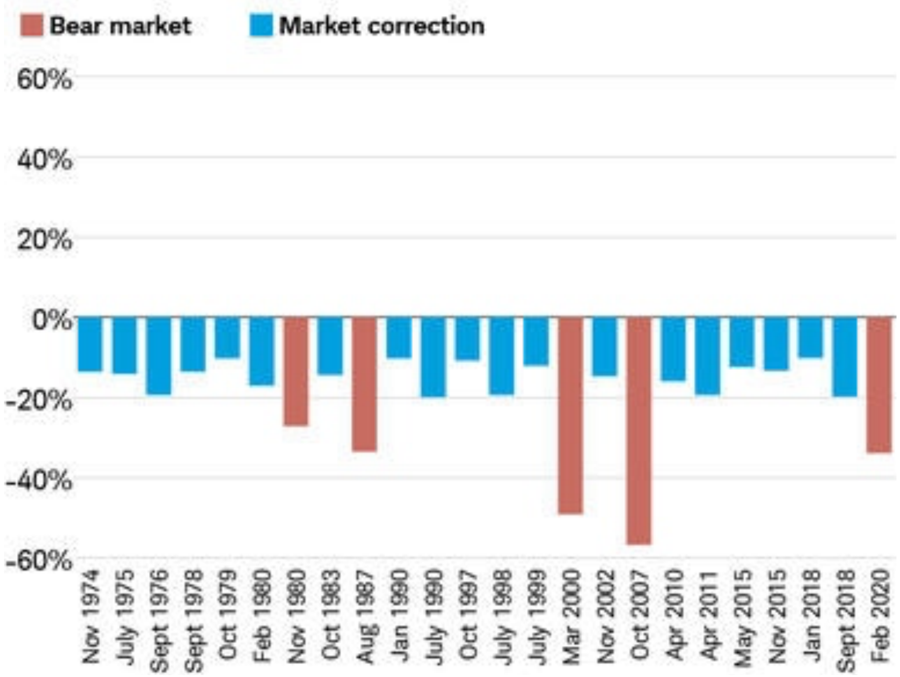
Fellow Shareholders,

Before I go down the rabbit hole of beating ourselves up for a poor quarter of stock picking in our public market strategy, let me start with the above the fold story: because of the strength of our private portfolio, our net asset value per share (NAV) decreased by 8% to $9.81, which was roughly in line with the Russell Microcap Index. Following the completion of the sale of our rights to potential milestone payments from the sale of Petra Pharma Corporation to Eli Lilly, the sale of TARA Biosystems, Inc. to Valo Health, LLC, and the potential public listing of D-Wave Systems, Inc., we will have approximately 83% of our assets in cash and public and related assets and retain just one significant (and I might add what I think is a diamond in the rough) private holding in AgBiome, LLC. Our transition from a pure-play VC based business to a pure-play public markets closed end fund is near completion. As a result, we believe our share price should trade more closely to NAV as a result of the increased transparency of our holdings.

From the peak of the market last November to the end of Q1 2022, the Russell Microcap Index is down 17.6%. At some point during this past quarter the drawdown from that November period was close to 25%. Given I am writing this letter in the midst of Q2 2022, the Russell Microcap Index is now down over 30% from its November 2021 highs. This has been a brutal market that has suffered through continued COVID-related issues causing inflationary pressures resulting from global supply chain disruption. If I had a dime every time I hear the words, "supply chain disruption"….. For many companies it has truly been an understandable headwind for the income statement. In other cases, the degree to which it has negatively impacted a company is just a convenient excuse for poor execution and inept management in dealing with the changing environment. That said, supply chain issues are real and have impacted many companies across many industries, including several companies that we own.

It was just three months ago when, in my last shareholder letter, we reported a +6.1% gross total return from our public and related investments in Q4 2021 versus -2.7% total return for the Russell Microcap index (RMICRO), and a +38.2% gross total return versus +19.3% total return for RMICRO for the calendar year 2021. Can I go back in time? This quarter was quite the opposite for us as our -14.8% gross total return underperformed the -7.6% total return for RMICRO. This isn't the first time we have suffered a drawdown in the 21 quarters I have reported to you as Chief Executive Officer, nor will it likely be the last. While I will never minimize a bad quarter, I think back on a 34-year career of being in the asset management business and it takes two hands to recount the number of public market equity collapses similar to what we are presently experiencing. Since the crash of 1987, this is the ninth time the S&P 500 declined by approximately 20% or more. Once almost every four years, the market declines by 20% or more. And yet, since 180's inception, this is now the third time in 5 years the market has collapsed, or once every 1.75 years. The frequency at which we navigate through these turbulent periods is becoming quite normal.




Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. Each period listed represents the beginning month/year of either a market correction or a bear market. The general definition of a market correction is a market decline that is more than 10%, but less than 20%. A bear market is usually defined as a decline of 20% or greater.

Every down period had differing causations. While the current collapse started with the November 2021 emergence of the Omicron variant of COVID-19, and was followed by escalating inflation, higher bond yields, and supply chain woes, we now have a human tragedy with the Russian invasion of Ukraine. The tragedy unfolding in Europe is depressing beyond words. To see what a modern-day Ukrainian city now looks like after weeks of bombings; to see the endless streams of people piling on to trains to evacuate their own land; to see the agony and sadness on the faces of Ukrainian citizens depicted on television 24/7; makes me think I am watching old footage of World War II. It is all gut wrenching, and I can't sit here and write to you I know when it will end. All of our thoughts at 180 are with the Ukrainian people, and we hope that an end to the conflict and their suffering will soon end.

What I can tell you is at each and every one of the bear market bottoms for the periods depicted on the chart above there was never light at the end of the tunnel; it doesn't work that way. What made the "lows" the actual historical "lows" was the bottoming out of equity market valuations to discount the worst possible news. You see, at market bottoms the news isn't of the "good" variety. It's always darkest at the bottom. Every single time. What we do at 180 during these volatile periods is to double down on our bottoms up research to determine if what we own has considerable upside on the other side of the bear market periods. We dig in to make sure we own what we want to own and can sign on to a bull case that is plausible, practicable and where we think the current valuation discounts the worst possible news. We don't wallow in looking backwards when we struggle to perform, just like we don't get overly excited when we outperform. We just process, learn, and move forward. What you want to hear from us is what happened to our names this quarter, how we are thinking about our investments, and what we are buying and selling. I will do that for you position by position in this letter as we do each quarter. Before that, let's have a discussion of taking responsibility.

Our performance is our performance. Whether it's good or bad, I have never once in my life made excuses for it, and I am not going to start here. While I love investing and loved my career on Wall Street, I have had much disdain for how some investors talk about their own performance from time to time. For instance, back in the 1980's, one portfolio manager who consistently failed to keep up with his appropriate benchmark boasted in a shareholder letter: "In 1991, we were able to capture 80% of what we considered to be a high-risk advance for the market." I almost fell out of my chair after reading that statement. I wish I could get paid for achieving 80% of the market return! In that portfolio manager's mind, the fund didn't underperform the market by 20%. Instead, the shortfall was because that portion of the market's advance was "high risk" and seemingly fictitious. It was an arrogant thing to say and was a pathetic justification for underperformance. Here are some typical excuses some portfolio managers on Wall Street have come up with over the years in attempts to justify their performance.

I read the following list of excuses in an article written by Ben Carson that can be found here:

> "You're comparing us to the wrong benchmark. Well, you can't really benchmark this fund. Correlations between individual stocks are too high. I'm right, it's just the market that's wrong. Everyone's getting whipsawed by a risk on/risk off environment. Have you seen our risk-adjusted returns? This entire rally is all Fed-induced. Our strategy is out of style right now. We're not wrong, we're just early. Judge me over the full business cycle. It's high-frequency trading. This is just a minor aberration. The market isn't recognizing fundamentals. This is a low-quality, junk rally. The market is rigged. I'm a contrarian. The weather is messing with economic output. Here's what the market *should* be doing. I blame the short-sellers. Valuations are detached from economic reality. It's the company's management that isn't delivering. Central bank currency manipulation, plain and simple. Bernanke/Yellen/Draghi/Powell don't know what they're doing. It's those CNBC anchors talking bad about our stocks."
>
> If you consistently hear these from the portfolio managers of your investments, please run for the hills.

2016 was a miserable year for the hedge fund industry. One of the better articles I ever read that stuck in my head was published here in Business Insider.

> "Likely, you've heard that 2016 has been a miserable year for the hedge fund industry. The Masters of the Universe have been beaten down by volatile markets and low interest rates. Their clients are asking to have their fees reduced. Shops are shutting down. And so Morgan Stanley decided to ask a group of hedge fund managers in the business of picking stocks what, exactly, they think their problem is. Here's what they said, according to Morgan Stanley (emphasis ours): 'The answers were: 54% said 'crowding', 23% said 'factor exposures', 8% blamed 'macro headwinds' and 8% said 'poor liquidity'. The

remaining group (also 8%) said ‘poor stock selection’.’ In other words, when performance is bad, it is beta, when performance is good, it is alpha. **The truth is that 100%, at some level, should have said 'poor stock selection', and what these data reveal is that 92% of respondents are blaming something other than their stock selection methodology for the current underperformance**. Yes, you heard it here first people: The Masters of the Universe do not want to take responsibility for picking crappy stocks. What's more, their answers reflect that they think that when they outperform the market, it's because of their stock picking prowess. When they don't, it's everything else's fault.

Instead of accepting the reasons hedge fund managers had given for underperformance, the bank decided to come up with some of its own. One of them was "group think." It's sort of another way to say crowding, except that "crowding" is something that just happens. It seems like a passive action. Falling prey to group think, though, is not something that just happens. It's a violation of the hedge fund manager's responsibility to do their own homework

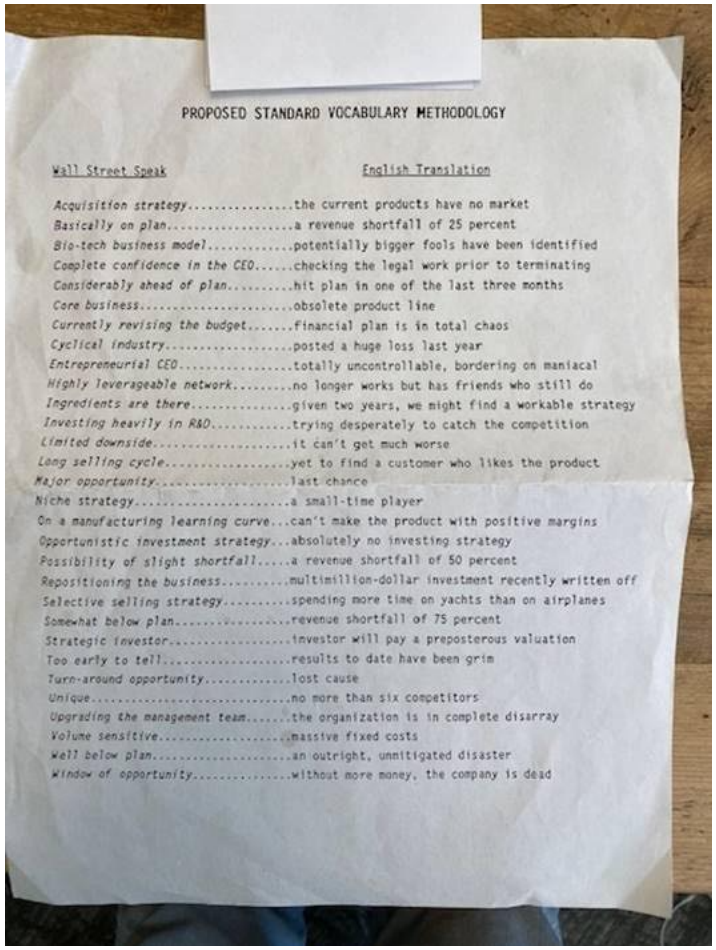
**Responsibility**

You might think that in the macho world of Wall Street, there would be some sort of code — an unwritten rule that Masters of the Universe have to take responsibility for their actions. You would be wrong about that. There is a culture about being right. That means when things wrong, you still have to be right, or people lose faith in your ability. And if they lose faith in you, you will make less money. It's that simple. The Harvard Business Review was harping on this during the financial crisis, so this isn't a new concept on Wall Street. It's just one that Wall Streeters have a hard time grasping. "Behavioral scientists teach us that the first step in recovery is an **acknowledgement of responsibility**," John Baldoni wrote for HBR back in 2008.

‘But sadly too few executives are holding themselves accountable. This is not only bad for the future of our economy. It sets a poor example to younger managers and those about to become managers. Forget what you might have learned in school (or from your parents), these executives seem to say, do what you want to do and deny responsibility.’

This whole lack of responsibility thing is a great way to stay right all the time. But it's a horrible way to manage a portfolio... or a life.”

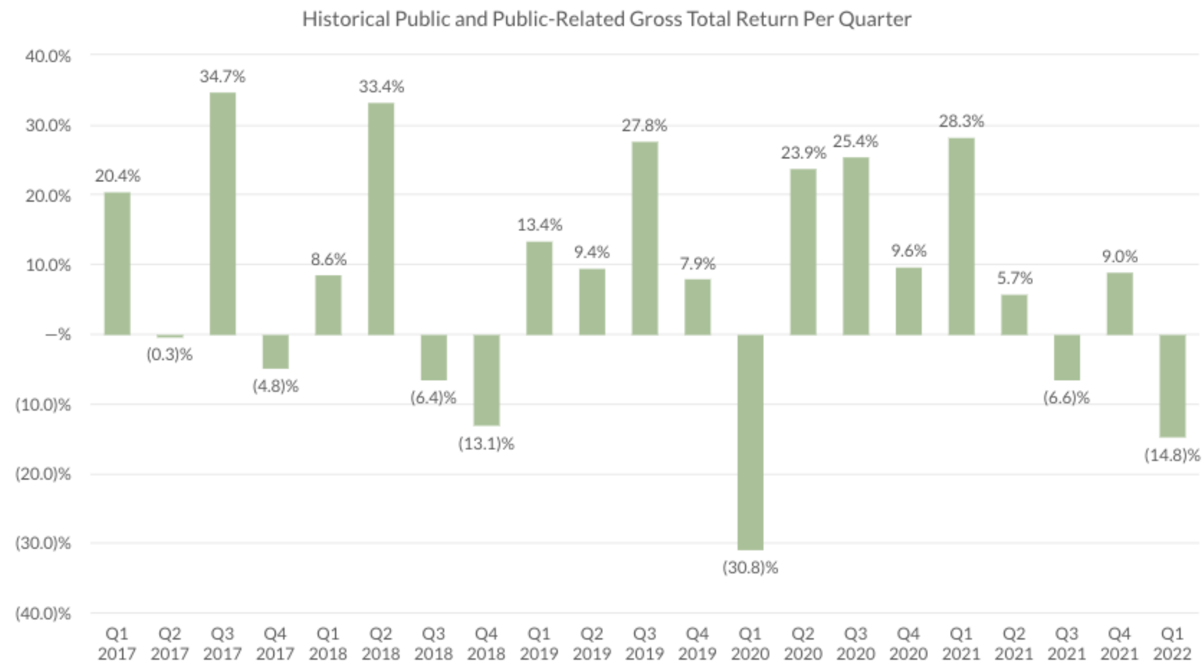
I was speaking with one of our Board Members, Tonia Pankopf about all of this recently. We decided that many of us portfolio managers live in an alternative reality universe. Except that one isn’t the Metaverse (that place seems happy). The universe I speak of has often heard Wall Street lingo that can easily be translated into the real meaning of what they are saying. So let me assist you with the proposed standard vocabulary methodology which will help you translate the gibberish that sometimes comes from either portfolio managers or the actual management teams of the companies they may own.



PROPOSED STANDARD VOCABULARY METHODOLOGY

| Wall Street Speak | English Translation |
|---|---|
| *Acquisition strategy* | the current products have no market |
| *Basically on plan* | a revenue shortfall of 25 percent |
| *Bio-tech business model* | potentially bigger fools have been identified |
| *Complete confidence in the CEO* | checking the legal work prior to terminating |
| *Considerably ahead of plan* | hit plan in one of the last three months |
| *Core business* | obsolete product line |
| *Currently revising the budget* | financial plan is in total chaos |
| *Cyclical industry* | posted a huge loss last year |
| *Entrepreneurial CEO* | totally uncontrollable, bordering on maniacal |
| *Highly leverageable network* | no longer works but has friends who still do |
| *Ingredients are there* | given two years, we might find a workable strategy |
| *Investing heavily in R&D* | trying desperately to catch the competition |
| *Limited downside* | it can't get much worse |
| *Long selling cycle* | yet to find a customer who likes the product |
| *Major opportunity* | last chance |
| *Niche strategy* | a small-time player |
| *On a manufacturing learning curve* | can't make the product with positive margins |
| *Opportunistic investment strategy* | absolutely no investing strategy |
| *Possibility of slight shortfall* | a revenue shortfall of 50 percent |
| *Repositioning the business* | multimillion-dollar investment recently written off |
| *Selective selling strategy* | spending more time on yachts than on airplanes |
| *Somewhat below plan* | revenue shortfall of 75 percent |
| *Strategic investor* | investor will pay a preposterous valuation |
| *Too early to tell* | results to date have been grim |
| *Turn-around opportunity* | lost cause |
| *Unique* | no more than six competitors |
| *Upgrading the management team* | the organization is in complete disarray |
| *Volume sensitive* | massive fixed costs |
| *Well below plan* | an outright, unmitigated disaster |
| *Window of opportunity* | without more money, the company is dead |

My point on all of this is that for as long as I am in this seat, I will report to you on our performance in an honest and transparent way because that is the only way I know how. We are a lot harder on ourselves when we underperform than celebratory when we outperform. For the 24 years I worked at Merrill and BlackRock, during underperforming periods, I cannot tell you how many times I told my wife, Tina, I wasn't going to get a bonus, and I probably was going to get fired. In retrospect, every single one of those declarations was a gigantic exaggeration of reality, but they all felt bad when you were going through them. We clearly outperformed most years, generated great returns for our shareholders, but the only times I remember are when we struggled. I think I have always learned more from the difficult periods than I did from the great runs. I have long discussed that if you are right 2/3 of the time, you will have a successful investment career. Interestingly enough, since 180's inception, this is now the seventh down quarter out of 21 that we have reported on as depicted in the chart below. As I stare at the below chart, it strikes me as interesting that while I have little memory of the 14 winning periods, the losing ones are fixated in my front lobe. "The mind is like Velcro for negative experiences", psychologist Rich Hanson is fond of saying, "and Teflon for positive ones." "Teflon & Velcro" is referring to the brains' negativity bias - an evolutionary throwback that means our brains are hardwired to remember negative experiences and quickly forget positive experiences.




Let's face facts. It has been a brutal period for the reasons suggested above and it feels like the environment will never change. Every day is ground hog day and every day the market discounts the same fears over and over and over again, regardless of the actual valuations of certain companies. That said, supposed if I told you in the middle of the onset of the pandemic (let's call it April of 2020), when we were all at home watching people be hospitalized *en masse* and many die, that 180 would have gross total returns of +23.9%, +25.4%, +9.6% and +28.3% over the next four quarters. Would that have been a believable statement to you at the time? No chance. If I made that declaration, or some form of it, I would have laughed at myself. All I know is that after this current market collapse, 180 owns stocks at valuations that, in many cases, are drastically lower than they were in the midst of the pandemic and with much stronger balance sheets. We believe the opportunity for rapid price appreciation of these positions exists if and when the backdrop for the market changes from its present-day doom and gloom. And if I have said it once I'll say it again. 180 has PERMANENT CAPITAL. PERMANENT CAPITAL! PERMANENT CAPITAL! In each and every period like the one we are going through, our structure of permanent capital allows us to take advantage of these periods because nobody can take the money away or force us to sell. We believe we will be winners when the market environment improves and provide significant absolute returns for the 180 shareholders.

Ok, enough about all of that. While the totality of everything we owned left us with a portfolio that declined 14.8%, some names impacted us more than others. We believe some were down and deserved to be down, while others were down despite good news. We are going to be dead honest, and if any of our management teams happen to read this and are put off thinking we are being overly critical, that's too bad! How about this, don't worry about what we write; execute better! We will try our best to illustrate whether we think each individual stock performance is being driven by beta or alpha factors.

- Quantum Corporation (QMCO): While we have successfully traded in and out of QMCO a couple times over the last couple years, we got caught this time. We have often spoken about how legitimate supply chain issues have negatively impacted QCMO. What started out primarily as an inability to secure enough parts for tape drive products sold to major hyperscalers, has expanded to almost every part needed to build out their server and storage products. The margin pressure was so severe in Q4 2021, QMCO announced they would need to seek a waiver from its lenders to avoid tripping debt covenants. We were stunned. The fact that QMCO is tripping debt covenants three years removed from cutting their debt in half, restoring the company from its accounting scandal, and posting revenue at $90+ million per quarter is, in our humble view, obscene. QMCO's Board fell asleep at the wheel and QMCO's management built a cost structure (e.g., R&D +$20 million year-over-year) for revenues and a margin profile that doesn't exist today. It is our view, the weakness in QMCO has nothing to do with the stock market and everything to do with poor planning and execution by QMCO's Board and management team. In our view the company fell victim to a "if we build it, they will come" mentality. And they have destroyed their shareholder base in the process.

  As a result of these missteps, the company was forced to do a rights offering at a price that, because of the resulting dilution, has killed off the upside to our price targets. While we acknowledge how difficult the environment has been for QMCO, the company needs to fall on the sword for being completely unprepared to deal with the issues at hand. We expect R&D to be rationalized, needless costs to be reduced, and for QMCO to pay better attention to preserving cash through these difficult times. We will hold QMCO's Board and management team accountable for restoring value and will ramp up our activism, which may include a proxy contest if we don't believe the company is being run for its shareholders. We think with the rights offering, the company has only $30 million of net debt versus $160 million just three years ago and a set of new covenants that should provide ample breathing room. The company's balance sheet is de-risked, but still trades at less than 1x of revenue. Given these dynamics, we subscribed to the rights offering because we believe the stock has well over 100% upside from here. QMCO declined 59% in the quarter, and reduced our NAV by $0.50 per share, or $5.2 million.

- Synchronoss Technologies, Inc. (SNCR): Despite reporting better than expected revenue and EBITDA for Q4 2021 and the sale of a non-core asset for up to $14 million, SNCR's share price plunged. Why? If I had to make up a reason, we believe the management team stumbled a bit on the earnings call and subsequent conversations with investors. The first issue was how they communicated their growth rate in the personal cloud business. Additionally, SNCR's CFO answered a question about use of proceeds from the non-core asset sale and paydown of the outstanding preferred stock with an erroneous answer. But honestly, I'm reaching for straws here as the company has posted decent results in each of the quarters since the recap. This operating performance should have been enough to warrant stability in the equity, and certainly should not have been the cause of the share price plummeting 29% this quarter and 50% since the recap. While we need to hear about a clear plan to reduce the outstanding $75 million preferred security, we believe SNCR's poor stock performance is simply the result of a risk-off fearful market. Unlike QMCO which declined because of poor execution by the management team, we believe SNCR's sell off this quarter was more "beta" rather than "alpha". For the quarter, SNCR declined 29%, and reduced our NAV by $0.28 per share, or $2.9 million.

- Arena Group Holdings, Inc. (AREN): I'm going to put this quarter's stock weakness for AREN predominately in the beta camp, but note the weakness in the quarter was also caused by a few fundamental factors applicable to the company. AREN finally listed on a major stock exchange following the filings of all its financials and continued to show acceleration in its business, including driving better than expected revenues and margins. To help fund the acquisition of AMG/Parade, the parent company of Parade Magazine, AREN announced a secondary offering, and there-in lies the problem for the stock in Q1 2022. The offering wasn't the best-timed announcement in the face of an imploding stock market for an unknown company with an illiquid stock. Because it was a "buyers" market rather than a "sellers" market, AREN's stock was walked down to $8.25 from $14 in order to find the clearing price for the secondary. While it would have been better had the offering and acquisition been completed in a more favorable equity market landscape, we believe the acquisition of Parade is incredibly appealing and should add a significant amount of revenue and EBITDA to AREN's income statement. AREN, under the leadership of Ross Levinsohn, is executing very well as traffic and advertising across its many websites has been increasing at an accelerating rate. AREN recently stated in its earnings call that it is currently at an inflection point where both inorganic and organic growth can occur without adding any meaningful cost along the way. We expect material increases in both revenue, EBITDA, and free cash flow from here. We believe in AREN's strategy of rolling up digital assets and integrating them across a single platform; this should allow for better traffic across each individual site. While we are never pleased with owning stocks that cause our performance to suffer, in the case of AREN, we haven't invested in the company for a 20-30% return. We believe that over time, AREN can be a $500+ million market cap company, which would equate to a $30+ stock price at its current shares outstanding. It's the right company, with the right management team and a great strategy. It's just a bad stock market and we believe that's why it's down or why the stock isn't materially higher. Time will tell if we are right. For the quarter, AREN stock declined 24%, and reduced our NAV by $0.25 per share, or $2.6 million.

- Potbelly Corporation (PBPB): PBPB acted as a counterbalance to much of our portfolio as it rose 20% this quarter based on solid Q4 2021 results and the presentation of the company's three-year strategic goals. Following consistently dreadful performance in PBPB's comparable same store sales under the prior two management teams, PBPB has seen a resurgence under its current leadership, Robert Wright (former COO of Wendy's) and Steve Cirulis (former SVP of Strategy at Panera Bread). The company continues to show improved revenue and margins post the nadir of the pandemic. PBPB's management presented its franchising/refranchising strategy that includes growth to over 2,000 units over the course of this decade. We believe PBPB's stock can reach the mid--to--high teens if the company can post 10% EBITDA margins over the next three years. In the short term, as people return "back to the office", we think some of PBPB's urban locations (e.g., Chicago Business District, New York City, and Washington DC) should catch up to the growth of its suburban locations. We are of course mindful of escalating food and labor costs and will monitor those as 2022 unfolds. Potbelly stock rose 20% this quarter, and increased our NAV by $0.16 per share, or $1.7 million.

- Alta Equipment Group, Inc. (ALTG): ALTG is an incredibly well-run material handling and construction equipment dealership business. They continue to post impressive results and for the first time, ALTG crossed over $1 billion in annual revenue and over $100 million in annual EBITDA in 2021. We believe in the management team and their roll-up strategy of a fragmented industry. It could be argued that the stock is inexpensive at 5.4x times EV/EBITDA (ex-operating leases). The question for us is not whether the company can execute, but instead do we really want to own this type of business in which you are continuously acquiring or replacing fixed assets. Something for us to contemplate, although, I will say, if the management team of ALTG ran every business we own, I could go on permanent vacation knowing our investments were being run by an alpha generating management team. ALTG's stock declined 11%, and reduced our NAV by $0.07 per share, or $0.7 million.

- Lantronix, Inc. (LTRX): As glowingly as we speak of the management team of ALTG, the CEO of LTRX, Paul Pickle, takes a backseat to nobody. From his arrival in March 2019, LTRX's stock has risen from a low of $2.50 to a high of $10.00 in November 2021. Revenues have doubled and EBITDA is up 10x. While we love the business and the company's execution, we have dramatically reduced our position from a peak of approximately 1.2 million shares to approximately 270,000 shares as we believed the stock became fairly expensive on an EV/revenue perspective. While the company has done a wonderful job to date of navigating through the supply chain issues that have plagued most semiconductor companies, we don't think the company is immune from the current inflationary environment. Clearly the market shares our concerns because the stock sold off this past quarter despite posting solid results for Q4 2021. In total, the stock has sold of 40% from its November 2021 highs. Given our sales, LTRX has been reduced to a 2.8% weight, which is quite small given our concentrated style. But this is also a name we would love to own more of if we believe the stock overshoots on the downside and discounts much of the poor news around supply chain issues. LTRX is well run and is now in the zone of having an inexpensive valuation given its growth rate. For the quarter, the stock was down 15%, and caused our NAV to decline by $0.03, or $0.3 million.

- comScore, Inc. (SCOR): While SCOR delivered better than expected results in Q4 2021, including revenues, EBITDA margins, and net income, the company continues to struggle to convince investors that it is on a sustained growth trajectory and can begin to generate meaningful positive cash flows. Clearly there is much work to be done to position SCOR as a leader in the industry, but we believe there is very little real news that has caused this stock to plummet to its current price per share of under $2.00 from a high of $4.25 in November 2021. The first catalyst for change came with the hiring of a new CFO, Jon Carpenter, who came from Nielsen and Publishers Clearinghouse and has real operating experience. The next catalyst will be the hiring of a new Chief Executive Officer. One of the criticisms we have of the current management team has been their never-ending pontification about industry trends while failing to crystalize how SCOR will monetarily benefit from these trends. Specifically, we hear too many sermons about the mistakes Nielsen has made and not enough specifics about SCOR's ability to capitalize on the market share losses Nielsen will experience over the next few years. SCOR spends way too much time opining on the macro and not enough time focusing on its own business model improvements. The company has also underestimated the growing number of companies that have been formed to compete against a weakened Nielsen. For instance, SCOR publicly minimized the effect iSpot.tv would have on the industry on the eve of NBC Universal selecting iSpot for its national audience rating partner. Shortly thereafter, iSpot announced that it had secured a $325 million investment from Goldman Sachs. The Board of SCOR recently announced that it will be searching for a new Chief Executive Officer. We believe this is a critical hire and an opportunity for SCOR to change the perception of the company in the minds of investors and to continue to improve its operations. We commend Bill Livek for supporting this transition and for showing his support for the company by making sizeable open-market purchases of SCOR's stock immediately following the announcement of his retirement.

One more thing to monitor. SCOR has a two-tiered capital structure with three investors, Cerberus, Charter, Liberty Media, each owning 16% of the equity in the form of preferred shares and having multiple representatives on SCOR's Board of Directors. Without getting into too much detail, we will do whatever is in our "activist" toolkit to ensure that the Board is representing all shareholders, not just those with preferred shares. There is widespread M&A activity in the industry, and we can't have a Board whose sole focus is to collect the coupons from their preferred shares. The Board has an obligation to work for all shareholders, and we will have no problem airing our views in a public fashion should our interests not be represented. All that being said, we believe SCOR's share price and valuation are an attractive investment opportunity. Nielsen sold for 4x revenue and iSpot has a valuation of multiples of that. SCOR trades at less than 1x and has real data assets. We have been a significant buyer on the weakness. For the quarter SCOR's stock was down 13%, and reduced our NAV by $0.06 per share, or $0.6 million.

Those were the major impactors to our NAV this quarter. We also sold out of our remaining holdings of PFSweb, Inc. generating a 65% gross total return over the life of the investment, and we sold most of our position in AFI. AFI is an investment we should discuss in more detail.

- Armstrong Flooring, Inc. (AFI): As it turns out, AFI's management team was one of the worst we have come across in our five-year history. Our original investment thesis was: 1. We believed the company would sell an office location for meaningfully more than the expectations for what it was worth; and 2. The company under its new management team would fix the operations of the business and materially improve its gross margins, EBITDA and cash flows. We were dead right on 1 and dead wrong on 2. When the company announced the sale of its South Gate California facility in March 2021 for $76.7 million, the stock rose 50% and we sold half our position. From that moment on, the company burned through an inordinate amount of cash, had its head in the sand regarding supply chain inflationary pressures, and was ill prepared from a cost perspective to deal with the current environment. We pressed the company immediately following the South Gate sale to adjust the cost structure of the business to deal with deteriorating margins, but they failed to do so. I have never seen a less energetic management team in total denial of reality. Not only did we find the CEO arrogant and dismissive (at one point he suggested to us that "even the consultants didn't see this coming"), they fell victim to shifting of blame to external "outside of their control" forces. As last year unfolded, we became convinced that the potential for bankruptcy was much higher than our risk tolerance could tolerate, and essentially sold our entire position. Behind the scenes, we sent a letter to the Board suggesting they seek alternative options for creatin value for shareholders. The company announced they would do so at the end of 2021. We exited the remainder of our small position in early Q2 2022, well before AFI announced it was likely to, and ultimately did, file for Chapter 11 bankruptcy protection.

All in all, we will call AFI a bad investment. That said, because of our attention to paying "the right price" for the business from the outset and our sell discipline for exiting stories when the reasons for ownership are no longer valid, we contained the loss to approximately 12%. Our average sale price of $3.63 per share versus our average cost basis of $3.97 per share looks a lot better than what we think may be an inevitable zero for the common equity. We have talked about this many times in our letters. We aren't "right" fighters with regards to our holdings; rather we are only interested in preserving capital when our rationale for why we own individual companies changes for the negative. Going forward, we will use AFI as a future example of how not to run a company.

In terms of newly disclosed positions, we initiated a position in Intevac, Inc. (IVAC) following its sale of its photonics business for $70 million and the hiring of a new CEO, Nigel Hunton. It is our belief that Nigel was brought in to rationalize the cost structure following the sale of the photonics business and reposition its current thin-film processing business for growth and then its inevitable sale. With the stock declining to nearly the net cash on its balance sheet, we believe the risk reward of the investment is compelling.

All in all, it was a rough quarter for our public holdings. We believe we have gotten to the point where many names in our universe are overly discounted (based on their valuations) relative to the very bearish environment we are in. Our permanent capital allows us to make rational decisions on our investments, and we believe this is a distinct advantage for our ability to generate returns greater than the indices. We are never forced to sell unless we believe we should for analytical and investment process reasons. We have seen the benefits of having permanent capital during other periods of market dislocation during our 5-year history, and we expect this period is no different. Like the other weak periods of performance during the last 5 years, we hope to look back at this one and reflect that while it was painful wading through it, we were presented with some interesting investment opportunities that have at least 100% upside.

As you can see from the chart below, while our first quarter performance was disappointing, it is not emblematic of the outsized-out performance we have been able to generate since we started. And by the way, the 330.9% gross total return we have achieved is through three periods of mid-teens or worse quarterly performance. Does anyone even remember the -31% in Q1 2020? We believe what matters isn't where we are today, it is where we are going to be three years from now. And my expectations as a portfolio manager is 180’s NAV and stock price will be a lot higher than where we are today.

| | Quarter<br>Q1 2022 | 1 Year<br>Q1 2021-Q1 2022 | 3 Year<br>Q1 2019-Q1 2022 | 5 Year<br>Q1 2017-Q1 2022 | Inception to Date<br>Q4 2016-Q1 2022 |
|---|---|---|---|---|---|
| **TURN Public Portfolio Gross Total Return (Excluding SMA Carried Interest)** | **(14.8%)** | **(10.5%)** | **96.2%** | **235.7%** | **304.3%** |
| **TURN Public Portfolio Gross Total Return (Including SMA Carried Interest)** | **(14.8%)** | **(8.2%)** | **109.4%** | **257.8%** | **330.9%** |
| | | | | | |
| Russell Microcap Index | (7.6%) | (11.0%) | 44.2% | 60.0% | 60.6% |
| Russell Microcap Value Index | (2.1%) | 0.1% | 55.1% | 70.2% | 68.3% |
| Russell 2000 | (7.5%) | (5.8%) | 39.4% | 59.0% | 62.9% |

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.

Despite the poor performance of our public holdings, we finally received very important and positive news from a few of our private holdings. I think it's fair to say that I have tried to provide as much transparency as possible around our private holdings and relayed that we were becoming increasingly bullish on our ability to monetize some of them. It definitely pained me at times that we were not at liberty to speak freely with more specificity about which companies were exploring such opportunities. Since the end of 2021, we have made three announcements, with two in particular that we believe are very significant.

First, we sold our rights to potential future milestone payments that we had received from the acquisition of Petra Pharma Corporation by Eli Lilly and Company for $12.3 million in cash, or $1.19 per share. These potential future milestone payments were fair valued at $7.6 million as of December 31, 2021. This in and of itself will cause a significant alteration in the makeup of our balance sheet towards having more cash and public and related assets. Previously we announced that D-Wave Systems announced its intent to become a publicly traded company through a merger with DPCM Capital, Inc., (XPOA), a special purpose acquisition company. If the transaction is completed as currently agreed to by each party, 180 would hold approximately 900,000 shares of common stock of the merged company. Finally, although not as meaningful as Petra Pharma and D-Wave Systems, we noted that TARA Biosystems, has been acquired by Valo Health, LLC. Under the terms of the acquisition, 180 will receive approximately $2.7 million in cash over the next 24 months and has the potential to receive an additional $3.3 million upon achievement of certain milestones.

What does that mean in total for 180? While we have transformed our business over the last five years away from the historical venture capital model and towards public and public related securities, these three announcements have supercharged our ability to one day tell our shareholders that our entire balance sheet is comprised of cash and public and related assets. 180's remaining private portfolio would have only one material position, AgBiome, LLC, following these monetizations, and approximately 83% of our pro forma cash and investment assets would be in cash and public and related securities. We believe this progress should enable us to narrow the discount at which our stock trades to our NAV.

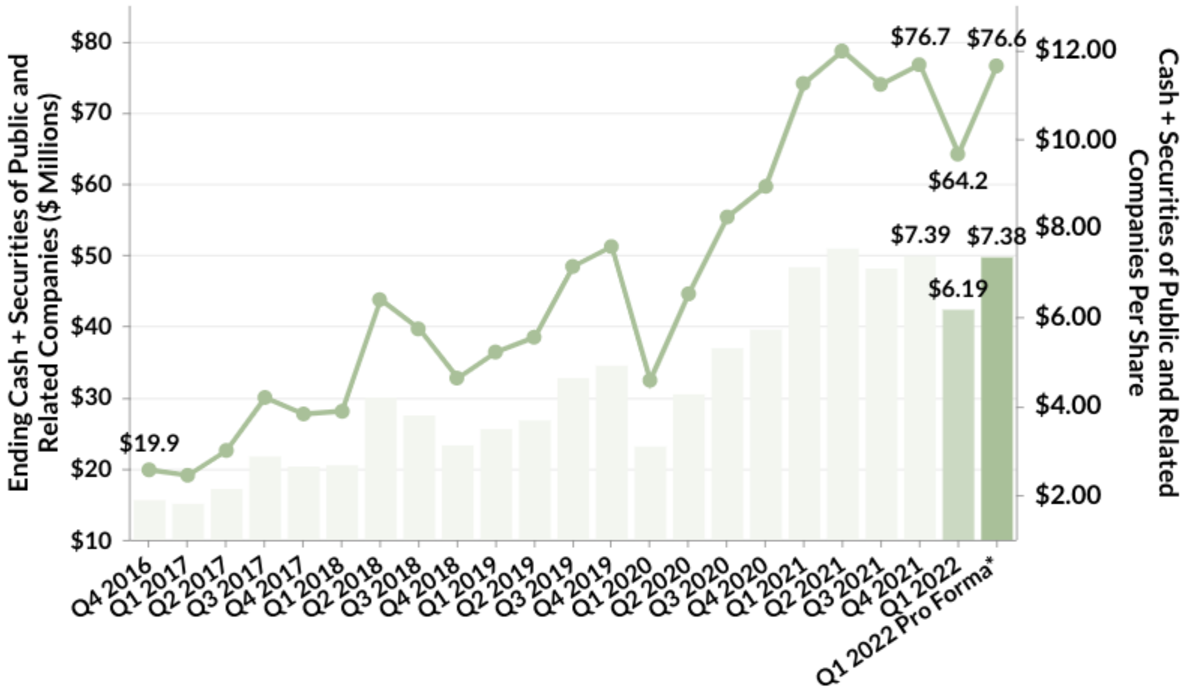
*Net Asset Value Per Share*

Our NAV decreased this quarter from $10.66 to $9.81, a decrease of 8.0%. TURN has three principal components to the variance in our NAV: our public portfolio, our private portfolio, and our expenses. For the quarter, our public and related portfolio caused our NAV to decrease by $1.12 per share, while our private portfolio companies increased our NAV by $0.32. Operating expenses decreased NAV by $0.05.

| | Quarter<br>Q1 2022 | 1 Year<br>Q1 2021-Q1 2022 | 3 Year<br>Q1 2019-Q1 2022 | 5 Year<br>Q1 2017-Q1 2022 | Inception to Date<br>Q4 2016-Q1 2022 |
|---|---|---|---|---|---|
| **Change in NAV** | **(8.0%)** | **(7.5%)** | **18.5%** | **34.6%** | **39.7%** |
| | | | | | |
| **Change in Stock Price** | **(6.9%)** | **(7.6%)** | **22.6%** | **57.2%** | **65.2%** |
| | | | | | |
| Russell Microcap Index | (7.6%) | (11.0%) | 44.2% | 60.0% | 60.6% |
| Russell Microcap Value Index | (2.1%) | 0.1% | 55.1% | 70.2% | 68.3% |
| Russell 2000 | (7.5%) | (5.8%) | 39.4% | 59.0% | 62.9% |

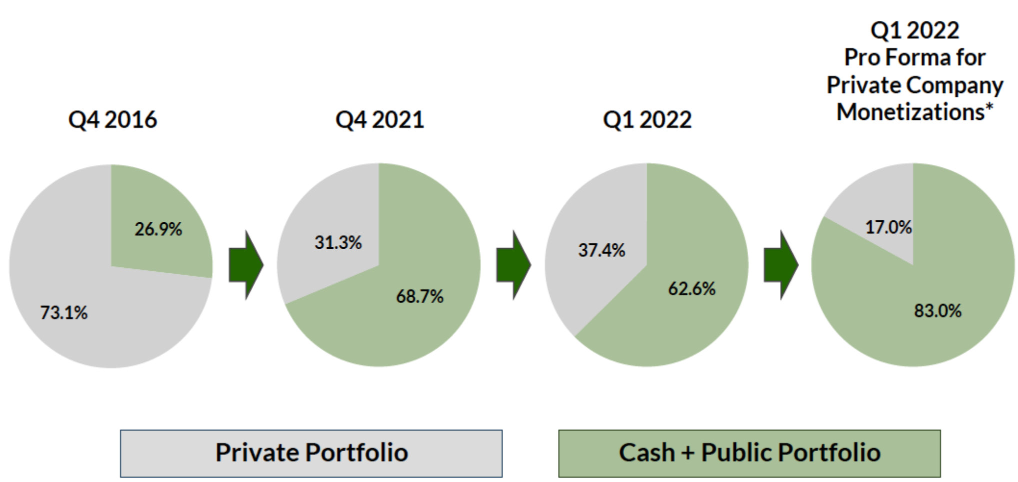
While our cash plus securities of public and related companies declined from $76.7 million to $64.2 million in the quarter, on a proforma basis accounting for the buyout of the Petra Pharma milestones and first payment for TARA Biosystems gets us to $76.6 million, or $7.38 per share.

This proforma amount is just shy of a historical high for 180 and does not take into consideration our investment in D-Wave Systems, which we still currently list as a private holding.




* Q1 2022 pro forma includes $12.3 million from the sale of the Petra milestones and the first payment received from the sale of TARA to Valo Health.

If D-Wave Systems completes its de-SPAC process under the current terms contemplated, our balance sheet will have 83% of its investment assets on a pro-forma basis in cash and public and related assets. We have entirely remade our business as you can see from the pie chart analysis below




* Private company monetizations include the buyout of the Petra Milestones, the value of D-Wave Systems under a successful De-SPAC public listing and the fair value of the non-contingent cash payments from the sale of TARA to Valo Health. The valuation of D-Wave Systems upon a successful public listing may be materially different than the carrying value as of March 31, 2022.

*Private Portfolio*

For the quarter, our private portfolio increased in value by $3.3 million, or $0.32 per share. The biggest positive change in value came from our rights to potential payments for future milestones related to the acquisition of Petra Pharma Corporation by Eli Lilly and Company. As I mentioned earlier, we have sold our ownership in these milestone payments back to Lilly for a price of $12.3 million, which is a $4.7 million increase to the value of those potential milestones as of December 31, 2021. The proceeds from this sale represent the amount 180 would have received if the first two milestones were achieved. The remaining payments would have required the achievement of regulatory and sales milestones that carry both significant risk of not being achieved as well as a very long timeframe if they were achieved. Given these dynamics, we believe this sale was in the best interest of our shareholders and is consistent with our desire to focus on our public market investment strategy.

The largest decreases in value of our privately held companies occurred in Nanosys, Inc., and HALE.life Corporation.

We have also shared the news with you that TARA Biosystems, has been acquired by Valo Health, LLC. D-Wave Systems announced its intent to become a publicly traded company through a merger with DPCM Capital, Inc., (“XPOA”), a special purpose acquisition company (“SPAC”). This event and potential pending event, respectively, were largely incorporated in value as of the end of 2021 and did not materially impact value in Q1 2022.

In almost every shareholder letter, we state that while we desire to shepherd our existing private portfolio to exits or explore opportunities to sell our positions in those companies, we have the luxury of being able to sell our private holdings when we believe it makes sense for shareholders, rather than being forced to do so to survive. We will no longer have to repeat this statement beyond this shareholder letter as we truly have remade the business and have completely transformed our business into our new strategy. If D-Wave Systems completes its transaction, 83% of our portfolio will be comprised of cash and liquid securities. We will then have one significant private holding remaining, AgBiome, that would represent 75% of the value of our remaining privately held investments.

This milestone was a transformation that started in June 2016, when I first joined the Board of Directors. At that time, our predecessor company’s balance sheet was comprised of 79% private assets and 21% net cash and public securities. Today, on a proforma basis assuming D-Wave Systems successfully completes the de-SPAC transaction, we are in a completely different place. Because of the greater transparency in the value of our holdings, it would make sense to us that our stock should narrow the discount it trades to our NAV. When we first took over the management of 180, we were very clear about what we hoped to accomplish, and I am pleased to report we have executed that strategy to the benefit of our shareholders.

**EXPENSES**

As we have noted in previous letters, we have dramatically reduced our cost structure under our new strategy. In 2016, before our Fund's change in investment focus and management team, our operating expenses, excluding stock-based compensation and interest on outstanding debt, averaged approximately $1.3 million per quarter. For Q1 2022 our regular operating expenses equaled approximately $750,000. Based on the performance during the quarter, we reversed an accrual for certain deferred bonus amounts from 2021 in the amount of approximately $390,000. This amount, or a portion of it, could be reinstated in future quarters depending on performance and at the discretion of the Compensation Committee of our Board. We will maintain a lean cost structure (outside of fixed expenses for being a public company) focusing our expenses on activities solely designed to enhance our investment performance or to increase our revenues from managing outside capital.

**TURN/NAV: SUM OF THE PARTS**

As of the end of Q1 2022, TURN traded at 70% of NAV. Our securities of publicly traded and related companies, cash, and other assets net of liabilities were $6.19 per share. Our stock price was $6.84. If we received 100% credit for the value of these assets net of liabilities, the market is ascribing a value of approximately $0.72 per share or $7.5 million to our private portfolio. Given our private assets are valued at approximately $38.3 million, the market is discounting the value of our private portfolio assets by approximately 80% as of the end of Q1 2022. None of this analysis takes into consideration the $12.3 million we received in cash for our sale of the Petra milestones that equates to a direct addition of $1.19 of cash per share straight to our balance sheet.

At the end of the day, the private portfolio, other than AgBiome, is currently irrelevant to our future success. Given how painful the market has been in 2022, we think the current construct of our balance sheet has provided a true floor for our share price.

**CONCLUSION**

Take this letter for what it is. I have long been criticized for being too harsh on myself during periods where we struggle. You will never hear an excuse from me or Daniel. We will agnostically and objectively analyze our performance and report on it to you. When I was at Blackrock, there were times when I talked about my performance and some folks from the sales force would tell me to, "not emphasize the negative too much. Focus on the positive." In my mind, during those under-performing quarters, I was neither being overly negative, nor attempting to feign false optimism. I was telling the truth and just stating the facts of the case! Fortunately, at BlackRock and at 180, we have had significantly more outperforming quarters versus underperforming ones, and, as a result, our funds have had great runs of performance. One of the many lessons I learned along the way is that a quarter's return doesn't matter. Good or bad. Go back and read our shareholder letter from last quarter when we significantly outperformed. What relevance did that letter have to this quarter's performance? None. What does this past quarter's performance say about how we are going to perform over the next year? Nothing. You have to have the right temperament to be a money manager and the appropriate amount of perspective. So, on the one hand, while we were disappointed in Q1 2022, I don't care! Just like I didn't care about how great Q4 2021 was. I went back and read our shareholder letter to you last quarter where I specifically said the following: "While our Q4 2021 was very good relative to the indices, it is better to judge us on the totality of our long-term results." I said that after a great quarter. So, what am I going to say after a quarter that was the opposite? Judge us only on this past quarter? I don't think so.

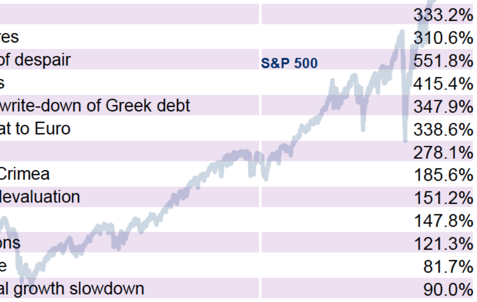
Now don't take that the wrong way. For anyone that knows us, they know we care about every last tick of every stock we own every day of the week. We have an intensity for getting it right every day and not being blinded by "only focusing on the long term." I personally own 500,000 shares of TURN bought with after-tax dollars of my own money. I care. But, if you ask me the relevance of performance in any one quarter, I will tell you it isn't that relevant to the big picture because we have permanent capital. The big story for us is we took $16 million of cash and public assets in the middle of 2016 and turned that into close to $80 million on a pro forma basis. This environment might ultimately be the catalyst that will allow us to go from where we are to $200 million over the next four years.

In 2022, investors are fixated on the inflationary and disrupted supply chain environment that is likely to lead to higher interest rates and the potential for slower growth, stagflation or even a recession. COVID-19 never seems to go away, and now we have a Russian invasion of Ukraine. All of these factors have caused dislocations in the markets and dramatic declines in equity indices. Put simply, it is a market filled with fear. The inflationary supply chain issues are real and are providing a serious headwind for the market and the economy. The Russian invasion of Ukraine has been a depressing humanitarian tragedy coupled with the potential for supply chain issues of food and energy. The markets are presently experiencing extreme volatility and vicious selling. Despite this glut of negativity that we see playing out on television each day, are there reasons to be constructive on market performance for the remainder of 2022? Believe it or not, we believe there are.

Let's start with the on-going war in Ukraine. Clearly what is happening there is a human tragedy on a level that is hard to find adequate words for. Further, it's clear that it has had a negative effect on the market for a litany of reasons. Setting aside the incredible human cost, what effects are likely to impact the market for the remainder of 2022? We will not pontificate on how we see this ending other than to say it feels like a poorly planned miscalculation on the part of Putin. We would feel arrogant attempting to claim we know how this will end, particularly when Putin seems to be relying less on calculated precise strategy and more on pure emotion. While this event is casting a scary pall over the market, it is not the first nor the last "bad news" event that in the moment feels like a headwind that can never be overcome. We aren't suggesting any of the below events carry the same magnitude as today's current events, but, for example, if you flashback to March of 2020 at the onset of the pandemic, was the market convinced at that time that the market would be materially higher over the next 18 months? No. Circumstances change and markets evolve.

**SOME EXAMPLES OF REASONS NOT TO INVEST**

| Year | Event | Cumulative total return[1] |
|---|---|---|
| 1999 | Y2K | 467.1% |
| 2000 | Tech wreck; bubble bursts | 368.5% |
| 2001 | September 11 | 415.4% |
| 2002 | Dot-com bubble: market down -49% | 484.9% |
| 2003 | War on Terror – U.S. invades Iraq | 650.9% |
| 2004 | Boxing Day Tsunami kills 225,000+ in southeast Asia | 483.5% |
| 2005 | Hurricane Katrina | 426.2% |
| 2006 | Not a bad year, but Pluto demoted from planet status | 401.6% |
| 2007 | Sub-prime blows up | 333.2% |
| 2008 | Global Financial Crisis; bank failures | 310.6% |
| 2009 | GFC: market down -56%; depths of despair | 551.8% |
| 2010 | Flash crash; BP oil spill; QE1 ends | 415.4% |
| 2011 | S&P downgrades U.S. debt; 50% write-down of Greek debt | 347.9% |
| 2012 | 2nd Greek bailout; existential threat to Euro | 338.6% |
| 2013 | Taper Tantrum | 278.1% |
| 2014 | Ebola epidemic; Russia annexes Crimea | 185.6% |
| 2015 | Global deflation scare; China FX devaluation | 151.2% |
| 2016 | Brexit vote; U.S. election | 147.8% |
| 2017 | Fed rate hikes; North Korea tensions | 121.3% |
| 2018 | Trade war; February inflation scare | 81.7% |
| 2019 | Trade, impeachment inquiry, global growth slowdown | 90.0% |
| *2020* | *COVID-19 pandemic, U.S. Presidential Election* | 44.5% |
| ***2021*** | **Omicron variant, China regulatory crackdown, what's next?** | **22.0%** |




**There always seems to be a reason to be nervous about investing**

- While some of these events had significant short-term impacts, the market has always found a way to recover.
- There are always going to be events and headlines that make investors nervous and emotional when investing.
- Admittedly, the up-close-and-personal nature of COVID-19 is different, and has the potential to sway investor sentiment more than other historical events.
- But this too shall pass: markets have already posted a phenomenal recovery off the lows, and the global economy continues to heal.

Sources: J.P. Morgan Private Bank. FactSet. [1] Cumulative total returns for S&P 500 are calculated from December 31 of the year prior until January 31, 2022.

Clearly, each of these headwinds were unique, but the point is that it seems reasonable that the current war alone should not be enough to keep the market negative. We have priced in quite a bearish scenario as we look at individual companies from a valuation perspective.

What about inflation and the corresponding rate hikes? The CPI release on March 10, 2022, was just the most recent data point reflecting high inflation and the necessity for rate hikes (with the first 25 basis points of tightening occurring on 3/16 and 50 basis points on 5/4). The chart below makes a strong case for the potential for positive market performance of small cap stocks over the rest of 2022 despite the looming rate hikes.

**RUSSELL 2000 INDEX RETURNS FOLLOWING FED FUNDS RATE INCREASE**

| Hike Date | 3 months after | 12 months after | 18 months after | 36 months after |
|---|---|---|---|---|
| 2/1/83 | n/a | 26.97% | 5.20% | 49.22% |
| 10/1/86 | 1.75% | 29.02% | 7.47% | 40.02% |
| 2/4/94 | -2.54% | -2.69% | 16.85% | 47.57% |
| 6/30/99 | -6.32% | 14.32% | 7.60% | 1.71% |
| 6/30/04 | -2.86% | 9.45% | 15.88% | 48.00% |
| 12/15/15 | -5.36 % | 22.63% | 17.55% | 9.14% |
| Averages | -3.07% | 16.62% | 11.76% | 32.61% |

Source: Perritt Capital Management

While our investment results for the history of 180 have shown great outperformance, we are not immune from the sell-off that has occurred to start the year. We have had a number of large selloffs in our five-year history and yet through it all, our public and related asset gross total return is +330.9%. While it is never fun to live through nasty sell-offs, we need washouts like we are currently experiencing to find the stocks that offer enormous upside. We intentionally run a concentrated portfolio of small cap companies. Way more often than not, our shareholders have seen the benefit of that strategy by getting our stock picking right. Of course, with the upside potential comes periods like we are in where you see the risk of managing a concentrated portfolio. The market for microcaps is filled with inefficiencies and asymmetric risk/reward characteristics. If you get your stock picking right, you can achieve outsized returns. Based on our research, we believe many of the individual companies we own have upside of 100% over a three-year period. We have permanent capital and the opportunity to take advantage of the current dislocation is easier for us because we don't have to sell to service redemptions. We are here for the long haul, we are going to make rational objective decisions, and we are going to use our activist approach when the situation calls for it. We look forward to reviewing our subsequent quarters as the year unfolds.

Thank you for your continued support.

Kevin Rendino
Chairman and Chief Executive Officer

**Forward-Looking Statements**

This press release may contain statements of a forward-looking nature relating to future events. 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 in this press release. Please see the Company's securities filings filed with the Securities and Exchange Commission for a more detailed discussion of the risks and uncertainties associated with the Company's business and other significant factors that could affect the Company's actual results. Except as otherwise required by Federal securities laws, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new events or uncertainties. The reference and links to websites have been provided as a convenience, and the information contained on such websites is not incorporated by reference into this press release. 180 is not responsible for the contents of third-party websites.