

February 4, 2021



# 180 Degree Capital Corp. Issues Open Letter to the Board and Shareholders of Enzo Biochem, Inc.

MONTCLAIR, N.J., Feb. 04, 2021 (GLOBE NEWSWIRE) -- 180 Degree Capital Corp. (NASDAQ:TURN) (“180” and the “Company”), today issued the following open letter to the board and shareholders of Enzo Biochem, Inc. (“ENZ”).

To the Board of Directors and fellow shareholders of ENZ,

180 is a publicly traded closed-end fund focused on investing in micro capitalization public companies with a constructive, collaborative and collegial activist approach. We currently own 1,147,969 shares, or 2.4%, of Enzo Biochem, Inc. (“ENZ”), and we believe the company is extremely undervalued.

I recently sent an email to the ENZ’s Board of Directors (the “Board”) to set up a time to speak about the results of ENZ’s recent proxy vote and overall corporate governance at the company. My email and request have unfortunately thus far gone unanswered. I can only assume that the Board is hard at work trying to create value for its shareholders rather than speaking to shareholders. To that point, we are deeply concerned that the current management team is completely incapable of generating a return for its shareholders judging from performance of ENZ’s stock during its tenure. As you can see from the following chart of total return<sup>1</sup>, there is little for the Board to applaud, as ENZ’s total return for shareholders, under the leadership of Mr. Rabbani, has woefully underperformed and is squarely in the bottom decile of performance among its peers.

TOTAL RETURN	1YR-2020	3YR	5YR
Enzo Biochem, Inc.	12.4%	(61.7%)	(40.5%)
Russell 2000 Index	30.2%	37.1%	114.4%
Russell 2000 Index Health Care	58.0%	73.4%	190.9%
Russell 2000 Index Biotechnology Subsector	70.1%	75.4%	241.4%

And yet, somehow, the Board overseeing this terrible performance has seen it fit to approve what we believe to be egregious compensation for Mr. Rabbini, as highlighted in the chart below.

	Base pay	Option	Performance Stock	Non-Equity Incentive	All Other	Total
	Salary	Awards	Units Award	Plan Compensation	Compensation	Compensation
2020	\$611,000	\$112,400	\$69,740	\$500,000	\$194,661	\$1,487,801

<b>2019</b>	\$611,000	\$135,296	\$70,000	\$500,000	\$190,308	\$1,506,604
<b>2018</b>	\$611,000	\$137,340	\$44,200	\$500,000	\$184,132	\$1,476,672
<b>2017</b>	\$585,802	\$180,150	\$0	\$575,000	\$191,044	\$1,531,996
<b>2016</b>	\$555,478	\$87,600	\$0	\$575,000	\$189,427	\$1,407,505
<b>Total</b>	<b>\$2,974,280</b>	<b>\$652,786</b>	<b>\$183,940</b>	<b>\$2,650,000</b>	<b>\$949,572</b>	<b>\$7,410,578</b>

The Board's apparent belief that \$7.4 million in cash, stock options and other forms of compensation properly reflects Mr. Rabbini's performance as CEO raises what we believe are troubling questions about ENZ's overall corporate governance.

We believe the case for how abhorrent the oversight of ENZ has been throughout the history of this Board and the current management team is clear. ENZ's management and Board have been the recipient of what we consider to be very sober and thoughtful public criticism from a significant portion of its shareholders. In our view, ENZ's latest proxy contest ended exactly the way it should, with a clear mandate from shareholders to enact change in the corporate governance of the company. We note this mandate came at a significant cost to shareholders, through the wasteful spending of \$4 million on legal fees, in an attempt to resist shareholders' efforts to push for reform. ISS could not have been more explicit in their denunciation of ENZ's "late-stage entrenchment maneuvers" that ENZ proposed early last year.

As noted in a press release issued by Roumell Asset Management, LLC on December 31, 2020, Glass Lewis was as direct as it could be in advance of the board meeting on January 4, 2021, noting that "hallmarks of the [B]oard's regressive methodologies remain, in our view, disconcertingly evident, from a muddled representation of refreshment to **plainly questionable management of compensation programs to seemingly inflexible reverie for Elazar Rabbani, a chairman and CEO who still cannot be bothered to participate in calls with the Company's owners and investment community** [...]" (emphasis added).

"We would again emphasize our general view that [Roumell] has otherwise presented sufficient cause to suggest **shareholders would benefit from the replacement of certain incumbent candidates, including Dr. Rabbani, in lieu of maintaining a status quo** which continues to lean on, in our view, regressive governance protocols to deflect investor feedback fueled, in no small part, by **Enzo's dismal returns profile**" (emphases added).

At the referenced meeting of shareholders, votes were casten *masse* to denounce the egregious and deplorable treatment of shareholders for the benefit of management by not electing Mr. Rabbini to another term as a director. Mr. Rabbani has submitted his resignation, and as of yet, the Board has still not accepted it. We are deeply concerned that the Board may choose to ignore not only the opinion of the two most respected corporate governance organizations in the country, but also the will of the majority of ENZ's shareholders. This isn't a game. ENZ's shareholders voted in a clear and unambiguous manner and it is your responsibility as Board members to act immediately on their behalf.

To be clear, we do not hold the two new directors, Dr. Ian B. Walters and Dr. Maria Tagliaferri, responsible for the pathetic performance of prior board members or the current management team. We do, however, absolutely hold them and the rest of the current Board accountable for immediately doing what is necessary today, as a result of the recent vote.

Bill Parcels famously said, “You are what your record says you are.” The track record at Enzo is abysmal, and we believe it is about time that the Board takes action and shows accountability to its shareholders. In our view this is a settled issue at this point. We expect you to immediately accept the resignation of Mr. Rabbani. In addition, you should ensure the company has a proper Board that works for the shareholders, find the appropriate new leadership for the business, and determine the best path forward, including all potential strategic alternatives. This falls in your lap. Your shareholders, including 180, are watching. The watchdog governance organizations are watching. Despite your decision to not respond to our efforts to talk about the business with you, we will not remain silent and on the sidelines. We will be activists and take what steps we feel are appropriate to hold accountable those that have caused meaningful destruction of shareholder value and seek to reinstate proper corporate governance at ENZ.

We welcome the opportunity to have constructive conversations with the Board at its earliest convenience.

Regards,

Kevin Rendino  
Chief Executive Officer, 180 Degree Capital Corp.

<sup>1</sup>Total returns based on closing prices as of January 29th, 2021

### **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](http://www.180degreecapital.com).

Press Contact:  
Daniel B. Wolfe  
180 Degree Capital Corp.  
973-746-4500

### **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](http://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.



Source: 180 Degree Capital Corp.