



# Value Creation Through Constructive Activism

Q4 2017 Financial Results and Shareholder Update Call

February 27, 2018

# Safe Harbor Statement



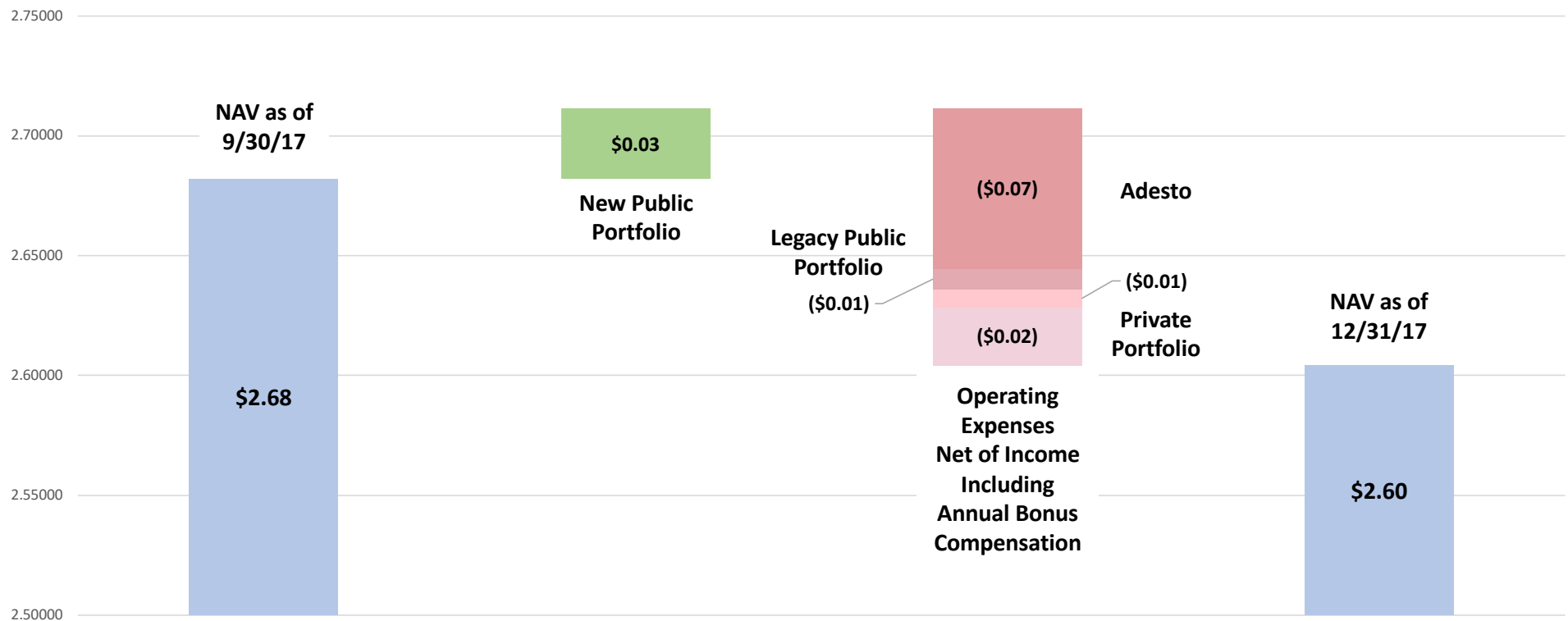
This presentation may contain statements of a forward-looking nature relating to future events. Statements contained in this presentation that are forward-looking statements are intended to be made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. These statements reflect the Company's current beliefs, and a number of important factors could cause actual results to differ materially from those expressed herein.

Please see the Company's filings with the Securities and Exchange Commission for a more detailed discussion of the risks and uncertainties associated with the Company's business, including but not limited to the risks and uncertainties associated with investing in privately held and publicly traded companies and other significant factors that could affect the Company's actual results. Except as otherwise required by Federal securities laws, 180 Degree Capital Corp. undertakes no obligation to update or revise these forward-looking statements to reflect new events or uncertainties.

# Summary of Q4 2017

- Increases in stock price and PPS/NAV; decreases in NAV/share and cash + liquid securities:
  - NAV/Share: \$2.68 -> \$2.60 (-3.0%)
  - Stock Price: \$1.74 -> \$1.97 (+13.2%)
  - Stock Price/NAV: 64.9% -> 75.8%
  - Cash + Liquid Securities: \$30.0mm -> \$27.7mm (-7.7%)
- Positives re TST were not enough to offset declines in IOTS
  - IOTS decreased in value by \$2.1 million
  - Privately held portfolio and MRSN declined by cumulative total of \$500,000
  - TST increased in value by \$1.31 million
- Closed first SPV and now managing outside capital for first time in company history.

# Source of Changes in Net Assets – Q3 to Q4 2017



# Core Public Portfolio Company Performance in Q4 2017

	PPS 9/30/17	PPS 12/31/17	Change	Notes
IOTS	\$7.85	\$6.45	(18%)	Semiconductor sector weakness
USAK	\$14.05	--	--	Sold position in Oct/Nov 2017 to fund TST investment; \$1.9mm gain realized.
TST	\$1.08	\$1.45	34%	Removal of preferred overhang.
MRSN	\$17.29	\$16.43	(5%)	Biotech sector positive in general
SYNC	\$2.70	\$2.30	(15%)	Continued struggles with credibility with investors; analyst financial target decreases

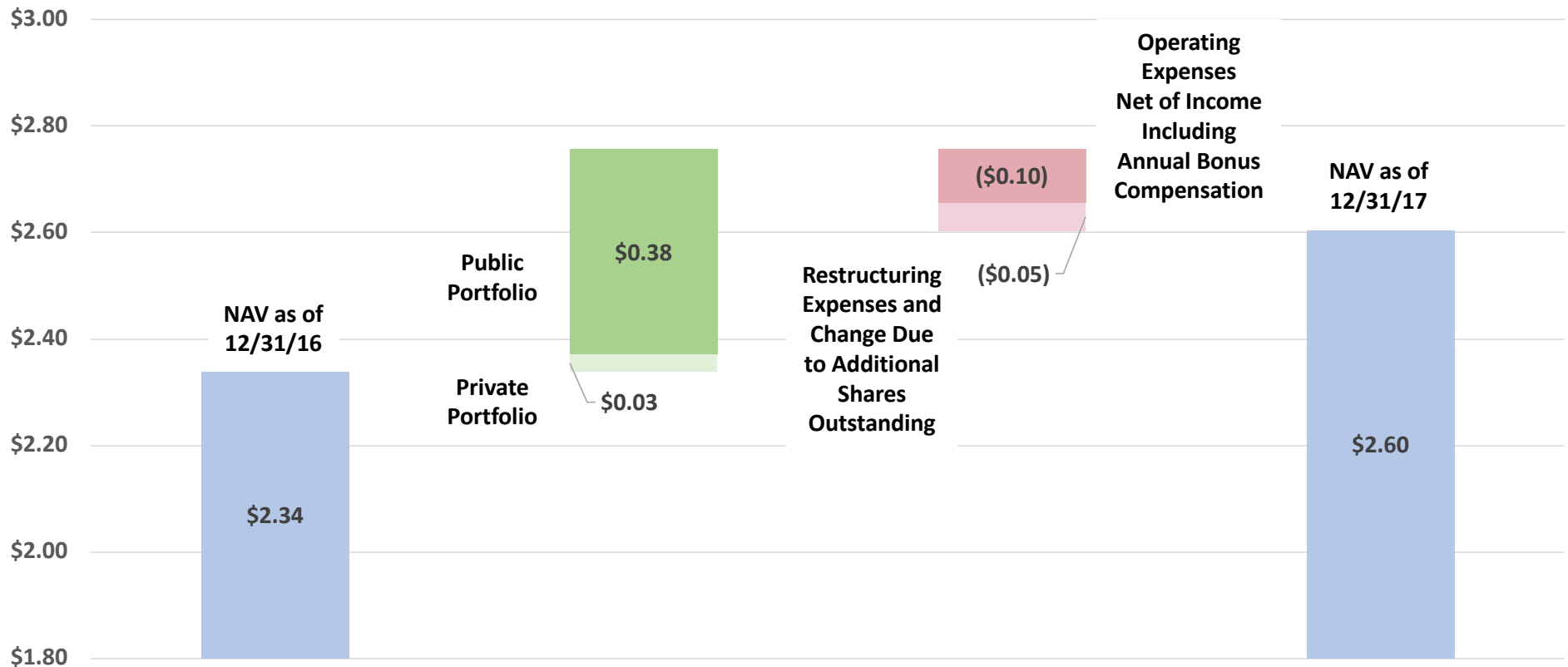
# 2017 Scorecard

	December 31, 2017	December 31, 2016	Change From December 31, 2016
Stock Price	\$1.97	\$1.38	43%
NAV / Share	\$2.60	\$2.34	11%
Cash + Public Portfolio Value	\$27,717,529	\$19,852,259	40%
Private Portfolio Value*	\$55,196,472	\$51,125,220	8%
Cash + Public Portfolio Value / NAV	34.2%	27.5%	670 bps
Stock Price / NAV	75.8%	59.0%	1677 bps
Full Year Actual Expenses**	\$2,913,727	\$5,262,451	(45%)
Third-Party Capital	Yes - \$3.85m	None	Yes

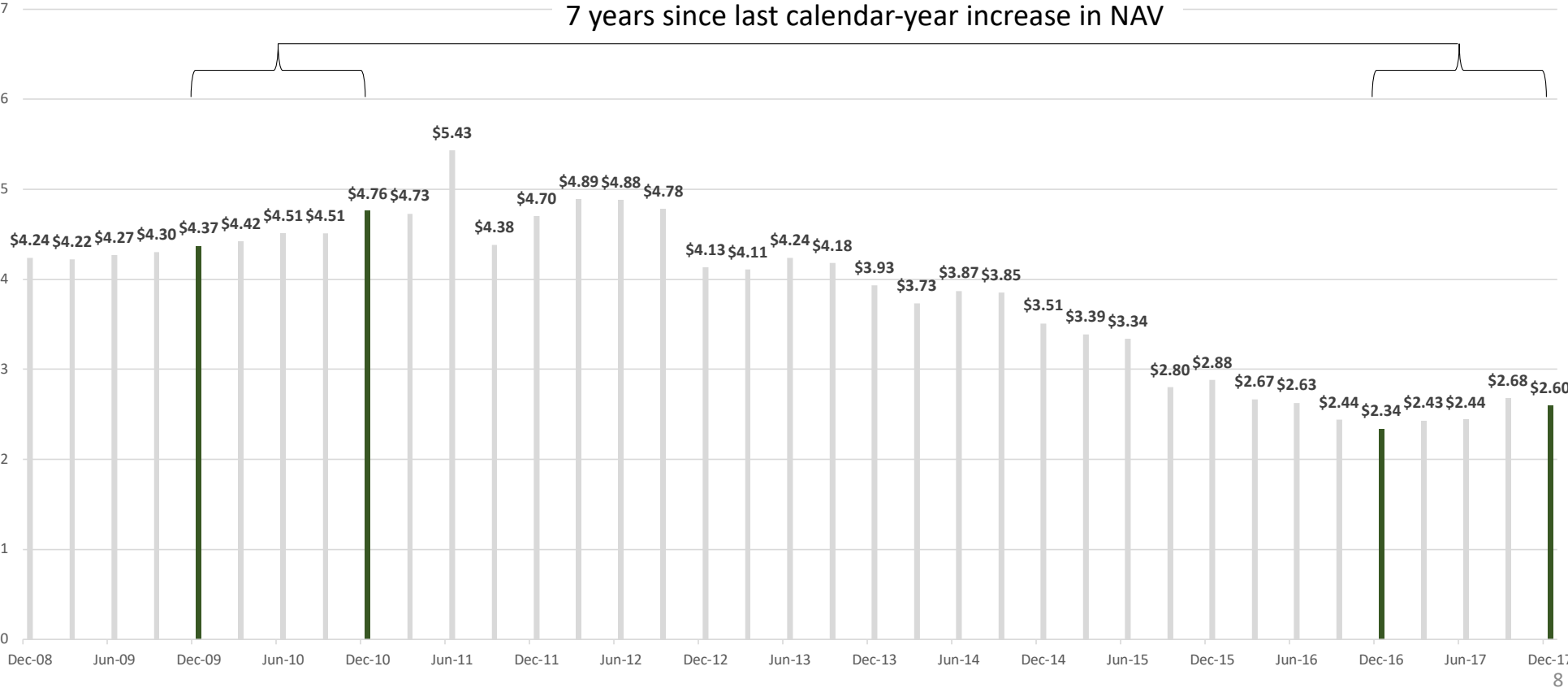
\* Private portfolio values at December 31, 2016 does not include \$2.8m in value of Mersana, which completed an IPO in June 2017.

\*\* On-going expenses net of sublease income. Does not include restructuring costs, \$968,340 in bonus and deferred bonus compensation for management in 2017 or non-cash benefit for cancellation of restricted stock in 2017.

# Source of Changes in Net Assets – Q4 2016 to Q4 2017



# Historical Trend of NAV





# Historical Stock Price and Percent of NAV



Note: Share price / NAV calculated on a historical NAV basis.

# Public Company Portfolio Performance in 2017

	Total Shares Purchased	Acq. PPS / PPS 12/31/16	Total Cost / Value 12/31/16	Shares Sold Since Purchase	Avg. Sale Price Per Share	Cash Received From Sales	PPS/VPS on 12/31/17	Value as of 12/31/17	Value + Cash Received	Change from 12/31/16 or Cost	% Change
IOTS	1,769,868	\$1.85	\$3,274,256	229,885	\$7.53	\$1,730,876	\$6.45	\$9,932,890	\$11,663,767	\$8,389,511	256.2%
USAK	262,165	\$6.67	\$1,747,854	262,165	\$14.13	\$3,705,596		\$0	\$3,705,596	\$1,957,742	112.0%
TST	1,000,000	\$0.89	\$890,000			\$0	\$1.45	\$1,450,000	\$1,450,000	\$560,000	62.9%
TST PIPE	3,636,363	\$1.10	\$3,999,999				\$1.36	\$4,937,381	\$4,937,381	\$937,382	23.4%
MRSN	294,557	\$9.47	\$2,790,749			\$0	\$16.43	\$4,839,572	\$4,839,572	\$2,049,165	25.6%
SYNC	1,180,200	\$3.11	\$3,670,422			\$0	\$2.30	\$2,714,460	\$2,714,460	(\$955,962)	-26.0%
EMKR	50,700	\$6.20	\$314,583				\$6.45	\$327,015	\$327,015	\$12,432	4.0%
ENUM	7,966,368	\$0.13	\$1,035,628	7,966,368	\$0.01	\$87,069	\$0.01	\$0	\$87,069	(\$948,559)	-91.6%
<b>Total Public Portfolio</b>			<b>\$17,723,149</b>					<b>\$24,201,318</b>	<b>\$29,724,859</b>	<b>\$12,001,710</b>	<b>67.7%</b>

Note: TST PIPE shares valued using a discount for lack of marketability owing to restrictions on transfer of unregistered shares purchased in PIPE transaction.

# TST Investment Thesis

- TST's new management turned around the business, but its stock did not reflect this improvement.
- Two overhangs existed that we believed limited the ability of TST's common stock from increasing in value.
  - Jim Cramer's contract was set to expire at end of 2017.
  - Preferred stock with \$55 million liquidation preference.
- Models of the removal of these overhangs indicated the potential for *immediate* appreciation in the price per share of TST's common stock beyond the PIPE price per share assuming current valuation metrics remain constant.<sup>1</sup>
- Continued growth in TST's businesses and financial metrics have the potential to provide further appreciation in the value of TST's stock.

<sup>1</sup> Actual results may be materially different than those modeled owing to factors including, but not limited to, changes in financial performance of the company, general market conditions, reductions or increases in shares outstanding. Discussion of models is solely for informational purposes and not meant to imply any projected future return on investment or other purpose.

## Modeled Change in Value of TST Stock Following Removal of Preferred Overhang

Model of price per share of TST based on fully diluted shares following \$7.85 million financing transaction @ \$1.10 per share <sup>1,2</sup>								
		B2B Recurring Revenue Multiple						
		0.75x	1.00x	1.25x	1.50x	1.75x	2.00x	2.25x
Multiple of B2C Recurring Revenue	0.75x	\$1.14	\$1.28	\$1.42	\$1.57	\$1.71	\$1.86	\$2.00
	1.00x	\$1.24	\$1.38	\$1.52	\$1.67	\$1.81	\$1.96	\$2.10
	1.25x	\$1.34	\$1.48	\$1.62	\$1.77	\$1.91	\$2.06	\$2.20
	1.50x	\$1.44	\$1.58	\$1.73	\$1.87	\$2.01	\$2.16	\$2.30
	1.75x	\$1.54	\$1.68	\$1.83	\$1.97	\$2.11	\$2.26	\$2.40
	2.00x	\$1.64	\$1.78	\$1.93	\$2.07	\$2.21	\$2.36	\$2.50
	2.25x	\$1.74	\$1.88	\$2.03	\$2.17	\$2.31	\$2.46	\$2.60

180's models indicated that TST common stock could trade immediately following transaction without multiple expansion, and significantly higher within 24 months with multiple expansion.<sup>2</sup>

<sup>1</sup> Modeled price per share on an outstanding basis for highlighted cells are \$1.56 and \$2.20, respectively.

<sup>2</sup> Actual results may be materially different than those modeled owing to factors including, but not limited to, changes in financial performance of the company, general market conditions, reductions or increases in shares outstanding. Model is solely for informational purposes and not meant to imply any projected future return on investment or other purpose.

# Sum of the Parts of TURN

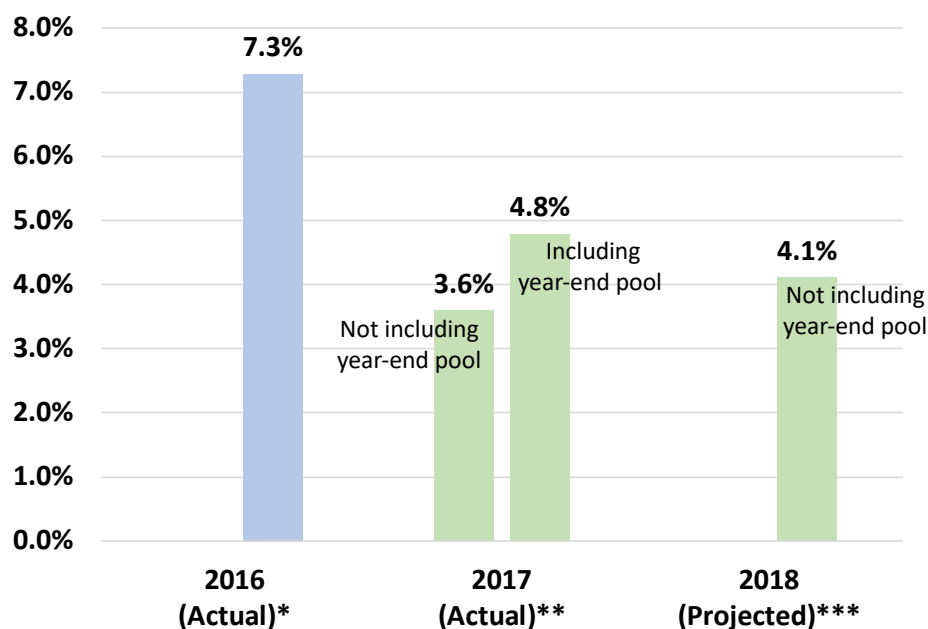
	Based on Stock Price as of December 31, 2017	Based on Stock Price as of September 30, 2017
<b>Stock Price</b>	<b>\$1.97</b>	<b>\$1.74</b>
Value of Publicly Traded Portfolio Companies Per Share	\$0.78	\$0.84
Cash Per Share	\$0.11	\$0.12
Net Other Non-Investment Assets Per Share	\$0.04	\$0.03
Total Liabilities Per Share	(\$0.10)	\$(0.09)
<b>Total Non-Private Portfolio Net Assets Per Share</b>	<b>\$0.83</b>	<b>\$0.90</b>
<b>Remaining Per Share Value Ascribed to Private Portfolio</b>	<b>\$1.14</b>	<b>\$0.84</b>
Private Portfolio Value Per Share	\$1.77	\$1.78
<b>Effective Market Value Per Share / Value of Private Portfolio Per Share</b>	<b>64.2%</b>	<b>47.0%</b>

# Our Most Mature Private Portfolio Companies

Portfolio Company	Value as of December 31, 2017
AgBiome, LLC	\$11.3 million
D-Wave Systems, Inc.	\$10.0 million
HZO, Inc.	\$6.3 million
Nanosys, Inc.	\$3.5 million
	<b>\$31.1 million</b>
Remaining Privately Held Portfolio Companies	\$24.1 million
Effective market value ascribed to <u>entire</u> private portfolio	<b><u>\$35.4 million</u></b>

Note: Realized amounts may be materially different than the values listed above.

# Day-to-Day Expense Ratio Reduction



- Approximately \$1 million of restructuring-related expenses realized during 2017.
- Base operating expense run-rate reduced to approximately \$3 million per annum from a 5-year average of approximately \$6.5 million.\*\*
- Day-to-day expense side of ratio is optimized; further reductions in expense ratio will come from growing net assets.

\* Excludes average of \$1.2 million per year in historical stock-based compensation expenses. 180 does not issue stock-based compensation.

\*\* Is net of sublease income and excludes one-time benefit of \$190,000 related to forfeited restricted stock in 2017 and \$1 million in restructuring expenses.

\*\*\* Expenses for 2018 is an estimate as of the date of this presentation. Assumes net assets remain flat at \$81 million. The actual expenses and net assets may be materially different than those used to calculate the percentage above.

# Year-Over-Year Expense Comparison

	2016	2017	% Change
Audit Expenses	\$470,095	\$190,000	(60%)
Annual On-Going Rent	\$262,024	\$33,636	(87%)
Annual On-Going T&E	\$95,163	\$13,204	(86%)
Admin & Ops	\$558,897	\$306,662	(45%)
Professional Fees	\$1,365,689	\$547,940	(60%)



# Compensation Framework

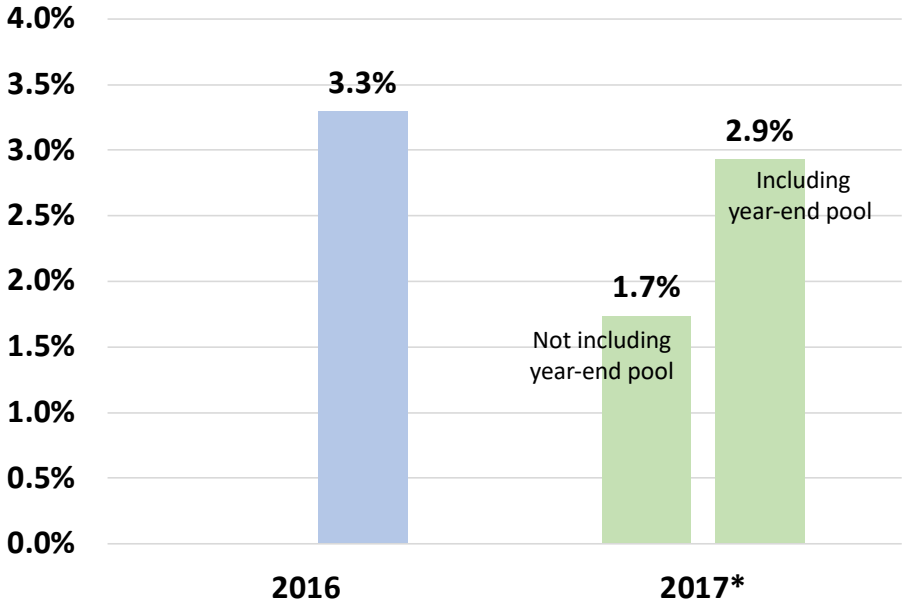
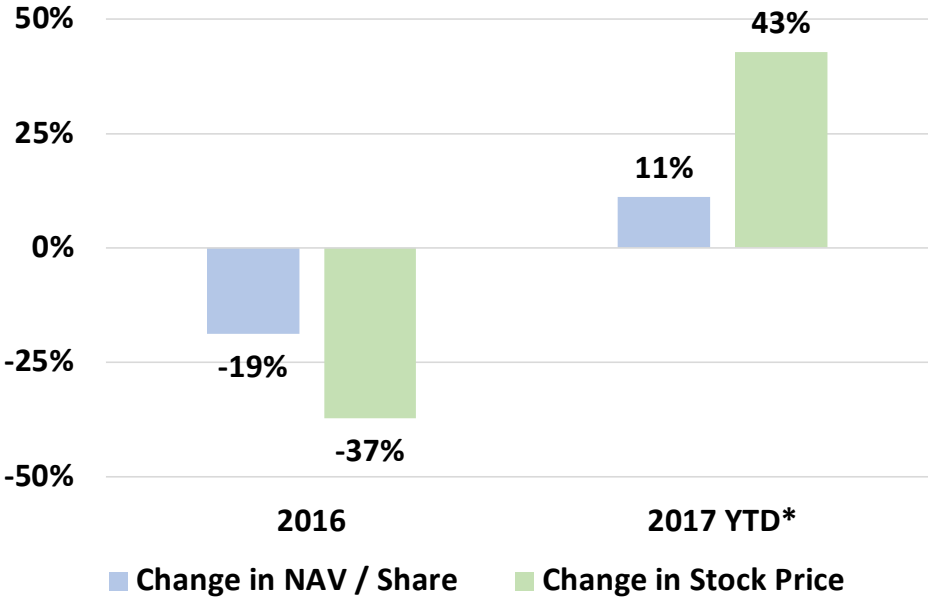
- In general, the objectives of the Company's compensation program are to:
  - Align the interests of shareholders and employees;
  - Motivate and retain employees by providing market-competitive total compensation; and
  - Attract talented new employees in a competitive market.
- In deriving total compensation, the Compensation Committee considers metrics including, but not limited to:
  - Individual contributions to the company
  - Comparison of change in stock price, net asset value and cash plus the value of liquid securities to microcap value focused indices and mutual funds
  - Change in net asset value and net asset value per share
  - Change in cash and value of liquid (publicly traded) securities
  - Change in the value of illiquid (privately held) securities
  - Change in percentage of cash and value of liquid securities to net asset value
  - Full year actual versus estimated expenses and expenses as a percentage of assets
  - Change in stock price
  - Progress raising third-party capital

# Compensation Framework



- The design of the end-of-year compensation pool is to reward both annual and persistent performance. These goals are accomplished through:
  - Use of a high watermark as basis for growth of net assets and determination of whether or not an end-of-year compensation pool is appropriate;
  - Deferral of a portion of the pool over two years with payout determined based on ending net assets in each year as compared to the original bonus year.
- Growth of value of 180 is prerequisite for a end-of-year compensation pool for management, i.e., shareholders and management are aligned in goals.

# 2016 vs 2017 Total Compensation Expense Comparison



\* Change in NAV and total compensation expense percent of NAV in 2017 includes year-end bonuses of \$1.2 million, a portion of which will be deferred and payable based on board-defined metrics in subsequent two years.

Note: 2016 and 2017 percentages exclude stock-based compensation expenses/benefits in each year.

# Strategic Initiatives Update

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- We are making progress on obtaining a broker dealer license.
  - Currently target completing the licensing process in Q2 2018.
- We expect to make other investments in our business in 2018 that can help us achieve our goals.

# Our Goals for 180

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- We want 180 to be known as a prominent and dominant leader in our world of public company constructive activism.
- We will continue to strive for excellence in investment performance.
- We want to be known as game changers in helping businesses generate positive shareholder returns.

**Management is 100% aligned with shareholders,  
we must increase the price of our stock to be truly successful.**

# 180° CAPITAL CORP



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