



VALUE CREATION THROUGH CONSTRUCTIVE ACTIVISM

# 180 Degree Capital Corp.

Investor Presentation - June 2023

## We are a Publicly Traded Investment Adviser and Closed-End Fund

We are listed on the NASDAQ under the ticker symbol TURN.

Since the beginning of 2017, 180's cash and securities of public and related companies has changed by ~+186%, net asset value by ~-11%, and stock price by ~+16%.

We have approximately \$76 million in assets under management.<sup>2</sup>

## We are Graham and Dodd Investors

We believe the price we pay relative to the business we buy is the most important driver of investment returns.

Out-of-favor companies and industries create opportunities to identify investments that offer asymmetric return-to-risk potential.

Companies with strong franchises, managements, and balance sheets are the best positioned to turnaround, gain market share, and improve profitability in an industry recovery.

## We Have an Experienced Team

Our Portfolio Managers, Kevin Rendino and Daniel Wolfe, have over 45 years of collective experience managing investment assets.

- Kevin joined 180 in 2016 and previously was the value team leader at BlackRock.
- Daniel joined 180 in 2004 and led efforts to build an alternative investment platform within 180's predecessor company,
- Kevin and Daniel led the turnaround of 180.

## We Focus on Microcap Public Companies

We focus on investments in <\$500 million market capitalization (microcap) public companies where we believe we:

- Can identify companies that are deeply undervalued
- Identify catalysts/changes that we believe can unlock value
- Can add value through hands-on constructive activism
- Invest at valuations that provide a margin of safety
- Can generate attractive risk-adjusted returns in 1-3 years

1. See slide [15](#) for important disclosures and information related to this slide.

2. As of June 30, 2023 and includes assets in legacy privately held securities.

# Experienced Management Team Who Runs a Public Company

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## Portfolio Managers

<b>Kevin M. Rendino</b>	<b>30+ Years Investment Management Experience</b> <b>5+ Years Public Company Board and Operating Experience</b>	<i>Joined 180 in 2016 after serving as the Value Fund leader at BlackRock</i>	<i>B.S. Boston College</i>
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<b>Daniel B. Wolfe</b>	<b>15+ Years Investment Management Experience</b> <b>15+ Years Public Company Operating Experience</b>	<i>Joined 180 in 2004 and led alternative investments at 180's predecessor company</i>	<i>B.A. Rice University A.M. and Ph.D. Harvard University</i>
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## Senior Analyst

<b>Matt T. Epstein, CFA</b>	<b>15+ Years Investment Management Experience</b>	<i>Joined 180 in 2022 from Evermore Global Advisors</i>	<i>B.A. New York University M.B.A. Columbia University</i>
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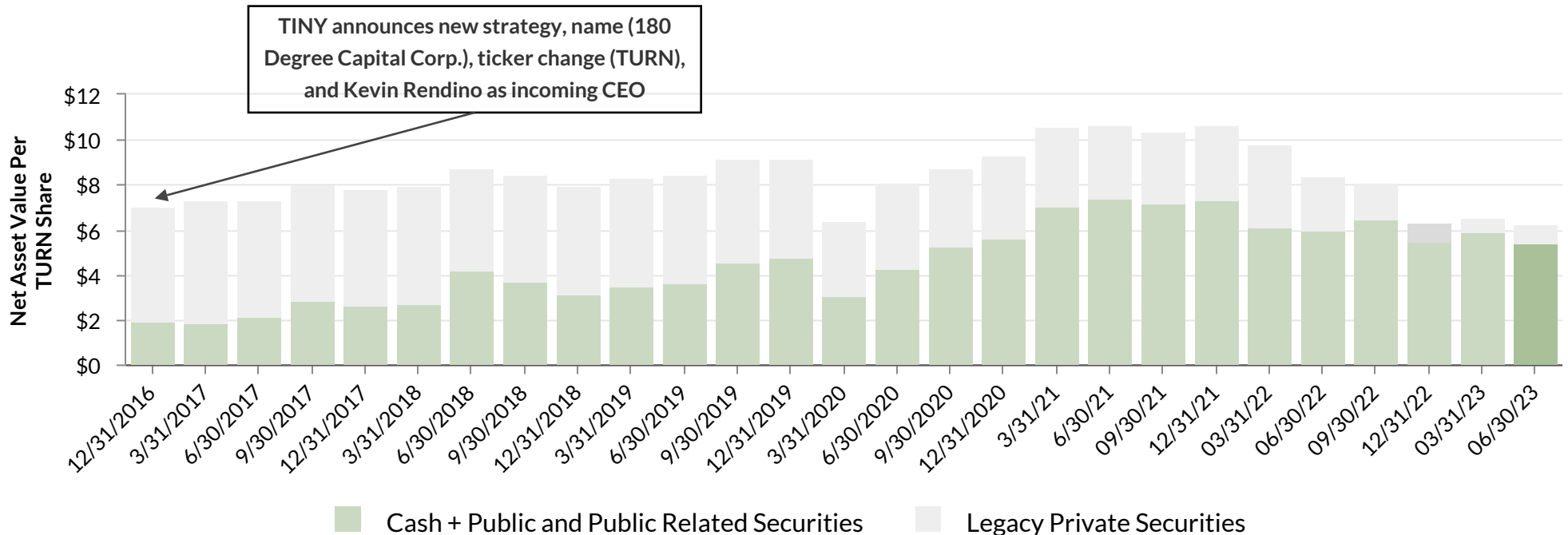
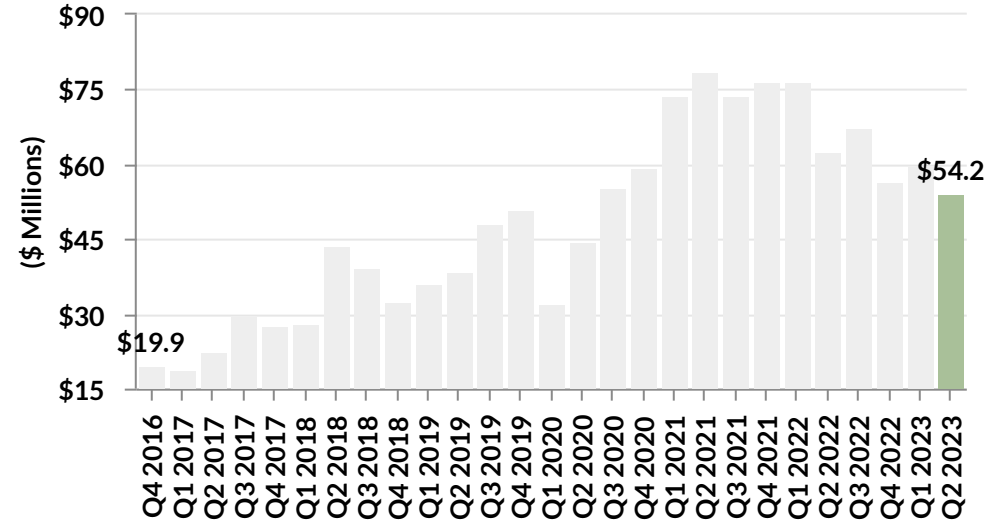
## Client Relations and Fundraising

<b>Robert E. Bigelow</b>	<b>V.P. Fund Development</b>	<i>Joined 180 in 2017 after investment management and capital raising at Blue River Asset Management</i>	<i>B.A. Yale University</i>
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# Our Management Team Turned Around 180

- 180 Degree Capital Corp. was formerly Harris & Harris Group, Inc. (TINY), a BDC focused on venture capital investing in private companies.
- Kevin Rendino and Daniel Wolfe developed 180's current investment focus and took over management of the company in 2017.
- Since the beginning of 2017, 180's cash and securities of public and related companies has grown by ~186%, net asset value by ~(11)%, and stock price by ~16%.

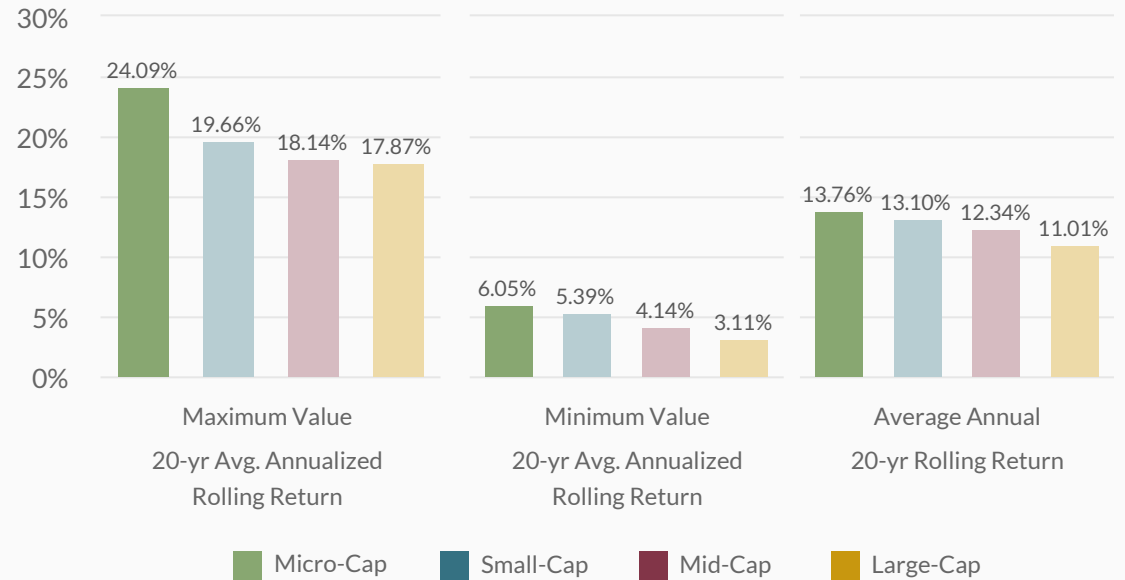
Cash + Securities of Public and Related Companies  
(End of Quarter)



Note: Historical net asset value per share shown on a 1-for-3 reverse split adjusted basis.

# Microcaps Have Attractive Market Characteristics

*Microcap stocks have an attractive a history of generating favorable returns as an asset class.<sup>1</sup>*



*Microcap stocks historically generated these returns with low correlation to other equity asset classes and 180 has had low correlation (beta) to microcap-focused indices.*

	Large	Mid	Small	Micro
Large	1.00			
Mid	0.90	1.00		
Small	0.82	0.96	1.00	
Micro	0.73	0.87	0.94	1.00

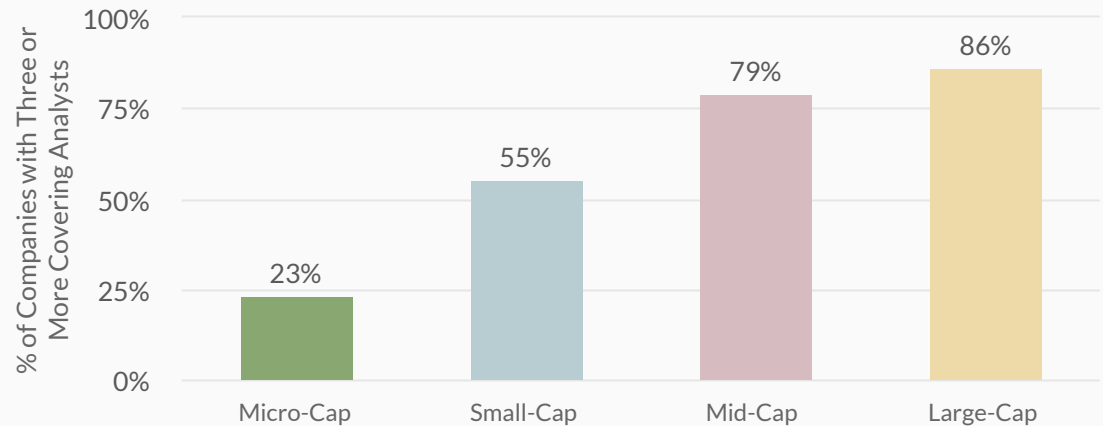
	Russell Microcap Index	Russell Microcap Value Index	Russell 2000 Index
180 Beta <sup>2</sup>	0.7	0.69	0.77

Sources: Bloomberg, <https://www.unchartedinvesting.com/blog/market-cap-an-overview-of-small-cap-mid-cap-and-large-cap-stocks> and Kenneth R. French and CRSP, 12/31/1990 to 12/31/17. 1. Past results are not an indication or guarantee of future returns. 2. Beta calculations for 180's public portfolio from inception in January 2017 through June 30, 2023, based on gross total return.

# Microcaps Have Attractive Market Characteristics

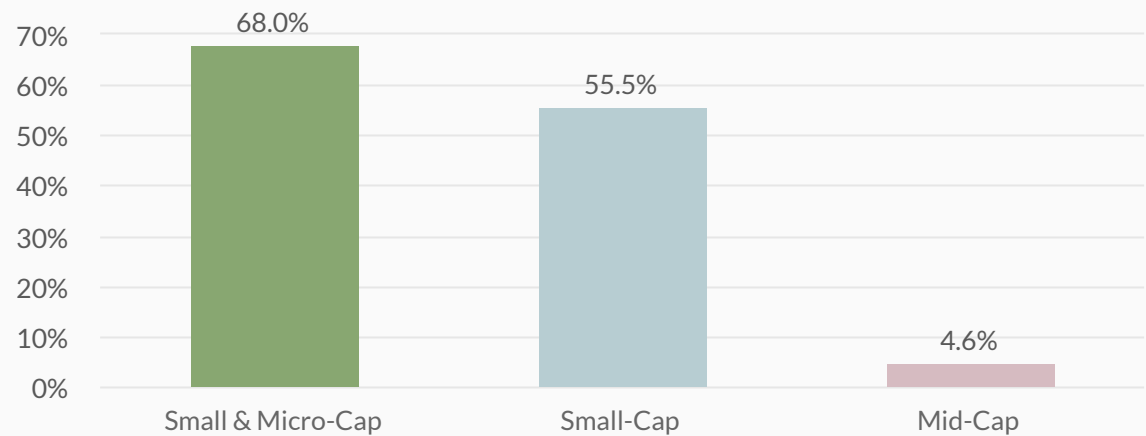
*Opportunities arise from identifying undiscovered investment opportunities and microcap companies often have little to no analyst coverage.*

### Limited Analyst coverage



*There are a lot of microcap companies that we believe should not be independent and publicly traded, but are still good companies and should be part of a larger businesses.*

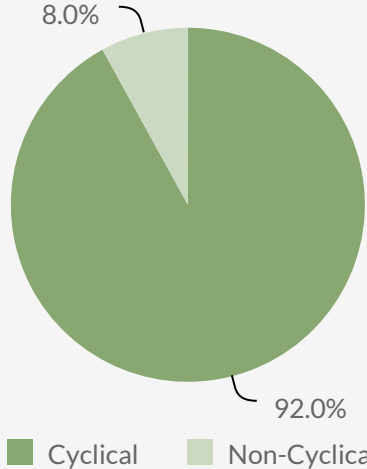
### More Frequent M&A Events



# Our Investment Strategy

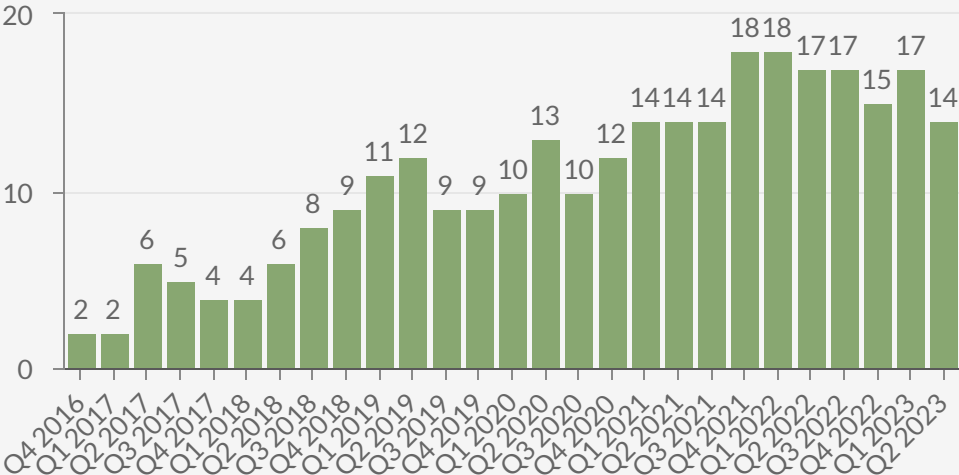
*While we do not have any specific industry focus, we often find value in industries that have cyclical characteristics:*

Historical Number of Investments in Cyclical vs. Non-Cyclical Industries



*We focus on building meaningful positions in a small number of portfolio companies:*

Number of Public and Related Positions at End of Period





# We Employ a Careful, Analytical Investment Process<sup>1</sup>



<sup>1</sup>This is a stylized representation of a complex process. The description of the 180's investment process and risk management process is intended to be representative, but the investment process and risk management process may be changed from time to time by 180, and 180 may not perform certain steps, or may perform additional steps, at its discretion.



# Constructive Activism

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*Few investors are willing/able to spend the time and energy identifying, conducting diligence on, and actively engaging with such companies to unlock intrinsic value.*

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We believe the opportunity for value creation in US micro-capitalization publicly traded stocks exists because management and boards often:

- Prioritize revenue growth over operating profits
- Favor the status quo rather than change
- Lack understanding of "buy side" investors and the workings of public markets in general
- Expend capital resources on perceived long-term opportunities at the expense of near-term results
- Do not appreciate the impact of flawed capital structures on shareholder value
- Entrench themselves to protect their jobs and positions

We are not corporate raiders. Our ultimate goal is to engage constructively with existing boards and management teams to unlock value through:

- Resolution of capital structure or other overhangs that we believe inhibit growth of shareholder value
- Realignment of financial performance to achieve growth of operating profits; not just revenues
- Improvement of investor relations strategies and outreach
- Evaluation of strategic options including mergers, acquisitions, sales, and divestitures
- Identification of complementary talent and expertise
- Introductions to what we believe are value-add resources and capabilities
- Alignment of interests with, and support from, large shareholders

We are not averse, however, to pursue change through other routes including private and public shareholder communications, proxy solicitations, and/or joining boards of directors of our portfolio companies

All efforts will be grounded by and based on our fundamental research and diligence.

## Our Levels of Constructive Activism<sup>1</sup>

### LEVEL 1 ENGAGEMENT

This is most often our initial level of engagement. These are investment opportunities that we believe do not require substantial time/involvement.

**Approach:** Identify what we believe are quality, deeply undervalued companies with strong management teams in the process of executing a turnaround.

**Constructive Activism:**

- Introductions to our institutional investors and/or individual investors that own or have owned our stock.
- Leverage our general knowledge of the public markets gained over our collective 40+ years of experience for advice and value-add introductions.

### LEVEL 2 ENGAGEMENT

Investment opportunities that we believe, or have come to believe, may require some time/involvement, but not yet a substantial commitment.

**Approach:** Identify what we believe are quality, deeply undervalued companies with strong management teams where we believe small changes can result in increased value, and management is interested in engaging constructively.

**Constructive Activism (Level 1+):**

- Actively suggest changes to IR strategy and/or messaging.
- Actively suggest changes in business related primarily to financial performance improvements.

### LEVEL 3 ENGAGEMENT

This level results from our determination that we need to become deeply involved in the company to help to build/unlock shareholder value.

**Approach:** Identify what we believe are opportunities in which our capital and strategic involvement will result in immediate and long-term value appreciation.

**Constructive Activism (Levels 1 and 2+):**

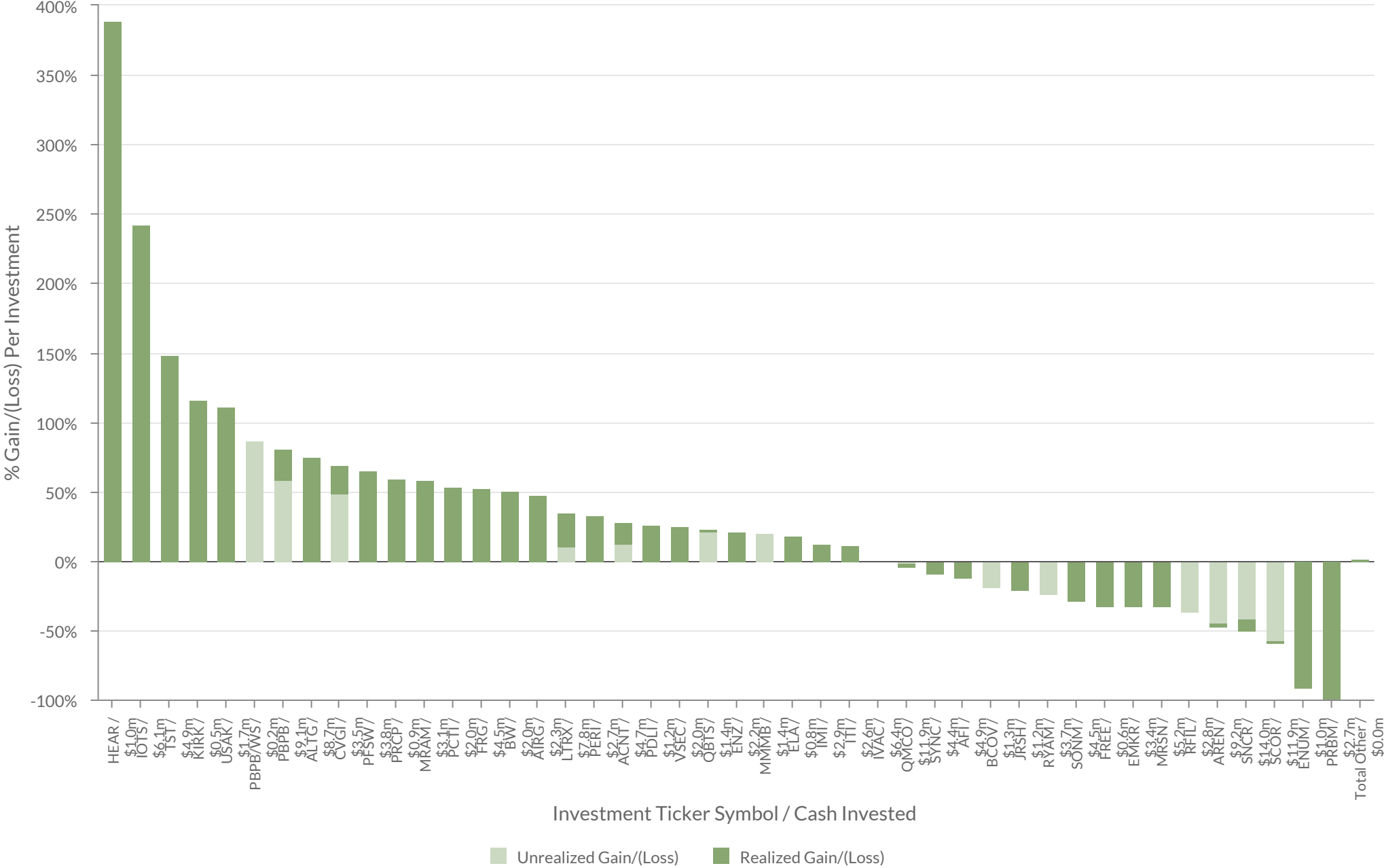
- Work directly with managements / boards to remove value overhangs and evaluate strategic options.
- Take seat(s) on boards.
- Leverage ownership/control to drive increases in shareholder value.

<sup>1</sup>This is a stylized representation of a complex process. The description of the 180's investment process and risk management process is intended to be representative, but the investment process and risk management process may be changed from time to time by 180, and 180 may not perform certain steps, or may perform additional steps, at its discretion.

# Constructive Activism Examples

Areas for Improvement of Shareholder Value Through Constructive Activism	Example Companies	Examples of 180's Constructive Activism
Investor Relations / Messaging Improvements		Suggested improvements to presentations and transparency of financials, including segment reporting; facilitated introductions to analysts and potential new investors; and encouraged increase in non-deal roadshows and conference presentations.
Business / Corporate Governance / Financial Performance Improvements		Recommended various potential paths to improving financial performance and shareholder value via engagements with boards and managements.
Capital Structure Solutions		Developed structure and provided financing that resulted in simplified capital structures and expanded flexibility for business operations and exploration of strategic alternatives.
Board Representation		Elected to a board upon request following constructive engagement that began as a large shareholder.
Strategic Alternatives		Actively discussed need to sell entity or portions of the entity with management and board members. For TST and SYNC, chaired strategic alternatives committee of the board that completed sales of each company.
Buybacks/Distributions		Significant buyback initiated after suggestion to board; large distribution of proceeds to shareholders after sale of business units.

# Historical Individual Investment Performance



Note: See slide 15 for important disclosures and information related to this slide. Data through June 30, 2023.

- Cash invested amounts include values of IOTS (\$3.3m) and ENUM (\$1.0m) as of December 31, 2016, MRSN at IPO (\$4.4m), and QBTS (\$5.4m) at De-SPAC plus additional capital invested, if applicable.

## Summary of 180's Performance

	Quarter	1 Year	3 Year	5 Year	Inception to Date
	Q2 2023	Q2 2022- Q2 2023	Q2 2020- Q2 2023	Q2 2018- Q2 2023	Q4 2016- Q2 2023
<b>TURN Public Portfolio Gross Total Return (Excluding SMA Carried Interest)</b>	(5.8%)	(10.0%)	10.6%	31.9%	203.7%
<b>TURN Public Portfolio Gross Total Return (Including SMA Carried Interest)</b>	(5.8%)	(10.0%)	18.0%	40.8%	223.6%
<b>Change in NAV</b>	(4.6%)	(25.5%)	(23.2%)	(28.8%)	(11.4%)
<b>Change in Stock Price</b>	(11.5%)	(27.4%)	(14.8%)	(35.8%)	7.5%
<b>Russell Microcap Index</b>	5.3%	6.6%	29.7%	10.6%	38.7%
<b>Russell Microcap Value Index</b>	4.8%	3.2%	57.1%	18.9%	47.1%
<b>Russell 2000</b>	5.2%	12.3%	36.0%	22.7%	51.4%

Note: Past performance is not an indication or guarantee of future performance. Amounts above are gross total returns. 180 Degree Capital Corp. ("180") is an internally managed registered closed-end fund and does not have an external manager that is paid fees based on assets and/or returns. 180 also has a material portion of its investment portfolio in legacy privately held investments and these privately held investments generate expenses that would otherwise not be incurred by 180 if it did not hold these private investments. Please see its filings with the SEC for information on its expenses and expense ratios. Total returns are calculated compounding quarterly, as applicable. See slide [15](#) for additional important disclosures and information.

Micro-Cap Expertise

Seeking to Unlock Hidden Value to Generate Attractive Risk-Adjusted Returns

A High-Conviction, Concentrated Portfolio

Constructive Activist Approach



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# Important Performance-Related Information

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Past performance is not an indication of future results. The performance results and the mix of investments at 180 in the future may differ significantly from those of 180's historical and current portfolio and the investments of the special purpose vehicles that 180 managed historically. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

## Index definitions:

**Russell Microcap Index:** The Russell Microcap Index measures the performance of the microcap segment of the U.S. equity market. It makes up less than 3% of the U.S. equity market. It includes 1000 of the smallest securities in the small-cap Russell 2000® Index based on a combination of their market cap and current index membership and it includes the next 1,000 securities.

**Russell Microcap Value Index:** The Russell Microcap Value Index measures the performance of the microcap value segment of the U.S. Equity market. It includes those Russell Microcap Index companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 Index:** The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

**S&P 500 Index:** The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

All reported total returns for the indices are with dividends reinvested. All of the indices above are not subject to any of the fees, allocations or expenses. It is not possible to invest in these indices. These indices are used for comparison purposes only. It should not be assumed that 180 will invest in any specific securities that comprise the indices.

Return Slides Notes: Past performance is not an indication or guarantee of future performance. Amounts above are gross unrealized and realized returns. 180 Degree Capital Corp. ("180") is an internally managed registered closed end fund and does not have an external manager that is paid fees based on assets and/or returns. 180 also has a material portion of its investment portfolio in legacy privately held investments. Please see its filings with the SEC for information on its expenses and expense ratio. Portfolio company specific notes:

- TST realized return includes \$642,000 of realized carried interest from TST SPV.
- MRSN, QBTS and ZY were either investments initiated prior to 180's start in 2017 that completed public listings (MRSN, QBTS) or were shares received as consideration for the sale of a legacy private investment. For each of these positions, the performance is measured based on the closing price on the day before the lockup expired for each position, respectively.
- "Other" refers to positions that have not yet been disclosed publicly, ETF option trades and/or immaterial warrant or other positions.
- Cash invested amounts include values of IOTS (\$3.3m) and ENUM (\$1.0m) as of December 31, 2016, MRSN value at lockup expiration (\$5.1m), and QBTS value at lockup expiration (\$1.4m) plus additional capital invested, if applicable.



# Legal Notices

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This presentation includes a summary of 180's anticipated investment strategies with respect to 180. Aside from its fundamental investment policies as detailed on the company's registration statement filed with the Securities and Exchange Commission on Form N-2 on June 29, 2017, 180 may make changes to its business plan in its discretion. This presentation may contain "forward-looking statements" within the meaning of the private securities litigation reform act of 1995, as amended. Because such forward-looking statements involve risks and uncertainties, actual results of an investment in 180 may differ materially from any expectations, projections or predictions made or implicated in such forward-looking statements. Forward looking statements generally can be identified by the use of forward-looking words such as "believe," "expect," "anticipate," "may," "could," "intend," "intent," "belief," "estimate," "project," "plan," "likely," "will," "should" or similar words or phrases. Prospective investors are therefore cautioned not to place undue reliance on such forward-looking statements. In addition, in considering any prior performance information contained in this presentation, prospective investors should bear in mind that past results are not necessarily indicative of future results.

Unless otherwise indicated, this presentation speaks as of the date hereof and neither 180, nor any affiliate or representative thereof assumes any obligation to provide any recipient of this presentation with subsequent revisions or updates to any historical or forward-looking information contained in this presentation to reflect the occurrence of events and/or changes in circumstances after the date hereof.

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Investing in financial markets involves a substantial degree of risk. Investors must be able to withstand a total loss of their investment.