

May 9, 2016



Harris & Harris Group Issues Business Update and Reports Financial Statements as of March 31, 2016

NEW YORK, May 09, 2016 (GLOBE NEWSWIRE) -- Harris & Harris Group, Inc. (NASDAQ:TINY), reported today that, as of March 31, 2016, its net asset value and net asset value per share were \$82,505,245 and \$2.67, respectively. The Company's Quarterly Report on Form 10-Q may be accessed at <http://ir.hhvc.com/sec.cfm>.

Review of First Quarter 2016

During the first quarter of 2016, we continued to take steps to position the Company for potential future growth. We believe a number of accomplishments by our portfolio companies during the quarter have the potential to contribute to this goal. These accomplishments include:

- We increased our investment income by 111 percent and decreased our net operating loss by 43 percent during the first quarter of 2016 as compared with the first quarter of 2015;
- D-Wave Systems, Inc., EchoPixel, Inc., and Magic Leap, Inc., raised rounds of capital from new and current investors at higher prices per share than each company's prior round of financing;
- We founded a new company, Interome, Inc., that is focused on exciting opportunities in precision health and precision medicine. We currently control and manage Interome, leveraging existing resources within Harris & Harris Group to help build the company;
- We launched H&H Co-Investment Partners, LLC, an entity formed to provide shareholders who are accredited investors and other accredited investors the opportunity to invest alongside us in our portfolio companies on an individual portfolio company basis;
- Mersana Therapeutics, Inc., expanded its partnership with Takeda Pharmaceutical Company Limited. Mersana will receive an upfront payment of \$40 million and an additional payment of \$20 million upon clearance of the IND (Investigational New Drug application) for XMT-1522 by the FDA. Subject to the success of the XMT-1522 and antibody-drug conjugate programs, Mersana is eligible to receive milestone payments of more than \$750 million combined as well as royalties. Takeda will also invest up to \$20 million in equity in future rounds of Mersana financing.
- Ensemble Therapeutics Corporation announced that it had achieved a milestone related to its partnership with Alexion; and

- Metabolon, Inc., and SYNLAB Group formed a commercialization collaboration for its Quantose IR diagnostic test.

We also faced the following challenges during this quarter:

- Net asset value per share decreased from \$2.88 as of December 31, 2015, to \$2.67 as of March 31, 2016;
- Our share price decreased from \$2.20 as of December 31, 2015, to \$1.65 as of March 31, 2016, and \$1.73 as of May 6, 2016;
- The values of public equities, particularly those of microcapitalization companies, are highly volatile. The price per share and market capitalization of Adesto Technologies Corporation, Champions Oncology, Inc., Enumeral Biomedical Holdings, Inc., and OpGen, Inc., decreased in value during the first quarter of 2016 as compared with the end of 2015. Additionally, the values of public market comparable companies that are inputs in determining the values of certain of our portfolio companies also decreased during the quarter. Our own stock price has been under considerable pressure from these and other headwinds;
- Even though the financings of some of our portfolio companies may have occurred at increases in price per share from prior rounds of financing, such increases may not be reflected in full in our values owing to other rights and preferences afforded to investors in those rounds of financing. This challenge, in part, limited the positive potential contribution to our net asset value per share by companies that completed such rounds of financing during the first quarter of 2016;
- Two of our portfolio companies, Cambrios Technologies Corporation and Ultora, Inc., completed auctions of their respective assets by a trustee appointed to conduct such liquidations for the benefit of creditors. We did not receive any proceeds from the liquidation of assets of either company; and
- While Bridgelux, Inc., agreed to be acquired by a consortium of buyers in July of 2015, the transaction has yet to close, and we are uncertain if and when it will close.

As we have stated previously in our letters to shareholders and in our blog posts, our net asset value is and will continue to be impacted significantly by the volatility of the public markets as our portfolio companies mature through two mechanisms: 1) the values of publicly traded comparable companies become significant inputs to value; and 2) our portfolio companies become publicly traded. As of the end of 2015, this volatility was a source of increases in our net asset value. As of the end of this quarter, this volatility contributed significantly to a sharp decrease in our net asset value.

As of March 31, 2016, and December 31, 2015, we had four publicly traded portfolio companies (Adesto Technologies Corporation, Champions Oncology, Inc., Enumeral

Biomedical Holdings, Inc., and OpGen, Inc.) and four privately held portfolio companies whose values are calculated based on a multiple to revenues derived from sets of publicly traded comparable companies (Metabolon, Inc., Nano Terra, Inc., Nanosys, Inc., and Produced Water Absorbents, Inc.) These companies in aggregate accounted for \$28.2 million or 32 percent of our total assets as of March 31, 2016. The decrease in value of these portfolio companies of approximately \$8.6 million, or \$0.28 per share compared to the period ended December 31, 2015, was the direct result of decreases in the values of our publicly traded portfolio companies and the net decrease in the values of the sets of publicly traded comparable companies used in our valuation methodologies. In the case of our publicly traded portfolio companies, the decrease in the stock price of Adesto from \$7.71 to \$5.62 from December 31, 2015 to March 31, 2016, accounted for the majority of the decrease of our publicly traded portfolio companies. In the case of our privately held portfolio companies that are valued based on a multiple of revenues derived from sets of publicly trade comparable companies, the decrease in the multiple to revenues was offset in part by an increase in trailing twelve-month revenues for two of these four privately held portfolio companies, Metabolon and Nanosys, as of this quarter versus at year end.

This volatility of the public markets was offset in part by an increase in the value of our holdings of D-Wave Systems, Inc., by \$4.6 million, or \$0.15 per share, to \$11.5 million as of this quarter from \$6.9 million as of the end of 2015. D-Wave Systems was the largest portfolio holding by value as of March 31, 2016. The remaining \$0.08 decrease in net asset value per share was owing to a net decrease in the valuations of our portfolio companies and to expenses incurred during the quarter.

Please join us for our Annual Shareholder Meeting on June 7, 2016, as four of our portfolio companies, D-Wave Systems, HZO, Metabolon and Orig3n discuss their businesses and take questions. Please see our web site at www.hhvc.com to register to attend.

SUMMARY OF FINANCIAL POSITION

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)	March 31, 2015 (Unaudited)
Total Assets	\$ 89,533,370	\$ 96,461,286	\$ 113,020,168
Net Assets	\$ 82,505,245	\$ 88,711,671	\$ 105,892,734
Net Asset Value per Share	\$ 2.67	\$ 2.88	\$ 3.39
Shares Outstanding	30,845,754	30,845,754	31,280,843

Harris & Harris Group is a publicly traded, internally managed business development company that builds transformative companies from disruptive science. Detailed information about Harris & Harris Group and its holdings can be found on its website at www.HHVC.com, on Facebook at www.facebook.com/harrisharrisvc and by following on Twitter [@harrisandharrisgroup](https://twitter.com/harrisandharrisgroup).

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 Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as well as subsequent filings, filed with

the Securities and Exchange Commission for a more detailed discussion of the risks and uncertainties associated with the Company's business, including, but not limited to, the risks and uncertainties associated with venture capital investing 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 references to the websites www.HHVC.com and www.Facebook.com have been provided as a convenience, and the information contained on such websites is not incorporated by reference into this press release. The Company is not responsible for the contents of third party websites.

PRESS CONTACT:
Douglas W. Jamison
Harris & Harris Group, Inc.
212-582-0900



Source: Harris & Harris Group