

March 24, 2020



180 DEGREE CAPITAL CORP. ISSUES UPDATE LETTER TO SHAREHOLDERS

MONTCLAIR, N.J., March 24, 2020 (GLOBE NEWSWIRE) -- 180 Degree Capital Corp. (NASDAQ:TURN) ("180" and the "Company"), today published the following letter to shareholders.

Fellow 180 Shareholders,

To say this has been a trying month may be the understatement of the century. The COVID-19 pandemic has led to worldwide economic dislocation with quarantines essentially shutting down business as we know it. My first hope is that our shareholders are being safe, vigilant, and are listening to the advice of the world's healthcare experts. As for TURN, we believe we are well equipped to weather the storm and come out on the other side.

To be clear, it is our view that despite the recent drastic fiscal and monetary stimulus, this crisis will not end until the virus is contained. While the fiscal and monetary stimulus will help, I view it not as a solution, but as a bridge to the containment of the virus. This situation didn't start as a financial crisis. This is a healthcare crisis for which we simply weren't prepared. I refresh the following website about 100 times a day: <https://www.worldometers.info/coronavirus/>. China, which was two months ahead of us, is presently seeing life slowly returning to normal as the number of new infections has dropped dramatically. This trend came only after the curve of the rate of new infections flattened. The questions we face now are will we be able to contain the virus in the United States, and if so, how long will it take? It is certainly easier to contain a disease when you are a state run government and can order people home. China did that. Free flowing democracies have not only taken longer to acknowledge the severity of the crisis, but also to limit the movements of its citizens. I am not telling you anything you don't know. I just wanted to make sure you understand that our view is there will continue to be economic duress, stock market dislocation, and heightened volatility until we contain COVID-19.

In the near term, Let me offer a few thoughts on what we have been doing and some general views we have of our company.

- Other than one person, which for now happens to be me, we are all working from home and communicating as frequently as we would if we were all in the office together. In fact, the lessons of 9/11 prompted Wall Street to make it possible to be fully functioning at home. Bloomberg Terminals work from anywhere, and we have the ability to trade without limitations no matter where we are physically located. If you add in text, email, video conferencing, and cell phones, communication is free flowing.
- It is important to remember that TURN has permanent capital. While other funds have to sell due to redemptions or other factors, we do not. We started the year with \$51 million in cash and public company securities, and \$12 million of that amount in cash. As you can imagine, we have been adding to certain select names. The adds, however, have been on the margin. We mentioned COVID-19 as a risk in our fourth quarter letter and we have waited a bit to add to our equity exposure. Today, our cash position is more than 10% of our combined cash and public company securities.
- This meltdown is real, and the economic ramifications of worldwide quarantines are yet to be fully felt. During this time, we are less preoccupied with TURN's stock price and what our transitory book value is going to be at the end of this quarter. There is no doubt in my mind that this wipeout will end with companies going out of business. We have spent the last few weeks stress testing our financial models for each of our holdings for potential revenue declines of 50 percent or more for a period of quarters. We're actively assessing what each of our holdings have to do on the cost side to conserve cash, protect its balance sheets, and get to the other side of this crisis. As a general overview, the majority of our holdings do not have significant or outsized financial leverage. Many have net cash. But like the rest of the world, they have the uncertainty of a complete collapse in their revenues. Just because a company isn't tripping debt covenants doesn't mean that the company won't face a cash crunch. We have been spending time with our holdings, hearing their action plans for this crisis and providing our perspectives on these plans. We are stress testing our own models to assess how long a company can survive this downturn. We have told every one of our companies that their job right now is to: 1) preserve cash and protect the balance sheet, and 2) challenge themselves to learn how to operate and survive with revenues down 50 percent. As one very smart friend of mine told me, "you aren't

serving your employees if you drive the bus off the cliff.”

You have entrusted us with your investment in TURN, and we entrust management teams with TURN’s capital. We expect our management teams to maneuver through changing environments. Our companies are not going to sit on their hands and do nothing. They are going to proactively manage their business. Nothing is static. We like our holdings, we like our management teams, and we expect them to do whatever is necessary to ensure viability. Although I am certainly not a Pollyannaish person, I do think we have a good collection of assets. If we felt otherwise, we would sell and move on.

- On the private side, one can also expect some degree of dislocation as many of our holdings rely on continuous funding to keep going. Our board of directors formally values our private holdings at the end of each quarter. That said, based on the information available as of the date of this letter, we currently estimate that potential writedowns of the private portfolio equate to roughly half of the decline Russell Microcap Index on a relative percentage basis.
- As for where our NAV shakes out this quarter, first let me say the quarter still has a few more days left. We usually spend the first few days after the quarter has ended going through our formal process for valuing the private portfolio. My point is all of this can change for the better, or for the worse. Our public portfolio companies have thus far performed better than the indices and we currently estimate that our private portfolio has performed better than our public portfolio. These two data points mean that we currently believe our NAV has not declined by the same 40% decline of the Russell Microcap Index or the 44% decline of the Russell Microcap Value Index. And yet, our stock price has collapsed by 48% to a lower price than what it was when we took over an incredibly broken Harris & Harris Group.
- As for our own stock price, I am deeply disappointed by the decline, although I understand the indiscriminate selling that comes with redemptions and margin calls. Clearly, I think the valuation is absurd. Our management team bought stock today in addition to multiple purchases throughout March. We will continue to add to it as we are now nearly trading at our cash and public holdings. We are not thinking about where our share price will be in a week, but rather do we think it can be materially higher sometime down the road.

How long will this last? Much depends on our own behaviors. Today, World Health Organization Director-General Tedros Adhanom Ghebreyesus said the following about the rising COVID-19 cases, “We are not prisoners to statistics. We’re not helpless bystanders. We can change the trajectory of this pandemic.” Taking short-term pain by quarantining and trying not to infect others will flatten the curve and help bring an end to this crisis. Or we can ignore the call from scientists and health organizations by continuing to pile on to beaches and throw social distancing to the curb. The actions taken over the upcoming days, weeks and months will determine our economic and social path forward.

All that said, TURN is weathering the storm. While by no means are we immune from the impact of rapidly declining markets, we will get through this. I am confident in our strategy. I believe our tried and true value discipline will win out over what we hope is a very temporary dislocation.

It was important for me to put pen to paper. We have no debt and we have permanent capital. We are here today, and we will be here tomorrow. We are always here to answer any questions you have. I hope you all are safe and sound.

Best Regards,

Kevin M. Rendino
Chairman and Chief Executive Officer

About 180 Degree Capital Corp.

180 Degree Capital Corp. is a publicly traded registered closed-end fund focused on investing in and providing value-added assistance through constructive activism to what we believe are substantially undervalued small, publicly traded companies that have potential for significant turnarounds. Our goal is that the result of our constructive activism leads to a reversal in direction for the share price of these investee companies, i.e., a 180-degree turn. Detailed information about 180 and its holdings can be found on its website at www.180degreecapital.com.

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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 link to the website www.180degreecapital.com has been provided as a convenience, and the information contained on such website is not incorporated by reference into this press release. 180 is not responsible for the contents of third-party websites.



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