



FOR IMMEDIATE RELEASE

Intellicheck Mobilisa Announces Third Quarter 2016 Financial Results

Revenues Increase 29% While Expenses Decrease 34%

JERICHO, NY – November 10, 2016 -- [Intellicheck Mobilisa](#), Inc. (NYSE MKT:IDN), a leader in identity authentication, verification and validation solutions, today announced its financial results for the third quarter ended September 30, 2016.

Revenue for the third quarter ended September 30, 2016 increased 29% to \$1,214,308 compared to Q2 2016. During the quarter, the Company achieved an increase in bookings of 38% and a backlog increase of 88% over Q2 2016. In addition, the Company realized a decrease in operating expenses of 34% over Q2 2016 and a decrease of 43% in operating expenses from Q1 2016. EBITDA loss in the current quarter improved 62% over Q2 2016 to approximately (\$490,000).

“During our earnings call last quarter, we shared our expectation that the Company would achieve break-even in the first half of 2017. We continue to support that projection as we see the key indicators we believe will keep us on track to achieve that projection,” noted Intellicheck’s CEO Dr. William Roof.

The Company expects revenue growth to be fueled by a number of key developments. Retail market adoption of Intellicheck's retail technology solution products including [Retail ID™](#) and [Retail ID Mobile™](#) is expected to rise. The Company is currently engaged in some high profile opportunities with nationally recognized, major retail institutions. Expanded opportunities with nationally prominent financial institutions, including banks and payment processors, are also expected to make significant contributions to revenue growth.

Adoption of the Company's industry leading [Age ID™](#) technology solution is expected to increase in the coming quarters. Intellicheck's Age ID identity authentication solution provides

the most up-to-date answer to the problem of spotting fake and altered IDs, thereby filling an extensive market need to control fraud and access to age restricted products including alcoholic beverages, tobacco, and marijuana. Currently, there are 16 states and 17 law enforcement authorities using Age ID nationwide.

The Company's award-winning [Law ID™](#) technology solution is anticipated to promote further revenue growth enhanced by Intellicheck's recently announced strategic partnership with Nlets, the International Justice and Public Safety Network. This partnership is projected to compress the sales cycle for the technology solution, significantly, nationwide. Nlets has been the primary mechanism for interstate law enforcement data exchange for 50 years. Nlets' user population is made up of all of the United States and its territories, all Federal agencies with a justice component, selected international agencies, and a variety of strategic partners that serve the law enforcement community cooperatively exchanging data. Intellicheck is currently engaged with a number of law enforcement organizations.

"When I assumed the responsibilities of CEO, we committed to our partners and shareholders that we were embarking upon a new direction for the Company. We have done that. We also committed to a path to achieve revenue growth and profitability as we executed our strategic plan for expanded market adoption of our cutting-edge product offerings. We expanded and leveraged our robust patent portfolio, and cut spending as we moved, on several fronts, to enhance our position as an industry innovator. Since that time, we planned and executed a number of strategic moves including the purchase of a biometric patent portfolio, the reinvigoration of our sales force and our outreach to target markets with communications and marketing programs that are achieving results. We have also introduced new products and have filed for key patents that will allow us to continue our growth trajectory. I look forward to reporting continued progress in the weeks and months ahead," 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 September 30, 2016.

INTELLICHECK MOBILISA, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2016 (Unaudited)	December 31, 2015
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,534,399	\$ 5,953,257
Accounts receivable, net of allowance of \$12,764 and \$18,411 as of September 30, 2016 and December 31, 2015, respectively	827,890	1,158,972
Inventory	74,241	74,732
Other current assets	299,138	178,362
Total current assets	4,735,668	7,365,323
NOTES RECEIVABLE, net of current portion	121,477	150,496
PROPERTY AND EQUIPMENT, net	284,701	325,427
GOODWILL	8,101,661	8,101,661
INTANGIBLE ASSETS, net	2,233,454	2,470,127
OTHER ASSETS	61,298	59,800
Total assets	\$ 15,538,259	\$ 18,472,834

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ 99,649	\$ 260,276
Accrued expenses	685,856	536,316
Deferred revenue, current portion	909,822	909,233
Total current liabilities	1,695,327	1,705,825
OTHER LIABILITIES		
Deferred revenue, long-term portion	213,574	341,242
Deferred rent	72,240	99,355
Total liabilities	1,981,141	2,146,422
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS EQUITY:		
Common stock - \$.001 par value; 40,000,000 shares authorized; 10,548,983 and 9,878,906 shares issued and outstanding, respectively	10,549	9,879
Additional paid-in capital	116,825,843	114,950,278
Accumulated deficit	(103,279,274)	(98,633,745)
Total stockholders' equity	13,557,118	16,326,412
Total liabilities and stockholders' equity	\$ 15,538,259	\$ 18,472,834

INTELLICHECK MOBILISA, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
REVENUES	\$ 1,214,308	\$ 2,199,473	\$ 3,105,330	\$ 5,478,170
COST OF REVENUES	(268,137)	(803,484)	(622,833)	(2,446,392)
Gross profit	946,171	1,395,989	2,482,497	3,031,778
OPERATING EXPENSES				
Selling, general and administrative	1,268,915	2,083,137	5,115,838	5,087,682
Research and development	407,615	692,310	2,024,818	1,869,063
Total operating expenses	1,676,530	2,775,447	7,140,656	6,956,745
Loss from operations	(730,359)	(1,379,458)	(4,658,159)	(3,924,967)
OTHER INCOME (EXPENSE)				
Interest and other income	3,437	112,233	12,630	144,391
Interest expense	-	(572)	-	(3,307)
Net loss	\$ (726,922)	\$ (1,267,797)	\$ (4,645,529)	\$ (3,783,883)
PER SHARE INFORMATION				
Loss per common share -				
Basic/Diluted	\$ (0.07)	\$ (0.13)	\$ (0.48)	\$ (0.39)
Weighted average common shares used in computing per share amounts -				
Basic/Diluted	10,246,629	9,851,764	9,680,010	9,584,582

INTELLICHECK MOBILISA, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the nine months ended September 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	-	-	802,623	-	802,623
Issuance of common stock, net of costs	1,200,000	1,200	1,779,141	-	1,780,341
Purchase and retirement of common stock	(979,114)	(979)	(1,095,629)	-	(1,096,608)
Exercise of stock options	345,127	345	389,534	-	389,879
Vesting of restricted stock	104,064	104	(104)	-	-
Net loss	-	-	-	(4,645,529)	(4,645,529)
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BALANCE, September 30, 2016	<u>10,548,983</u>	<u>\$ 10,549</u>	<u>\$ 116,825,843</u>	<u>\$ (103,279,274)</u>	<u>\$ 13,557,118</u>

INTELLICHECK MOBILISA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	<u>Nine Months Ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (4,645,529)	\$ (3,783,883)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	328,105	798,072
Noncash stock-based compensation expense	802,623	685,892
Provision for doubtful accounts	12,764	-
Gain on sale of wireless assets	-	(108,825)
Gain on sale of property and equipment	-	(31,500)
Deferred rent	(27,115)	(20,311)
Changes in assets and liabilities:		
Decrease (Increase) in accounts receivable	318,318	(832,929)
Decrease in inventory	491	22,576
(Increase) in other current assets	(120,776)	(59,512)
(Increase) Decrease in other assets	(1,498)	12,207
(Decrease) in accounts payable, accrued expenses	(11,087)	(90,223)
(Decrease) in deferred revenue	(127,079)	(336,329)
Net cash used in operating activities	<u>(3,470,783)</u>	<u>(3,744,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of patents	-	(125,000)
Purchases of property and equipment	(50,707)	(93,142)
Collection of note receivable	29,020	-
Proceeds from sale of property and equipment	-	31,500
Proceeds from sale of wireless assets	-	30,000
Net cash used in investing activities	<u>(21,687)</u>	<u>(156,642)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock	1,780,341	7,630,757
Net proceeds from issuance of common stock from exercise of stock options	389,879	977
Purchase and retirement of common stock	(1,096,608)	-
Payments on note payable	-	(31,078)
Net cash provided by financing activities	<u>1,073,612</u>	<u>7,600,656</u>
Net decrease (increase) in cash and cash equivalents	(2,418,858)	3,699,249
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>\$ 3,534,399</u>	<u>\$ 6,665,599</u>
Supplemental disclosure of noncash investing and financing activities:		
Issuance of notes receivable related to sale of wireless division	\$ -	\$ 200,000
Financing of property and equipment	\$ -	\$ 31,078

A reconciliation of GAAP net loss to Adjusted EBITDA follows:

	(Unaudited)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net loss	\$ (726,922)	\$ (1,267,797)	\$ (4,645,529)	\$ (3,783,883)
Reconciling items:				
Interest and other – net	(3,437)	(111,661)	(12,630)	(141,084)
Depreciation and amortization	104,935	227,049	328,105	798,072
Stock-based compensation costs	134,929	418,484	802,623	685,892
Adjusted EBITDA	<u>\$ (490,495)</u>	<u>\$ (733,925)</u>	<u>\$ (3,527,431)</u>	<u>\$ (2,441,003)</u>

Earnings Conference Call Information

The Company will hold an earnings conference call on November 10 at 1:00 p.m. ET/10:00 a.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 webcast simultaneously and can be accessed at <http://www.investorcalendar.com/IC/CEPage.asp?ID=175422> by clicking on the link to the webcast.

The webcast will be available for 14 days following the conference call.

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About Intellicheck Mobilisa

Intellicheck Mobilisa is an industry leader in identity authentication, verification and validation solutions in both the U.S. and Mexico. The Company holds 24 patents including many patents pertaining to identification technology. Its identity solutions support customers in the national defense, law enforcement, retail, hospitality and financial markets. The Company's products scan, authenticate and analyze components of identity documents including driver licenses, military identification cards and other government forms of identification containing magnetic stripe, barcode and smart chip information. Once extracted from the identity card, the information can be used to populate forms as well as provide safety, security and efficiencies throughout these markets. For more information regarding Intellicheck's innovative products, please visit www.intellicheck.com.

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.

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.