



FOR IMMEDIATE RELEASE

Intellicheck Mobilisa Announces Second Quarter 2016 Financial Results

*New Products and New Sales Force Amongst Key Developments
Anticipated To Generate Significant Returns*

JERICHO, NY – August 11, 2016 -- [Intellicheck Mobilisa](#), Inc. (NYSE MKT:IDN), a leader in threat identification, identity authentication, verification and validation technology solutions, today announced its financial results for the second quarter ended June 30, 2016.

Revenue for the second quarter ended June 30, 2016 decreased 59.0% to \$940,354 compared to \$2,291,570 in the same period of the previous year. Gross profit as a percentage of revenues increased to 79.6% for the three months ended June 30, 2016 compared to 45.4% for the three months ended June 30, 2015.

Dr. William Roof, Intellicheck CEO, noted, “We believe this quarter represents a significant turning point for our Company. We have taken several important steps to successfully achieve the goals we articulated in Q1 that reflect the next phase of implementation of the turn around strategic plan we initiated in 2015. Our investment in research and development, which is critical to our ongoing growth and industry standing as a leader in our space, has led to the launch of Retail ID Mobile and the development of another product we will be announcing shortly. Our accelerated new product development initiatives are now being guided by a new product development director. In addition, we have followed through with our commitment to staff and train a new, larger and more experienced sales force to maximize adoption of our existing product line, move our new products into our key verticals and drive our expansion into new markets, all of which we expect to result in high margin, recurring revenues. It should be noted that Q2 revenues from last year included over \$1,000,000 in low margin hardware sales to a major international telecommunications corporation, and approximately \$269,000 in revenues from our wireless business unit that we divested later in 2015.”

Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization and certain non-recurring charges) was a loss of (\$1,293,000) for the second quarter of 2016 compared to a loss of (\$809,000) for the second quarter of 2015. A reconciliation of adjusted EBITDA to net loss is provided elsewhere in this release. The net loss for the three months ended June 30, 2016 was (\$1,775,116) or (\$0.19) per diluted share compared to a net loss of (\$1,213,973) or (\$0.12) per diluted share for the quarter ended June 30, 2015.

Cash and cash equivalents at the end of the quarter totaled \$4.0 million or \$0.39 per share. Stockholders' equity totaled \$13.8 million at the end of the quarter or \$1.35 per share.

"We are a very different Company than we were just one year ago. We believe our strategic decisions have led to the new market awareness that is beginning to generate the traction we expected with the industry leading products that address demonstrated and growing market needs. Moreover, our confidence reflects the strong support we are receiving from current customers who have voiced their appreciation for our products and services. That confidence underlies our strong belief that we will continue to move the Company forward with our focus on growth strategies and building long-term shareholder value," Dr. Roof concluded.

The financial results reported today do not take into account any adjustments that may be required in connection with the completion of the Company's review process and should be considered preliminary until Intellicheck Mobilisa files its Form 10-Q for the fiscal quarter ended June 30, 2016.

INTELLICHECK MOBILISA, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	(Unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,992,757	\$ 5,953,257
Accounts receivable, net of allowance of \$18,411 as of June 30, 2016 and December 31, 2015	816,523	1,158,972
Inventory	76,977	74,732
Other current assets	<u>303,644</u>	<u>178,362</u>
Total current assets	5,189,901	7,365,323
NOTES RECEIVABLE, net of current portion	131,246	150,496
PROPERTY AND EQUIPMENT, net	299,355	325,427
GOODWILL	8,101,661	8,101,661
INTANGIBLE ASSETS, net	2,312,346	2,470,127
OTHER ASSETS	<u>61,298</u>	<u>59,800</u>
Total assets	\$ <u>16,095,807</u>	\$ <u>18,472,834</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ 81,555	\$ 260,276
Accrued expenses	881,133	536,316
Deferred revenue, current portion	<u>1,019,717</u>	<u>909,233</u>
Total current liabilities	1,982,405	1,705,825
OTHER LIABILITIES		
Deferred revenue, long-term portion	271,915	341,242
Deferred rent	<u>81,796</u>	<u>99,355</u>
Total liabilities	2,336,116	2,146,422
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS EQUITY:		
Common stock - \$.001 par value; 40,000,000 shares authorized; 10,177,735 and 9,878,906 shares issued and outstanding, respectively	10,178	9,879
Additional paid-in capital	116,301,865	114,950,278
Accumulated deficit	<u>(102,552,352)</u>	<u>(98,633,745)</u>
Total stockholders' equity	<u>13,759,691</u>	<u>16,326,412</u>
Total liabilities and stockholders' equity	\$ <u>16,095,807</u>	\$ <u>18,472,834</u>

INTELLICHECK MOBILISA, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
REVENUES	\$ 940,354	\$ 2,291,570	\$ 1,891,022	\$ 3,278,697
COST OF REVENUES	<u>(191,654)</u>	<u>(1,250,746)</u>	<u>(354,696)</u>	<u>(1,642,908)</u>
Gross profit	748,700	1,040,824	1,536,326	1,635,789
OPERATING EXPENSES				
Selling, general and administrative	1,830,147	1,578,255	3,846,923	3,004,545
Research and development	<u>697,747</u>	<u>680,815</u>	<u>1,617,203</u>	<u>1,176,753</u>
Total operating expenses	<u>2,527,894</u>	<u>2,259,070</u>	<u>5,464,126</u>	<u>4,181,298</u>
Loss from operations	(1,779,194)	(1,218,246)	(3,927,800)	(2,545,509)
OTHER INCOME (EXPENSE)				
Interest and other income	4,078	4,829	9,193	32,158
Interest expense	<u>-</u>	<u>(556)</u>	<u>-</u>	<u>(2,735)</u>
Net loss	\$ <u>(1,775,116)</u>	\$ <u>(1,213,973)</u>	\$ <u>(3,918,607)</u>	\$ <u>(2,516,086)</u>
PER SHARE INFORMATION				
Loss per common share -				
Basic/Diluted	\$ <u>(0.19)</u>	\$ <u>(0.12)</u>	\$ <u>(0.42)</u>	\$ <u>(0.27)</u>
Weighted average common shares used				
in computing per share amounts -				
Basic/Diluted	<u>9,108,856</u>	<u>9,835,927</u>	<u>9,393,587</u>	<u>9,448,777</u>

INTELLICHECK MOBILISA, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the six months ended June 30, 2016
(Unaudited)

	<u>Common Stock</u>		Additional	Accumulated	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in Capital</u>	<u>Deficit</u>	
BALANCE, January 1, 2016	9,878,906	\$ 9,879	\$ 114,950,278	\$ (98,633,745)	\$ 16,326,412
Stock-based compensation expense	-	-	667,694	-	667,694
Issuance of common stock, net of costs	1,200,000	1,200	1,779,600	-	1,780,800
Purchase and retirement of common stock	(979,114)	(979)	(1,095,629)	-	(1,096,608)
Vesting of restricted stock	77,943	78	(78)	-	-
Net loss	-	-	-	(3,918,607)	(3,918,607)
	<u>10,177,735</u>	<u>\$ 10,178</u>	<u>\$ 116,301,865</u>	<u>\$ (102,552,352)</u>	<u>\$ 13,759,691</u>
BALANCE, June 30, 2016	<u>10,177,735</u>	<u>\$ 10,178</u>	<u>\$ 116,301,865</u>	<u>\$ (102,552,352)</u>	<u>\$ 13,759,691</u>

INTELLICHECK MOBILISA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	<u>Six Months Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,918,607)	\$ (2,516,086)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	223,170	571,023
Noncash stock-based compensation expense	667,694	267,408
Deferred rent	(17,559)	(13,039)
Changes in assets and liabilities:		
Decrease (Increase) in accounts receivable	342,449	(913,521)
(Increase) in inventory	(2,245)	(20,094)
(Increase) in other current assets	(125,282)	(112,595)
(Increase) Decrease in other assets	(1,498)	12,207
Increase in accounts payable, accrued expenses	166,096	534,033
Increase (Decrease) in deferred revenue	41,157	(304,580)
Net cash used in operating activities	<u>(2,624,625)</u>	<u>(2,495,244)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of patents	-	(125,000)
Purchases of property and equipment	(39,316)	(71,828)
Collection on note receivable	19,249	-
Net cash used in investing activities	<u>(20,067)</u>	<u>(196,828)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock	1,780,800	7,630,757
Purchase and retirement of common stock	(1,096,608)	-
Net proceeds from issuance of common stock from the exercise of stock options	-	977
Payments on note payable	-	(2,464)
Net cash provided by financing activities	<u>684,192</u>	<u>7,629,270</u>
Net (decrease) increase in cash and cash equivalents	(1,960,500)	4,937,198
CASH AND CASH EQUIVALENTS, beginning of period	<u>5,953,257</u>	<u>2,966,350</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 3,992,757</u>	<u>\$ 7,903,548</u>
Supplemental disclosure of noncash investing and financing activities:		
Financing of property and equipment	<u>\$ -</u>	<u>\$ 31,078</u>

A reconciliation of GAAP net loss to Adjusted EBITDA follows:

	(Unaudited)			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net loss	\$(1,775,116)	\$(1,213,973)	\$(3,918,607)	\$(2,516,086)
Reconciling items:				
Interest and other - net	(4,078)	(4,273)	(9,193)	(29,423)
Depreciation and amortization	116,377	230,702	223,170	571,023
Stock-based compensation costs	<u>369,664</u>	<u>178,883</u>	<u>667,694</u>	<u>267,408</u>
Adjusted EBITDA	<u>(1,293,153)</u>	<u>\$(808,661)</u>	<u>\$(3,036,936)</u>	<u>\$(1,707,078)</u>

Earnings Conference Call Information

The Company will hold an earnings conference call today, August 11, at 1:00 p.m. EDT/10:00 a.m. PDT to discuss operating results. To listen to the earnings conference call, please dial 877-407-8037. For callers outside the U.S., please dial 201-689-8037. The conference call will also be simultaneously webcast and can be accessed at <http://www.investorcalendar.com/IC/CEPage.asp?ID=175192> and clicking on the link to the Webcast. The webcast will be available for 14 days following the conference call.

About Intellicheck Mobilisa

Intellicheck Mobilisa is an industry leader in threat identification, identity authentication, verification, and validation systems. Our technology makes it possible for our customers to enhance the safety and awareness of their facilities and people, improve customer service, and increase operational efficiencies. Founded in 1994, Intellicheck has grown to serve dozens of Fortune 500 companies including retail and financial industry clients, national defense clients at agencies, major seaports, and military bases, police departments, and diverse state and federal government agencies. For more information on Intellicheck, please visit www.intellicheck.com.

Safe Harbor Statement

Statements in this news release about Intellicheck Mobilisa's future expectations, including: the advantages of our products, future demand for Intellicheck Mobilisa's existing and future products, whether revenue and other financial metrics will improve in future periods, whether Intellicheck Mobilisa will be able to execute its turn-around plan or whether successful execution of the plan will result in increased revenues, whether sales of our products will continue at historic levels or increase, whether brand value and market awareness will grow, whether the Company can leverage existing partnerships or enter into new ones, and all other statements in this release, other than historical facts, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). This statement is included for the express purpose of availing Intellicheck Mobilisa, Inc. of the protections of the safe harbor provisions of the PSLRA. It is important to note that actual results and ultimate corporate actions could differ materially from those in such forward-looking statements based on such factors as market acceptance of Intellicheck Mobilisa's products, changing levels of demand for Intellicheck Mobilisa's current and future products, Intellicheck Mobilisa's ability to reduce or maintain expenses while increasing sales, customer results achieved using our products in both the short and long term, success of future research and development activities, Intellicheck Mobilisa's ability to

successfully manufacture, market and sell its products, Intellicheck Mobilisa's ability to manufacture its products in sufficient quantities to meet demand within required delivery time periods while meeting its quality control standards, any delays or difficulties in the Company's supply chain, the success of the Company's sales and marketing efforts coupled with the typically long sales and implementation cycle for its products, Intellicheck Mobilisa's ability to enforce its intellectual property rights, changes in laws and regulations applicable to the Company's products, the Company's continued ability to access government-provided data, the risks inherent in doing business with the government including audits and contract cancellations, liability resulting from any security breaches or product failure, and other risks detailed from time to time in Intellicheck Mobilisa's reports filed with the SEC. We do not assume any obligation to update the forward-looking information.

Adjusted EBITDA

Intellicheck Mobilisa uses Adjusted EBITDA as a non-GAAP financial performance measurement. Adjusted EBITDA is calculated by starting with net income (loss) and adding back interest, income taxes, impairments of long-lived assets and goodwill, depreciation, amortization and stock-based compensation expense. Adjusted EBITDA is provided to investors to supplement the results of operations reported in accordance with GAAP. Management believes that Adjusted EBITDA provides an additional tool for investors to use in comparing Intellicheck Mobilisa financial results with other companies that also use Adjusted EBITDA in their communications to investors. By excluding non-cash charges such as impairments of long-lived assets and goodwill, amortization, depreciation and stock-based compensation, as well as non-operating charges for interest and income taxes, investors can evaluate the Company's operations and compare its results on a more consistent basis to the results of other companies. In addition, adjusted EBITDA is one of the primary measures that management uses to monitor and evaluate financial and operating results.

Intellicheck Mobilisa considers Adjusted EBITDA to be an important indicator of the Company's operational strength and performance of its business and a useful measure of the Company's historical operating trends. However, there are significant limitations to the use of Adjusted EBITDA, because it excludes interest income and expense, impairments of long-lived assets and goodwill, and stock based compensation expense, all of which impact the Company's profitability, as well as depreciation and amortization related to the use of long-term assets, which benefit multiple periods. Intellicheck Mobilisa believes that these limitations are compensated by providing Adjusted EBITDA only as a supplement to GAAP net income (loss) and clearly identifying the difference between the two measures. Consequently, Adjusted EBITDA should not be considered in isolation or as a substitute for net income (loss) presented in accordance with GAAP. Adjusted EBITDA as defined by the Company may not be comparable with similarly named measures provided by other entities.

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