% of net assets at June 30, 2023 as compared to approximately 107% of net assets at December 31, 2022.

Our investment objective is to generate current income and when possible, capital appreciation, by targeting investment opportunities with favorable risk-adjusted returns. As a result, we are focused on investing in higher yielding debt instruments and related equity investments in privately held, lower middle market companies with a committed and experienced management team in a broad variety of industries. We may also invest in publicly traded shares of other business development companies that provide income through dividends and have more liquidity than our private company equity investments.

The change in investments during the six months ended June 30, 2023, at cost, is comprised of the following:

		Cost Increase (Decrease)
New investments:		
Inter-National Electronic Alloys LLC (INEA)	$	4,300,000
Pressure Pro, Inc. (Pressure Pro)		3,000,000
BMP Food Service Supply Holdco, LLC (FSS)		2,320,000
ITA Acquisition, LLC (ITA)		390,000
Tilson Technology Management, Inc. (Tilson)		250,000
Total of new investments		10,260,000
Other changes to investments:		
Filterworks Acquisition USA, LLC (Filterworks) interest conversion		147,638
ITA interest conversion		105,528
Seybert's Billiards Corporation (Seybert's) OID amortization and interest conversion		62,019
BMP Swanson Holdco, LLC (Swanson) interest conversion		49,026
Pressure Pro OID amortization and interest conversion		43,635
Caitec, Inc. (Caitec) interest conversion		36,916
DSD Operating, LLC (DSD) interest conversion		31,652
Mattison Avenue Holdings, LLC (Mattison) interest conversion		18,716
INEA interest conversion		15,919
HDI Acquisition LLC (Hilton Displays) interest conversion		11,868
GoNoodle, Inc. (GoNoodle) interest conversion		7,067
SciAps, Inc. (Sciaps) OID amortization		5,000
Total of other changes to investments		534,984
Investments repaid, sold, liquidated or converted:		
ACV Auctions, Inc. (ACV) sale		(34,125)
FSS debt repayment and equity sale		(250,047)
Hilton Displays debt repayment		(300,000)
Somerset Gas Transmission Company, LLC (Somerset) equity sale		(719,097)
DSD debt repayment and equity sale		(4,238,934)
Total of investments repaid, sold, liquidated or converted		(5,542,203)
Net change in investments, at cost	**$**	**5,252,781**

Results of Operations

Comparison of the three months ended June 30, 2023 to the three months ended June 30, 2022

Investment Income

		Three months ended June 30, 2023		Three months ended June 30, 2022		Increase (Decrease)	% Increase (Decrease)
Interest from portfolio companies	$	1,473,540	$	1,004,832	$	468,708	46.6 %
Interest from other investments		104		1		103	NM
Dividend and other investment income		192,597		316,520		(123,923)	(39.2)%
Fee income		149,191		31,829		117,362	368.7 %
Total investment income	$	1,815,432	$	1,353,182	$	462,250	34.2 %

NM - Not meaningful

The total investment income during the three months ended June 30, 2023 was received from 22 portfolio companies. For the three months ended June 30, 2022, total investment income was generated from 21 portfolio companies.

Interest from portfolio companies – Interest from portfolio companies was approximately 47% higher during the three months ended June 30, 2023 versus the same period in 2022 due to the fact that we originated more interest yielding investments during the last year. The new debt instruments were originated from BMP Food Service Supply Holdco, LLC (FSS), Inter-National Electronic

Alloys LLC (INEA), ITA Acquisition, LLC (ITA), Pressure Pro, Inc. (Pressure Pro), SciAps, Inc. (Sciaps) and Seybert's Billiards Corporation (Seybert's).

Interest from other investments - The increase in interest from other investments is due to higher cash balances during the three months ended June 30, 2023 versus the same period in 2022.

Dividend and other investment income - Dividend income is comprised of cash distributions from limited liability companies (LLCs) and corporations in which we have invested, including our investment in the shares of publicly traded business development companies (BDC). Our investment agreements with certain LLCs require those LLCs to distribute funds to us for payment of income taxes on our allocable share of the LLC's profits. These portfolio companies may also elect to make additional discretionary distributions. Dividend income will fluctuate based upon the profitability of these LLCs and corporations and the timing of the distributions. The dividend distributions for the respective periods were:

	Three months ended June 30, 2023	Three months ended June 30, 2022
DSD Operating, LLC (DSD)	$ 46,552	$ —
PennantPark Investment Corporation (Pennantpark)	39,000	28,275
Carlyle Secured Lending Inc. (Carlyle)	37,840	34,400
FS KKR Capital Corp. (FS KKR)	36,000	32,640
Tilson Technology Management Inc. (Tilson)	13,125	13,125
Ares Capital Corporation (Ares)	10,080	8,820
Barings BDC, Inc. (Barings)	10,000	9,600
Carolina Skiff LLC (Carolina Skiff)	—	189,660
Total dividend and other investment income	$ 192,597	$ 316,520

Fee income - Fee income generally consists of the revenue associated with the amortization of financing fees charged to the portfolio companies upon successful closing of financings, income from portfolio company board attendance fees and other miscellaneous fees. The financing fees are amortized ratably over the life of the instrument associated with the fees. The unamortized fees are carried on the balance sheet under the line item "Deferred revenue."

The income associated with the amortization of financing fees was $87,927 and $31,829 for the three months ended June 30, 2023 and 2022, respectively. During the three months ended June 30, 2023, we recognized an early repayment fee of $61,264 from our investment in DSD.

Expenses

	Three months ended June 30, 2023	Three months ended June 30, 2022	Increase	% Increase
Total expenses	$ 1,306,741	$ (96,198)	$ 1,402,939	NM

NM - Not meaningful

The increase in total expenses during the three months ended June 30, 2023 versus the same period in 2022 was primarily due to a $1,154,000 increase in the capital gains incentive fee expense and an approximately $259,000 increase in interest expense. The increase in the capital gains incentive fee accrual during the three months ended June 30, 2023 is due to the calculation of the capital gains fee as required by GAAP. We are required to accrue capital gains incentive fees on the basis of net realized capital gains and losses and net unrealized gains and losses. Our capital gains incentive fee accrual reflects the capital gains incentive fees that would be payable to RCM if our entire investment portfolio was liquidated at its fair value as of the balance sheet date, even though RCM is not entitled to this capital gains incentive fee under the terms of our Investment Management Agreement with respect to unrealized gains unless and until such gains are actually realized.

In June 2022, we entered into a credit agreement with the Lender, which provides us with a Credit Facility in a principal amount not to exceed $25 million. We incurred $258,912 in interest expense related to the Credit Facility during the three months ended June 30, 2023. There was no corresponding expense during the three months ended June 30, 2022.

Net Investment Income

The excess of investment income over total expenses, including income taxes, represents net investment income. The net investment income for the three months ended June 30, 2023 and 2022 was $492,630 and $1,418,137, respectively.

Realized Gain on Investments

	Three months ended June 30, 2023	Three months ended June 30, 2022	Change
Realized gain on investments before income taxes	$ 3,818,247	$ 1,540,143	$ 2,278,104

During the three months ended June 30, 2023, we sold our investment in DSD Operating, LLC (DSD) and recognized a realized gain of $2,537,765. In addition, during the during the three months ended June 30, 2023, we sold our investment in Somerset Gas Transmission Company, LLC (Somerset) and recognized a realized loss of ($448,717). We also recognized a realized gain of $10,432 from additional proceeds received from ClearView Social, Inc. (Clearview Social), an investment we exited during 2021.

In addition, we recognized a net realized gain of $1,718,767 on the sale of 125,000 shares of Class A common stock of ACV Auctions, Inc. (ACV), during the three months ended June 30, 2023. At June 30, 2023, we owned 194,934 shares of Class A common stock of ACV.

During the three months ended June 30, 2022, we sold our investment in Microcision LLC (Microcision) and recognized a realized gain of $190,000. We recognized a net realized gain of $1,200,951 on the sale of 86,000 shares of Class A common stock of ACV during the three months ended June 30, 2022.

In addition, during the three months ended June 30, 2022, we recognized a $73,101 realized gain on the sale of 31,250 shares of Golub Capital BDC, Inc (Golub), and a $97,932 realized gain on the sale of 30,000 shares of Owl Rock Capital Corporation (Owl Rock). We recognized an additional $1,000 gain on SocialFlow Inc. (Social Flow) after an escrow adjustment. We recognized a realized loss of $22,841 on New Monarch Machine Tool, Inc. (New Monarch), when the company commenced bankruptcy proceedings.

Change in Unrealized Appreciation (Depreciation) of Investments

	Three months ended June 30, 2023	Three months ended June 30, 2022	Change
Change in unrealized appreciation (depreciation) of investments before income taxes	$ (1,367,270)	$ (4,854,669)	$ 3,487,399

The change in net unrealized appreciation (depreciation), before income taxes, for the three months ended June 30, 2023, was comprised of the following:

	Three months ended June 30, 2023
Somerset Gas Transmission Company, LLC (Somerset)	$ 594,097
PennantPark Investment Corporation (Pennantpark)	113,750
Carlyle Secured Lending Inc. (Carlyle)	88,580
FS KKR Capital Corp. (FS KKR)	33,440
Ares Capital Corporation (Ares)	13,370
Barings BDC, Inc. (Barings)	400
ACV Auctions, Inc. (ACV)	(622,269)
Open Exchange Inc. (Open Exchange)	(701,940)
DSD Operating, LLC (DSD)	(886,698)
Total change in net unrealized appreciation (depreciation) of investments before income taxes	$ (1,367,270)

ACV, Ares, Barings, Carlyle, FS KKR, and Pennantpark are all publicly traded stocks, and as such, are marked to market at the end of each quarter, using the three-day average closing price prior to the end of the quarter.

We sold our investments in Somerset and DSD during the three months ended June 30, 2023.

The valuation of our investment in Open Exchange, during the three months ended June 30, 2023, was decreased after a review of their operations and financial condition.

The change in net unrealized appreciation (depreciation), before income taxes, for the three months ended June 30, 2022, was comprised of the following:

	Three months ended June 30, 2022
Microcision LLC (Microcision)	$ 25,000
New Monarch Machine Tool, Inc. (New Monarch)	22,841
Barings	(39,200)
Ares	(62,650)
Golub Capital BDC, Inc. (Golub)	(71,507)
Owl Rock Capital Corporation (Owl Rock)	(98,933)
Carlyle	(144,767)
FS KKR	(168,960)
Pennantpark	(308,750)
ACV	(4,007,743)
Total change in net unrealized appreciation (depreciation) of investments before income taxes	$ (4,854,669)

ACV, Ares, Barings, Carlyle, FS KKR, Golub, Owl Rock and Pennantpark are all publicly traded stocks, and as such, are marked to market at the end of each quarter, using the three-day average closing price prior to the end of the quarter.

We sold our investment in Microcision during the three months ended June 30, 2022.

All of these valuation adjustments resulted from a review by RCM management, which was subsequently approved by our Board of Directors, using the guidance set forth by ASC 820 and our established valuation policy.

Net Increase (Decrease) in Net Assets from Operations

We account for our operations under GAAP for investment companies. The principal measure of our financial performance is "Net increase (decrease) in net assets from operations" on our consolidated statements of operations. The net increase (decrease) in net assets from operations for the three months ended June 30, 2023 and 2022 was $2,671,890 and ($1,896,389), respectively.

Comparison of the six months ended June 30, 2023 to the six months ended June 30, 2022

Investment Income

	Six months ended June 30, 2023	Six months ended June 30, 2022	Increase	% Increase
Interest from portfolio companies	$ 2,770,443	$ 1,916,971	$ 853,472	44.5 %
Interest from other investments	236	1	235	NM
Dividend and other investment income	667,340	489,510	177,830	36.3 %
Fee income	228,911	71,448	157,463	220.4 %
Total investment income	$ 3,666,930	$ 2,477,930	$ 1,189,000	48.0 %

NM - Not meaningful

The total investment income during the six months ended June 30, 2023 and 2022 was received from 24 portfolio companies.

Interest from portfolio companies – Interest from portfolio companies was approximately 45% higher during the six months ended June 30, 2023 versus the same period in 2022 due to the fact that we originated more interest yielding investments during the last year. The new debt instruments were originated from BMP Food Service Supply Holdco, LLC (FSS), Inter-National Electronic Alloys LLC (INEA), ITA Acquisition, LLC (ITA), Pressure Pro, Inc. (Pressure Pro), SciAps, Inc. (Sciaps) and Seybert's Billiards Corporation (Seybert's).

Interest from other investments - The increase in interest from other investments is due to higher cash balances during the six months ended June 30, 2023 versus the same period in 2022.

Dividend and other investment income - Dividend income is comprised of cash distributions from limited liability companies (LLCs) and corporations in which we have invested, including our investment in the shares of publicly traded business development companies (BDC). Our investment agreements with certain LLCs require those LLCs to distribute funds to us for payment of income taxes on our allocable share of the LLC's profits. These portfolio companies may also elect to make additional discretionary distributions. Dividend income will fluctuate based upon the profitability of these LLCs and corporations and the timing of the distributions. The dividend distributions for the respective periods were:

	Six months ended June 30, 2023	Six months ended June 30, 2022
Carolina Skiff LLC (Carolina Skiff)	$ 299,173	$ 220,260
Carlyle Secured Lending Inc. (Carlyle)	75,680	68,800
PennantPark Investment Corporation (Pennantpark)	75,075	55,575
FS KKR Capital Corp. (FS KKR)	69,600	62,880
DSD Operating, LLC (DSD)	46,552	—
Knoa Software, Inc. (Knoa)	34,850	—
Tilson Technology Management, Inc. (Tilson)	26,250	26,250
Ares Capital Corporation (Ares)	20,160	18,270
Barings BDC, Inc. (Barings)	20,000	18,800
Golub Capital BDC, Inc. (Golub)	—	9,375
Owl Rock Capital Corporation (Owl Rock)	—	9,300
Total dividend and other investment income	$ 667,340	$ 489,510

Fee income - Fee income generally consists of the revenue associated with the amortization of financing fees charged to the portfolio companies upon successful closing of financings, income from portfolio company board attendance fees and other miscellaneous fees. The financing fees are amortized ratably over the life of the instrument associated with the fees. The unamortized fees are carried on the balance sheet under the line item "Deferred revenue."

The income associated with the amortization of financing fees was $125,647 and $61,448 for the six months ended June 30, 2023 and 2022, respectively. During the six months ended June 30, 2023, we recognized an early repayment fee of $61,264 from our investment in DSD, a loan monitoring fee of $20,000 from our investment in FSS, a loan monitoring fee of $20,000 from our investment in Pressure Pro, and a loan modification fee of $2,000 from our investment in Lumious.

During the six months ended June 30, 2022, we recognized a loan monitoring fee of $10,000 from our investment in Seybert's.

Expenses

	Six months ended June 30, 2023	Six months ended June 30, 2022	Increase	% Increase
Total expenses	$ 2,354,586	$ 249,180	$ 2,105,406	NM

NM - Not meaningful

The increase in total expenses during the six months ended June 30, 2023 versus the same period in 2022 was primarily due to an approximately $1,685,000 increase in the capital gains incentive fee expense and an approximately $417,000 increase in interest expense. The increase in the capital gains incentive fee accrual during the six months ended June 30, 2023 is due to the calculation of the capital gains fee as required by GAAP. We are required to accrue capital gains incentive fees on the basis of net realized capital gains and losses and net unrealized gains and losses. Our capital gains incentive fee accrual reflects the capital gains incentive fees that would be payable to RCM if our entire investment portfolio was liquidated at its fair value as of the balance sheet date, even though RCM is not entitled to this capital gains incentive fee under the Investment Management Agreement with respect to unrealized gains unless and until such gains are actually realized.

On June 27, 2022, we entered into a credit agreement with the Lender, which provides us with a senior secured revolving credit facility in a principal amount not to exceed $25 million. We incurred $417,312 in interest expense related to the line of credit during the six months ended June 30, 2023. There was no corresponding expense during the six months ended June 30, 2022.

Net Investment Income

The excess of investment income over total expenses, including income taxes, represents net investment income. The net investment income for the six months ended June 30, 2023 and 2022 was $1,207,546 and $2,190,140, respectively.

Realized Gain on Investments

	Six months ended June 30, 2023	Six months ended June 30, 2022	Change
Realized gain on investments before income taxes	$ 3,871,635	$ 688,672	$ 3,182,963

During the six months ended June 30, 2023, we sold our investment in DSD Operating, LLC (DSD) and recognized a realized gain of $2,537,765. In addition, during the during the six months ended June 30, 2023, we sold our investment in Somerset Gas Transmission Company, LLC (Somerset) and recognized a realized loss of ($448,717).

During the six months ended June 30, 2023, we recognized a gain of $58,329 from additional proceeds received from Microcision LLC (Microcision), an investment we exited in 2022. We also recognized a realized gain of $10,432 from additional proceeds received from ClearView Social, Inc. (Clearview Social), an investment we exited during 2021. In addition, we recognized a realized loss of ($4,941) on our escrow receivable from SocialFlow, Inc. (Social Flow), an investment we exited in 2022.

We recognized a net realized gain of $1,718,767 on the sale of 125,000 shares of Class A common stock of ACV Auctions, Inc. (ACV), during the six months ended June 30, 2023. At June 30, 2023, we owned 194,934 shares of Class A common stock of ACV.

During the six months ended June 30, 2022, we sold our investment in Social Flow and recognized a realized loss of ($1,481,498). Additionally, during the six months ended June 30, 2022, we sold our investment in Microcision and recognized a realized gain of $190,000 and recognized a realized loss of ($22,841) on our investment in New Monarch Machine Tool, Inc. (New Monarch), when the company commenced bankruptcy proceedings. We also recognized a realized gain on the receipt of $38,881 from Clearview Social. We recognized a net realized gain of $1,701,446 on the sale of 123,000 shares of Class A common stock of ACV during the six months ended June 30, 2022.

In addition, during the six months ended June 30, 2022, we recognized a $73,101 realized gain on the sale of 31,250 shares of Golub Capital BDC, Inc (Golub), a $97,932 realized gain on the sale of 30,000 shares of Owl Rock Capital Corporation (Owl Rock), a $50,238 realized gain on the sale of 6,000 shares of Ares Capital Corporation (Ares), and a $41,413 realized gain on the sale of 6,000 shares of FS KKR Capital Corp. (FS KKR).

Change in Unrealized Appreciation (Depreciation) of Investments

	Six months ended June 30, 2023	Six months ended June 30, 2022	Change
Change in unrealized appreciation (depreciation) of investments before income taxes	$ 34,703	$ (5,185,738)	$ 5,220,441

The change in net unrealized appreciation (depreciation), before income taxes, for the six months ended June 30, 2023, was comprised of the following:

		Six months ended June 30, 2023
ACV Auctions, Inc. (ACV)	$	893,151
Somerset Gas Transmission Company, LLC (Somerset)		594,097
FS KKR Capital Corp. (FS KKR)		81,440
Carlyle Secured Lending Inc. (Carlyle)		34,113
PennantPark Investment Corporation (Pennantpark)		28,600
Ares Capital Corporation (Ares)		4,340
Barings BDC, Inc. (Barings)		(12,400)
Open Exchange Inc. (Open Exchange)		(701,940)
DSD Operating, LLC (DSD)		(886,698)
Total change in net unrealized appreciation (depreciation) of investments before income taxes	$	34,703

ACV, Ares, Barings, Carlyle, FS KKR and Pennantpark are all publicly traded stocks, and as such, are marked to market at the end of each quarter, using the three-day average closing price prior to the end of the quarter.

We sold our investments in Somerset and DSD during the six months ended June 30, 2023.

The valuation of our investment in Open Exchange, during the six months ended June 30, 2023, was decreased after a review of their operations and financial condition.

The change in net unrealized appreciation (depreciation), before income taxes, for the six months ended June 30, 2022, was comprised of the following:

		Six months ended June 30, 2022
SocialFlow, Inc. (Social Flow)	$	1,628,000
Microcision LLC (Microcision)		25,000
New Monarch Machine Tool, Inc. (New Monarch)		22,841
Barings		(62,533)
Carlyle		(76,253)
Golub Capital BDC, Inc. (Golub)		(77,653)
Owl Rock Capital Corporation (Owl Rock)		(80,533)
FS KKR		(106,220)
Ares		(113,680)
Pennantpark		(138,450)
ACV		(6,206,257)
Total change in net unrealized appreciation (depreciation) of investments before income taxes	$	(5,185,738)

ACV, Ares, Barings, Carlyle, FS KKR and Pennantpark are all publicly traded stocks, and as such, are marked to market at the end of each quarter, using the three-day average closing price prior to the end of the quarter.

We sold our investments in Microcision, Social Flow, Golub and Owl Rock during the six months ended June 30, 2022.

All of these valuation adjustments resulted from a review by RCM management, which was subsequently approved by our Board of Directors, using the guidance set forth by ASC 820 and our established valuation policy.

Net Increase (Decrease) in Net Assets from Operations

We account for our operations under GAAP for investment companies. The principal measure of our financial performance is "Net increase (decrease) in net assets from operations" on our consolidated statements of operations. The net increase (decrease) in net assets from operations for the six months ended June 30, 2023 and 2022 was 4,842,167 and ($2,306,926), respectively.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet anticipated cash requirements, fund new and follow-on portfolio investments, pay distributions to our shareholders and respond to other general business demands. As of June 30, 2023, our total liquidity consisted of approximately $8,356,000 in cash. In addition, we hold publicly traded equity securities of several BDCs and ACV Auctions, which are available for future liquidity requirements.

During the second quarter of 2022, we entered into a $25 million Credit Facility. The amount we can borrow, at any given time, under the Credit Facility is tied to a borrowing base, which is measured as (i) 75% of the aggregate sum of the fair market values of the publicly traded equity securities we hold (other than shares of ACV Auctions) plus (ii) the least of (a) 75% of the fair market value of the shares of ACV Auctions we hold, (b) $6.25 million and (c) 25% of the aggregate borrowing base availability for the Credit Facility at any date of determination plus (iii) 50% of the aggregate sum of the fair market values of eligible private loans we hold that meet specified criteria plus (iv) the lesser of (a) 50% of the aggregate sum of the fair market values of unsecured private loans we hold that meet specified criteria and (b) $1.25 million minus (v) such reserves as the Lender may establish from time to time in its sole discretion. The Credit Facility has a maturity date of June 27, 2027. The outstanding balance drawn on the Credit Facility at June 30, 2023 was $10,650,000. Under the borrowing base formula described above, the unused line of credit balance for the Credit Facility was $14,350,000 at June 30, 2023.

Our borrowings under the Credit Facility bear interest at a variable rate determined as a rate per annum equal to 3.50 percentage points above the greater of (i) the applicable daily simple secured overnight financing rate (SOFR) and (ii) 0.25%. At June 30, 2023, our applicable interest rate was 8.59%.

The Credit Agreement contains representations and warranties and affirmative, negative and financial covenants usual and customary for agreements of this type, including among others covenants that prohibit, subject to certain specified exceptions, our ability to merge or consolidate with other companies, sell any material part of our assets, incur other indebtedness, incur liens on our assets, make investments or loans to third parties other than permitted investments and permitted loans, and declare any distribution or dividend other than certain permitted distributions. The Credit Agreement includes the following financial covenants: (i) a tangible net worth covenant that requires us to maintain a Tangible Net Worth (defined in the Credit Agreement as our aggregate assets, excluding intangible assets, less all of our liabilities) of not less than $50.0 million, which is measured quarterly at the end of each fiscal quarter, (ii) an asset coverage ratio covenant that requires us to maintain an Asset Coverage Ratio (defined in the Credit Agreement as the ratio of the fair market value of all of our assets to the sum of all of our obligations for borrowed money plus all capital lease obligations) of not less than 3:1, which is measured quarterly at the end of each fiscal quarter and (iii) an interest coverage ratio covenant that requires us to maintain an Interest Coverage Ratio (defined in the Credit Agreement as the ratio of Cash Flow (as defined in the Credit Agreement) to Interest Expense (as defined in the Credit Agreement)) of not less than 2.5:1, which is measured quarterly on a trailing twelve-months basis. We believe we were in compliance with these covenants at June 30, 2023. See "Note 6. Senior Secured Revolving Credit Facility" on our Notes to the Consolidated Financial Statements for additional information regarding the terms of our Credit Facility.

For the six months ended June 30, 2023, we experienced a net increase in cash of approximately $6,987,000, which is a net effect of approximately $49,000 of cash provided by our operating activities and approximately $6,939,000 provided by our financing activities.

We anticipate that we will continue to fund our investment activities through cash generated through our ongoing operating activities, the sale of our publicly traded liquid investments, and through borrowings under the $25 million Credit Facility. We anticipate that we will continue to exit investments. However, the timing of liquidation events with respect to our privately held investments is difficult to project.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our investment activities contain elements of risk. Our investment portfolio primarily consists of debt and equity securities in private companies and is subject to valuation risk. Because there is typically no public market for the debt and equity securities in which we invest, the valuation of the equity interests in the portfolio is stated at "fair value" as determined in good faith by RCM and approved by our Board of Directors. This is in accordance with our investment valuation policy (see the discussion of valuation policy contained in "Note 3. Investments" in the Consolidated Financial Statements contained in Item 1 of this report, which is hereby incorporated herein by reference.) In the absence of readily ascertainable market values, the estimated value of investments in our portfolio may differ significantly from the values that would be placed on such investments in our portfolio if a ready market for the investments existed. Any changes in valuation are recorded on the consolidated statement of operations as "Net change in unrealized appreciation or depreciation on investments."

At times, our portfolio may include, and does currently include, marketable securities traded in the over-the-counter market or on other stock markets. In addition, there may be a portion of the portfolio for which no regular trading market exists. In order to realize the full value of a security, the market must trade in an orderly fashion, or a willing purchaser must be available when a sale is to be made. Should an economic or other event occur that would not allow markets to trade in an orderly fashion, we may not be able to realize the fair value of our marketable investments or other investments in a timely manner.

At June 30, 2023, we did not have any off-balance sheet arrangements or hedging or similar derivative financial instrument investments.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. The Corporation maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that this information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Chief Executive Officer and the Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures as of June 30, 2023. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation's controls and procedures were effective as of June 30, 2023.

Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting during the Corporation's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

PART II.
OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

See the information provided under the heading “Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Period	Total number of shares purchased (1)	Average price paid per share (2)	Total number of shares purchased as part of publicly announced plan (3)	Maximum dollar amount of shares that may yet be purchased under the share repurchase program (3)
4/1/2023 – 4/30/2023	—	—	—	$ 1,500,000
5/1/2023 – 5/31/2023	—	—	—	$ 1,500,000
6/1/2023 – 6/30/2023	—	—	—	$ 1,500,000
Total	—	—	—	

(1)There were no shares repurchased during the quarter.
(2)The average price paid per share is calculated on a settlement basis and includes commission.
(3)On April 19, 2023, the Board of Directors approved a new share repurchase plan, which authorizes the Corporation to repurchase shares of the Corporation’s outstanding common stock with an aggregate cost of up to $1,500,000 at prices per share of common stock of no greater than the then current net asset value. This share repurchase authorization lasts for a period of 12 months from the authorization date, until April 19, 2024.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

During the three months ended June 30, 2023, no director or officer of the Corporation adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K..

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Item 6. Exhibits

(a)Exhibits

The following exhibits are filed with this report or are incorporated herein by reference to a prior filing, in accordance with Rule 12b-32 under the Securities Exchange Act of 1934.

(3.1)(i)	Certificate of Incorporation of the Corporation, incorporated by reference to Exhibit (a)(1) of Form N-2 filed with the SEC on April 22, 1997. (File No. 333-25617).
(3.1)(ii)	Certificate of Amendment to the Certificate of Incorporation, as amended, incorporated by reference to Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed with the SEC on November 12, 2019.
(3.1)(iii)	Certificate of Amendment to the Certificate of Incorporation, as amended, incorporated by reference to Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed with the SEC on May 21, 2020.
(3.1)(iv)	By-laws of the Corporation, incorporated by reference to Exhibit 3(ii) to the Corporation's Quarterly Report on Form 10-Q for the period ended September 30, 2016 filed with the SEC on November 2, 2016. (File No. 814-00235).
(4.1)	Specimen certificate of common stock certificate, incorporated by reference to Exhibit (b) of Form N-2 filed with the SEC on April 22, 1997. (File No. 333-25617).
(31.1)	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended – filed herewith.
(31.2)	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended – filed herewith.
(32.1)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Rand Capital Corporation – filed herewith.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RAND CAPITAL CORPORATION

Dated: August 4, 2023

/s/ Daniel P. Penberthy

Daniel P. Penberthy, Chief Executive Officer and President
(Chief Executive Officer)

Dated: August 4, 2023

/s/ Margaret W. Brechtel

Margaret W. Brechtel, Executive Vice President, Chief Financial Officer and Treasurer
(Chief Financial Officer)

EXHIBIT 31.1

CERTIFICATION
Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended

I, Daniel P. Penberthy, certify that:

1.I have reviewed this quarterly report on Form 10-Q of Rand Capital Corporation;

2.Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3.Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4.The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c)Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d)Disclosed in this quarterly report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

5.The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: August 4, 2023

/s/ Daniel P. Penberthy
Daniel P. Penberthy, Chief Executive Officer and President
(Chief Executive Officer)

EXHIBIT 31.2

CERTIFICATION
Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended

I, Margaret W. Brechtel, certify that:

1.I have reviewed this quarterly report on Form 10-Q of Rand Capital Corporation;

2.Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3.Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d)Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 4, 2023

/s/ Margaret W. Brechtel

Margaret W. Brechtel, Executive Vice President, Chief Financial Officer and Treasurer
(Chief Financial Officer)

EXHIBIT 32.1

CERTIFICATION
Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906
Of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Rand Capital Corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (the “Form 10-Q”) of the Company fully complies with the requirement of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 4, 2023

/s/ Daniel P. Penberthy
Daniel P. Penberthy, Chief Executive Officer and President
(Chief Executive Officer)

Dated: August 4, 2023

/s/ Margaret W. Brechtel
Margaret W. Brechtel, Executive Vice President, Chief Financial Officer and Treasurer
(Chief Financial Officer)