



FOR IMMEDIATE RELEASE

Intellicheck Announces Second Quarter 2017 Financial Results

Financial Results Conference Call Today at 4:30 p.m. EDT/1:30 p.m. PT

JERICHO, NEW YORK – August 14, 2017—[Intellicheck](#), Inc. (NYSE American: IDN), an industry leader in delivering real-time threat identification and identification authentication that provides the antivirus to the epidemic of counterfeit IDs, today announced its financial results for the second quarter ended June 30, 2017.

Revenue for the second quarter ended June 30, 2017 increased 1% to \$951,000 compared to \$940,000 for the quarter ended June 30, 2016. SaaS revenue increased approximately 117% to \$300,000 for the second quarter, compared to \$138,000 for prior year comparable period. The Company's booked orders for the second quarter increased 5.4% to approximately \$895,000 compared to \$849,000 during the prior year comparable quarter. Gross profit as a percentage of revenues was 78.5% for the three months ended June 30, 2017 compared to 79.6% for the three months ended June 30, 2016. The slight decrease in gross profit was due to revenue mix that included equipment sales related to a customer that concluded a paid SaaS pilot and went live in all their retail stores late in the second quarter.

Operating expenses, which consist of selling, general and administrative, and research and development expenses, decreased by approximately 27% or \$681,000 to \$1,847,000 for the three months ended June 30, 2017 from \$2,528,000 in the comparable prior year period. The net loss for the three months ended June 30, 2017 improved 38% to \$1,099,000 or \$0.10 per diluted share compared to a net loss of \$1,775,000 or \$0.19 per diluted share for the comparable prior year period.

Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation expense and certain non-recurring charges) for the quarter ended June 30, 2017 improved 30% to a loss of \$902,000 compared to an Adjusted EBITDA loss of \$1,293,000 for

the second quarter of 2016. A reconciliation of net loss to adjusted EBITDA is provided elsewhere in this release.

“This quarter has been defined by important achievements reflected in the demonstrated traction of Age ID and the exceptional growth in adoption of Retail ID. This quarter also marked the first implementation of our Retail ID Online product that addresses the rapidly growing E-Commerce channel. Our Age ID and Retail ID paid product pilots with major brands have exceeded expectations with ROI’s yielding quick payback times as we realize continued progress in converting from paid pilots to contracts. We expect further advances as we increase pilots across key markets with organizations ranging from credit card companies and nationally recognized retail organizations to major concessionaires that will allow us to build on key market momentum and further growth of SaaS recurring revenue,” said Intellicheck CEO Dr. William Roof.

“We believe that our successes have expanded our position across key verticals and market recognition of our leadership based on our demonstrated core competencies and our world-class products. We are moving quickly to capitalize on this momentum as is evident in the early third quarter capital raise undertaken with Oppenheimer & Co. Inc. and Northland Capital. We intend to use the proceeds from this raise to significantly increase our sales force and onboard additional product engineers to expedite implementations, develop incremental features and benefits that will present up-sell opportunities, and further commercialize our biometric focused patent. We believe that there is significant growth opportunity as we remain focused on leveraging these successes with high gross margin products and innovation to drive continued strong demand and new market opportunities,” 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 files its Form 10-Q for the fiscal quarter ended June 30, 2017.

PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

**INTELLICHECK, INC.
CONSOLIDATED BALANCE SHEETS**

ASSETS

	June 30, 2017 (Unaudited)	December 31, 2016
CURRENT ASSETS:		
Cash	\$ 1,035,190	\$ 3,092,172
Accounts receivable, net of allowance of \$74,354 as of June 30, 2017 and December 31, 2016, respectively	775,721	502,126
Inventory	82,127	70,547
Other current assets	354,134	165,473
Total current assets	2,247,172	3,830,318
NOTE RECEIVABLE, net of current portion	94,942	114,909
PROPERTY AND EQUIPMENT, net	232,752	270,776
GOODWILL	8,101,661	8,101,661
INTANGIBLE ASSETS, net	1,996,781	2,154,563
OTHER ASSETS	59,940	61,298
Total assets	\$ 12,733,248	\$ 14,533,525

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ 93,391	\$ 14,140
Accrued expenses	573,416	519,957
Deferred revenue, current portion	695,852	825,538
Total current liabilities	1,362,659	1,359,635
OTHER LIABILITIES:		
Deferred revenue, long-term portion	131,330	177,306
Deferred rent	-	61,133
Total liabilities	1,493,989	1,598,074

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS EQUITY:

Common stock - \$.001 par value; 40,000,000 shares authorized; 10,808,027 and 10,718,553 shares issued and outstanding, respectively	10,808	10,719
Additional paid-in capital	117,666,081	117,293,158
Accumulated deficit	(106,437,630)	(104,368,426)
Total stockholders' equity	11,239,259	12,935,451
Total liabilities and stockholders' equity	\$ 12,733,248	\$ 14,533,525

INTELLICHECK, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
REVENUES	\$ 951,334	\$ 940,354	\$ 1,663,994	\$ 1,891,022
COST OF REVENUES	<u>(204,634)</u>	<u>(191,654)</u>	<u>(314,070)</u>	<u>(354,696)</u>
Gross profit	746,700	748,700	1,349,924	1,536,326
OPERATING EXPENSES				
Selling, general and administrative	1,352,361	1,830,147	2,525,244	3,846,923
Research and development	<u>495,048</u>	<u>697,747</u>	<u>865,645</u>	<u>1,617,203</u>
Total operating expenses	<u>1,847,409</u>	<u>2,527,894</u>	<u>3,390,889</u>	<u>5,464,126</u>
Loss from operations	(1,100,709)	(1,779,194)	(2,040,965)	(3,927,800)
OTHER INCOME				
Interest and other income	<u>2,156</u>	<u>4,078</u>	<u>5,655</u>	<u>9,193</u>
Net loss	<u>\$ (1,098,553)</u>	<u>\$ (1,775,116)</u>	<u>\$ (2,035,310)</u>	<u>\$ (3,918,607)</u>
PER SHARE INFORMATION				
Loss per common share - Basic/Diluted	<u>\$ (0.10)</u>	<u>\$ (0.19)</u>	<u>\$ (0.19)</u>	<u>\$ (0.42)</u>
Weighted average common shares used in computing per share amounts - Basic/Diluted	<u>10,769,437</u>	<u>9,108,856</u>	<u>10,750,751</u>	<u>9,393,587</u>

INTELLICHECK, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the six months ended June 30, 2017

(Unaudited)

	<u>Common Stock</u>		Additional	Accumulated	Total
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in Capital</u>	<u>Deficit</u>	<u>Stockholders' Equity</u>
BALANCE, January 1, 2017	10,718,553	\$ 10,719	\$ 117,293,158	\$ (104,368,426)	\$ 12,935,451
Cumulative adjustment upon modified retrospective adoption of ASU 2016-09	<u>-</u>	<u>-</u>	<u>33,894</u>	<u>(33,894)</u>	<u>-</u>
Balance after adoption of recent accounting pronouncement	10,718,553	10,719	117,327,052	(104,402,320)	12,935,451
Stock-based compensation expense	-	-	191,518	-	191,518
Exercise of stock options	10,000	10	10,090	-	10,100
Exercise of warrants	62,500	62	137,438	-	137,500
Vesting of restricted stock	16,974	17	(17)	-	-
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,035,310)</u>	<u>(2,035,310)</u>
BALANCE, June 30, 2017	<u>10,808,027</u>	<u>\$ 10,808</u>	<u>\$ 117,666,081</u>	<u>\$ (106,437,630)</u>	<u>\$ 11,239,259</u>

INTELLICHECK, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	<u>Six months ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,035,310)	\$ (3,918,607)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	208,600	223,170
Noncash stock-based compensation expense	191,518	667,694
Deferred rent	(22,215)	(17,559)
Changes in assets and liabilities:		
(Increase) Decrease in accounts receivable	(273,595)	342,449
(Increase) in inventory	(11,580)	(2,245)
(Increase) in other current assets	(187,879)	(125,282)
Decrease (Increase) in other assets	1,358	(1,498)
Increase in accounts payable and accrued expenses	93,792	166,096
(Decrease) Increase in deferred revenue	(175,662)	41,157
Net cash used in operating activities	<u>(2,210,973)</u>	<u>(2,624,625)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(12,794)	(39,316)
Collection of note receivable	19,185	19,249
Net cash provided by (used in) investing activities	<u>6,391</u>	<u>(20,067)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock	-	1,780,800
Net proceeds from issuance of common stock from exercise of stock options	10,100	-
Net proceeds from issuance of common stock from exercise of warrants	137,500	-
Purchase and retirement of common stock	-	(1,096,608)
Net cash provided by financing activities	<u>147,600</u>	<u>684,192</u>
Net decrease in cash	(2,056,982)	(1,960,500)
CASH, beginning of period	<u>3,092,172</u>	<u>5,953,257</u>
CASH, end of period	<u>\$ 1,035,190</u>	<u>\$ 3,992,757</u>

A reconciliation of GAAP net loss to Non-GAAP Adjusted EBITDA follows:

	(Unaudited)			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net loss	\$ (1,098,553)	\$ (1,775,116)	\$ (2,035,310)	\$ (3,918,607)
Reconciling items:				
Interest and other income	(2,156)	(4,078)	(5,655)	(9,193)
Depreciation and amortization	103,780	116,377	208,600	223,170
Stock-based compensation expense	94,718	369,664	191,518	667,694
Adjusted EBITDA	<u>\$ (902,211)</u>	<u>\$ (1,293,153)</u>	<u>\$ (1,640,847)</u>	<u>\$ (3,036,936)</u>

Earnings Conference Call Information

The Company will hold an earnings conference call today, August 14, at 4:30 p.m. EDT/1:30 p.m. PT 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/event/19823>. The webcast will be available for 14 days following the conference call.

Contact:

Investor Relations: Gar Jackson (949) 873-2789
Media and Public Relations: Sharon Schultz (302) 539-3747

About Intellicheck NYSE American: IDN

Intellicheck is the industry leader in technology solutions that are the antivirus to the epidemic of counterfeit IDs providing real-time threat identification and identification authentication. Our technology solutions make it possible for our clients 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, police departments, national defense clients at agencies, major seaports, and military bases, and diverse state and federal government agencies. The Company holds 25 patents including many patents pertaining to identification technology. For more information on Intellicheck, please visit <http://www.intellicheck.com/> and follow Intellicheck on Twitter @IntellicheckIDN, on Instagram @IntellicheckIDN, on LinkedIn <https://www.linkedin.com/company/intellicheck-inc->, on Facebook <https://www.facebook.com/intellicheckidn/>, on YouTube <https://www.youtube.com/user/ICMOBIL>, and read Intellicheck's latest blog post at <http://intellicheckidn.com/>.

Safe Harbor Statement

Statements in this news release about Intellicheck's future expectations, including: the advantages of our products, future demand for Intellicheck's existing and future products, whether revenue and other financial metrics will improve in future periods, whether Intellicheck 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"). These statements, which express management's current views concerning future events, trends, contingencies or results, appear at various

places in this website and use words like “anticipate,” “assume,” “believe,” “continue,” “estimate,” “expect,” “forecast,” “future,” “intend,” “plan,” “potential,” “predict,” “project,” “strategy,” “target” and similar terms, and future or conditional tense verbs like “could,” “may,” “might,” “should,” “will” and “would 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, 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’s products and the presently anticipated growth in the commercial adoption of the Company’s products and services, changing levels of demand for Intellicheck’s current and future products, Intellicheck’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’s ability to successfully manufacture, market and sell its products, Intellicheck’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’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’s reports filed with the SEC. We do not assume any obligation to update the forward-looking information.

Adjusted EBITDA

Intellicheck 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 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 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 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.