



FOR IMMEDIATE RELEASE

Intellicheck Mobilisa Announces Fourth Quarter And Year-End 2016 Financial Results

JERICHO, NY – March 30, 2017 -- [Intellicheck Mobilisa](#), Inc. (NYSE MKT: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 fourth quarter and full-year ended December 31, 2016.

Revenue for the fourth quarter ended December 31, 2016 was \$733,633. The Company's booked orders for the three months ended December 31, 2016 was \$521,000. Approximately 71% of the Company's bookings were attributable to its commercial products. Gross profit as a percentage of revenues was 80.0% for the three months ended December 31, 2016.

"The events of recent months have given us great confidence that our technology solutions are the right ones to help companies, in market verticals ranging from retail to finance, address costly problems at a critical time. Widespread hacking and the compromising of personal data has had a dramatic impact on a wide variety of high profile financial institutions and iconic brands," said Intellicheck CEO Dr. William Roof. "These costly intrusions resulted, understandably, in new approaches. Many Intellicheck clients now require security audits to ensure their partners meet rigorous data protection requirements. We are currently supporting several rigorous security audits by our clients. In the short term, the accommodation for this reasonable and now customary marketplace environment sees our mid-2017 projection for go-forward EBITDA-positive status push to Q4 2017 or early 2018. We are, however, excited about the larger view, which we believe underscores our strength and high growth potential," noted Dr. Roof.

The net loss for the three months ended December 31, 2016 was \$1,089,152 or \$0.10 per diluted share. Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation expense and certain non-recurring charges) was a loss of \$851,990 for the fourth quarter of 2016. A reconciliation of adjusted EBITDA to net loss is provided elsewhere in this release. The net loss for the three months ended December 31, 2016 was \$1,089,152 or \$0.10 per diluted share.

Revenue for the full year ended December 31, 2016 was \$3,838,963. Gross profit as a percentage of revenue was 80.0% for the year ended December 31, 2016.

The net loss for the fiscal year ended December 31, 2016 was \$5,734,681 or \$0.58 per diluted share. Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation expense and certain non-recurring charges) was a loss of \$4,379,421 for fiscal 2016. A reconciliation of adjusted EBITDA to net loss is provided elsewhere in this release.

“Going forward, our business opportunities are more robust now than they were in 2016 when we first announced our plan to be EBITDA positive by mid-2017. We expect to see revenue conversions from our active and scheduled pilots that include nationally recognized retail and banking clients. We believe our long-term visibility of revenue-producing clients is clear, and these clients want and need our products. We see the fundamentals of our business and our business trajectory as solid and exciting,” concluded Dr. Roof. He encouraged interested parties to get all the details by listening to the full earnings call at <http://intelllicheck.com/about/investor-center/>.

As of December 31, 2016, the Company’s backlog, which represents non-cancelable sales orders for products not yet shipped and services to be performed was \$133,000.

Cash and cash equivalents at the end of fiscal 2016 totaled \$3.1 million or \$0.29 per share. Stockholders’ equity totaled \$12.9 million at the end of the fiscal year or \$1.21 per share.

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-K for the fiscal year ended December 31, 2016.

INTELLICHECK MOBILISA, INC.**CONSOLIDATED BALANCE SHEETS****DECEMBER 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,092,172	\$ 5,953,257
Accounts receivable, net of allowance of \$74,354 and \$18,411 as of December 31, 2016 and 2015, respectively	502,126	1,158,972
Inventory	70,547	74,732
Other current assets	<u>165,473</u>	<u>178,362</u>
Total current assets	3,830,318	7,365,323
NOTE RECEIVABLE, net of current portion	114,909	150,496
PROPERTY AND EQUIPMENT, net	270,776	325,427
GOODWILL	8,101,661	8,101,661
INTANGIBLE ASSETS, net	2,154,563	2,470,127
OTHER ASSETS	<u>61,298</u>	<u>59,800</u>
Total assets	<u>\$ 14,533,525</u>	<u>\$ 18,472,834</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 14,140	\$ 260,276
Accrued expenses	519,957	536,316
Deferred revenue, current portion	<u>825,538</u>	<u>909,233</u>
Total current liabilities	1,359,635	1,705,825
OTHER LIABILITIES		
Deferred revenue, long-term portion	177,306	341,242
Deferred rent	<u>61,133</u>	<u>99,355</u>
Total liabilities	1,598,074	2,146,422
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock – \$.001 par value; 40,000,000 shares authorized; 10,718,553 and 9,878,906 shares issued and outstanding as of December 31, 2016 and 2015, respectively	10,719	9,879
Additional paid-in capital	117,293,158	114,950,278
Accumulated deficit	<u>(104,368,426)</u>	<u>(98,633,745)</u>
Total stockholders' equity	<u>12,935,451</u>	<u>16,326,412</u>
Total liabilities and stockholders' equity	<u>\$ 14,533,525</u>	<u>\$ 18,472,834</u>

INTELLICHECK MOBILISA, INC.**CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
REVENUES	\$ 3,838,963	\$ 7,014,665
COST OF REVENUES	<u>(769,048)</u>	<u>(3,006,359)</u>
Gross profit	3,069,915	4,008,306
OPERATING EXPENSES		
Selling, general and administrative	6,413,933	6,893,837
Research and development	<u>2,405,593</u>	<u>2,594,678</u>
Total operating expenses	<u>8,819,526</u>	<u>9,488,515</u>
Loss from operations	(5,749,611)	(5,480,209)
OTHER INCOME (EXPENSE)		
Interest and other income	14,930	149,575
Interest expense	<u>-</u>	<u>(3,317)</u>
Net loss	<u>\$ (5,734,681)</u>	<u>\$ (5,333,951)</u>
PER SHARE INFORMATION:		
Loss per common share - Basic/Diluted	<u>\$ (0.58)</u>	<u>\$ (0.55)</u>
Weighted average common shares used in computing per share amounts - Basic/Diluted	<u>9,914,809</u>	<u>9,658,346</u>

INTELLICHECK MOBILISA, INC.

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	
BALANCE, December 31, 2014	4,934,601	\$ 4,934	\$106,442,897	\$ (93,299,794)	\$13,148,037
Stock-based compensation expense (employees and directors)	-	-	878,112	-	878,112
Issuance of common stock, net of costs	4,857,143	4,857	7,625,900	-	7,630,757
Exercise of stock options	313	1	3,456	-	3,457
Vesting of restricted stock	86,849	87	(87)	-	-
Net loss	-	-	-	(5,333,951)	(5,333,951)
BALANCE, December 31, 2015	9,878,906	\$ 9,879	\$114,950,278	\$ (98,633,745)	\$16,326,412
Stock-based compensation expense (employees and directors)	-	-	935,899	-	935,899
Issuance of common stock, net of costs	1,200,000	1,200	1,776,750	-	1,777,950
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
Exercise of warrants	153,000	153	336,447	-	336,600
Vesting of restricted stock	120,634	121	(121)	-	-
Net loss	-	-	-	(5,734,681)	(5,734,681)
BALANCE, December 31, 2016	10,718,553	\$10,719	\$117,293,158	\$(104,368,426)	\$12,935,451

INTELLICHECK MOBILISA, INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (5,734,681)	\$ (5,333,951)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	434,291	1,020,679
Noncash stock-based compensation expense	935,899	878,112
Noncash change in provision for doubtful accounts	74,354	(60,313)
Gain on sale of wireless assets	-	(108,825)
Gain on sale of property and equipment	-	(31,500)
Deferred rent	(38,222)	(29,091)
Decrease (Increase) in accounts receivable	582,492	(306,587)
Decrease in inventory	4,185	40,289
Decrease (Increase) in other current assets	12,889	(30,127)
(Increase) Decrease in other assets	(1,498)	15,207
(Decrease) in accounts payable and accrued expenses	(262,496)	(164,410)
(Decrease) Increase in deferred revenue	(247,631)	(325,747)
Net cash used in operating activities	<u>(4,240,418)</u>	<u>(4,436,264)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(64,075)	(126,618)
Purchases of patents	-	(125,000)
Proceeds from sale of property and equipment	-	31,500
Proceeds from sale of wireless assets	-	30,000
Collection on note receivable	35,587	12,633
Net cash used in investing activities	<u>(28,488)</u>	<u>(177,485)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from the issuance of common stock	1,777,950	7,630,757
Net proceeds from issuance of common stock from exercise of stock options	389,879	977
Net proceeds from the issuance of common stock from exercise of warrants	336,600	-
Purchase and retirement of common stock	(1,096,608)	-
Payments on note payable	-	(31,078)
Net cash provided by financing activities	<u>1,407,821</u>	<u>7,600,656</u>
Net (decrease) increase in cash and cash equivalents	(2,861,085)	2,986,907
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,953,257</u>	<u>2,966,350</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 3,092,172</u>	<u>\$ 5,953,257</u>
Supplemental disclosure of noncash investing and financing activities:		
Issuance of note receivable related to sale of wireless assets	\$ -	\$ 200,000
Financing of property and equipment	\$ -	\$ 31,078

A reconciliation of GAAP net loss to Adjusted EBITDA follows:

	<u>Year Ended December 31,</u>	
	<u>(Unaudited)</u>	
	<u>2016</u>	<u>2015</u>
Net loss	\$ (5,734,681)	\$ (5,333,951)
Reconciling items:		
Interest and other, net	(14,930)	(146,258)
Depreciation and amortization	434,291	1,020,679
Stock-based compensation costs	<u>935,899</u>	<u>878,112</u>
Adjusted EBITDA	<u>\$ (4,379,421)</u>	<u>\$ (3,581,418)</u>

Earnings Conference Call Information

The Company will hold an earnings conference call today, March 30, 2017, at 1:00 p.m. EDT/10:00 a.m. PT to discuss operating results. To listen to the 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=175567> 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 the industry leader in technology solutions that are the "antivirus" to the epidemic of counterfeit IDs providing virtual instant threat identification and identity credentials authentication. Our technology solutions make 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, 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 Mobilisa, 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.