

November 9, 2016



# Harris & Harris Group Issues Business Update and Reports Financial Statements as of September 30, 2016

NEW YORK, Nov. 09, 2016 (GLOBE NEWSWIRE) -- Harris & Harris Group, Inc. (NASDAQ:TINY), reported today that, as of September 30, 2016, its net asset value and net asset value per share were \$75,322,949 and \$2.44, respectively. The Company's Quarterly Report on Form 10-Q may be accessed at <http://ir.hhvc.com/sec.cfm>.

## Review of Third Quarter 2016

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

- We increased our investment income by 132 percent and decreased our net operating loss by 46 percent during the third quarter of 2016 as compared with the third quarter of 2015. We increased our investment income by 97 percent and decreased our net operating loss by 41 percent during the first nine months of 2016 as compared with the first nine months of 2015.
- A number of our portfolio companies announced financings and/or business milestones during the quarter including:
  - D-Wave Systems, Inc., announced details of its most advanced quantum computing system, featuring a new 2,000 qubit processor. The company made the announcement at its inaugural users group conference in Santa Fe, New Mexico.
  - D-Wave Systems, Inc., also announced the formation of D-Wave Government Inc., a U.S. subsidiary formed to provide D-Wave's quantum computer systems to the U.S. government. The company also announced the members of the subsidiary's independent board, which include prominent executives with extensive experience at U.S. government agencies including the Department of Energy, the Department of Defense, the National Science Board, the Defense Science Board and the Intelligence Community.
  - HZO, Inc., announced a collaboration with Rakuten Kobo to protect its latest eReader, the Kobo Aura ONE.
  - Mersana Therapeutics, Inc., announced that it has clearance from the FDA to begin a Phase 1 clinical trial for its antibody-drug conjugate therapy for cancer. In conjunction with this clearance, the company received a \$20 million milestone payment from Takeda.

The following announcements were made by companies we are building that are focused on precision health and medicine.

- Interome, Inc., announced that it is a co-organizer of the UnDx Consortium™. This organization brings together five precision medicine technology providers and prominent experts from medical centers and universities across the country to collaborate in an effort to produce new hypotheses for a set of seven patients struggling with undiagnosed diseases. The UnDx Consortium met to explore results of cutting-edge tests analyzing samples from these patients and their families. That meeting is the beginning of what is expected to evolve into an ongoing forum to explore the potential of combining precision medicine technologies to diagnose and treat disease.
- Muses Labs, Inc., presented data from a pilot study of its MEND Protocol for the treatment of early Alzheimer's disease at the Alzheimer's Association International Conference 2016. MEND Protocol is a multi-step cognitive evaluation process that uses advanced data processing technology to first assess which risk factors are present in an individual.
- Muses Labs, Inc., and Metabolon, Inc., announced a partnership to study and apply metabolomics in individuals with pre- and early-symptomatic cognitive decline and Alzheimer's disease. The companies stated that they expect to bring new clinical trial services and updated care protocols to the market.
- Metabolon, Inc., announced that it closed a round of financing of \$15 million from a new investor, Essex Woodlands.
- EchoPixel, Inc., announced that its medical virtual reality system is ready for clinical implementation. The system is being distributed to customers in collaboration with the HP Zvr Interactive Virtual Reality Display and workstation.

We also faced the following challenges during this quarter:

- Net asset value per share decreased from \$2.88 as of December 31, 2015, to \$2.44 as of September 30, 2016.
- Our price per share decreased from \$2.20 as of December 31, 2015, to \$1.39 as of September 30, 2016, and \$1.25 as of November 8, 2016.
- Senova Systems, Inc., sold substantially all of its assets to an undisclosed buyer for an up-front payment and potential future milestone payments. Even if all of the milestone payments are received in full, we do not expect to recover our cost basis of approximately \$4 million.
- The values of public equities, particularly those of microcapitalization companies, are highly volatile. The price per share and market capitalization of Adesto Technologies Corporation decreased in value from \$3.28 at June 30, 2016, to \$2.22 at September 30, 2016, and closed at \$2.05 at November 8, 2016. Champions Oncology, Inc., decreased in value from \$2.15 at June 30, 2016, to \$1.68 at September 30, 2016, and closed at \$1.70 at November 8, 2016. Enumeral Biomedical Holdings, Inc., decreased in value from \$0.20 at June 30, 2016, to \$0.18 at September 30, 2016, and closed at \$0.14 at November 8, 2016. While the price per share and market capitalization of OpGen, Inc., increased in value from \$1.52 at June 30, 2016, to \$1.64 at September 30, 2016, the price per share of each company's common stock continues to trade significantly below the price per share at the time of each company's initial public listing. Additionally, the values of comparable public market 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 third quarter of 2016.

Additional accomplishments and challenges can be found in the Management's Discussion and Analysis section of our Quarterly Report. 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 the prior quarter, this volatility contributed significantly to a sharp decrease in our net asset value. As of the end of this quarter, the net decreases in value owing to our publicly traded portfolio companies were offset by net increases in our privately held portfolio companies.

Please join us for our third quarter of 2016 shareholder update call on Tuesday, November 15, 2016, at 10:00 a.m. Eastern Time.

#### **SUMMARY OF FINANCIAL POSITION**

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)	September 30, 2015 (Unaudited)
Total Assets	\$ 82,422,674	\$ 96,461,286	\$ 94,158,008
Net Assets	\$ 75,322,949	\$ 88,711,671	\$ 86,974,196
Net Asset Value Per Share	\$ 2.44	\$ 2.88	\$ 2.80
Shares Outstanding	30,880,829	30,845,754	31,022,866

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](http://www.HHVC.com), on Facebook at [www.facebook.com/harrisharrisvc](http://www.facebook.com/harrisharrisvc) and by following on Twitter @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](http://www.HHVC.com) and [www.Facebook.com](http://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



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