



Intellicheck Announces Third Quarter Financial Results

Year Over Year SaaS Revenues Increased 25%

Company Announces Signing of Master Services Agreement with Top Five Bank

MELVILLE, NY – November 14, 2018 -- Intellicheck, Inc. (NYSE American: IDN), an industry leader in identification authentication solutions, today announced its financial results for the third quarter ended September 30, 2018.

Revenue for the third quarter ended September 30, 2018 increased 8% to \$1,039,581 versus \$966,690 in the prior year comparable period. SaaS revenue in the third quarter grew 25% and totaled \$651,000 versus \$521,000 in the quarter ending September 30, 2017. Gross profit as a percentage of revenues was 89.1% for the three months ended September 30, 2018 and 2017.

Intellicheck CEO Bryan Lewis said, "I am excited to announce that we have signed an agreement with a top five bank to deploy our Retail ID product solutions at the bank's branches and with their retail clients. We have already started the development work for this major financial institution and we have a planned rollout starting by the end of Q2, 2019."

Lewis continued, "As is evidenced by this top five bank, we believe there is a growing realization across our key markets of the importance of identification authentication as the single most important step in combating fraud, keeping age-restricted products like alcohol, e-cigarettes and marijuana out of the hands of young people, and increasing police officer effectiveness and safety. Our products are proven, cost-effective solutions that demonstrate their value in addressing these pressing industry problems and I remain confident that the market is coming our way."

The net loss for the three months ended September 30, 2018 was (\$1,131,219) or (\$0.07) per diluted share versus (\$1,074,845) or (\$0.08) per diluted share in the comparable prior year period. Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation expense and certain non-recurring charges) was a loss of (\$1,048,466) for

the third quarter of 2018 versus a loss of (\$888,444) in the prior year comparable period. A reconciliation of adjusted EBITDA to net loss is provided elsewhere in this release.

Cash at September 30, 2018 totaled \$5.4 million and stockholders' equity totaled \$13.6 million at the end of period.

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 period ended September 30, 2018.

Conference Call Information:

The Company will hold an earnings conference call today, November 14, at 4:30 p.m. ET/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.

A replay of the conference call will be available shortly after completion of the live event. To listen to the replay, please dial 877-660-6853 and use conference identification number 13684538. For callers outside the U.S., please dial 201-612-7415 and use conference identification number 13684538. The replay will be available beginning approximately two hours after the completion of the live event and will remain available until November 28, 2018.

INTELLICHECK, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2018 (Unaudited)	December 31, 2017
CURRENT ASSETS:		
Cash	\$ 5,388,544	\$ 8,010,161
Accounts receivable, net of allowance of \$24,675 and \$18,750 at September 30, 2018 and December 31, 2017, respectively	634,703	652,627
Inventory	83,828	85,321
Other current assets	406,966	218,835
Total current assets	6,514,041	8,966,944
NOTE RECEIVABLE, net of current portion	39,705	71,138
PROPERTY AND EQUIPMENT, net	278,320	211,602
GOODWILL	8,101,661	8,101,661
INTANGIBLE ASSETS, net	345,825	463,578
OTHER ASSETS	9,742	67,181
Total assets	\$ 15,289,294	\$ 17,882,104

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ 105,019	\$ 71,578
Accrued expenses	817,803	815,350
Deferred revenue, current portion	752,848	739,980
Total current liabilities	1,675,670	1,626,908
OTHER LIABILITIES:		
Deferred revenue, long-term portion	41,108	87,736
Other long-term liabilities	7,333	158,407
Total liabilities	1,724,111	1,873,051

COMMITMENTS AND CONTINGENCIES (Note 11)

STOCKHOLDERS' EQUITY:

Common stock - \$.001 par value; 40,000,000 shares authorized; 15,632,196 and 15,009,246 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	15,632	15,009
Additional paid-in capital	127,271,927	126,416,869
Accumulated deficit	(113,722,376)	(110,422,825)
Total stockholders' equity	13,565,183	16,009,053
Total liabilities and stockholders' equity	\$ 15,289,294	\$ 17,882,104

INTELLICHECK, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
REVENUES	\$ 1,039,581	\$ 966,690	\$ 3,103,061	\$ 2,630,684
COST OF REVENUES	<u>(112,452)</u>	<u>(105,013)</u>	<u>(295,314)</u>	<u>(419,083)</u>
Gross profit	927,129	861,677	2,807,747	2,211,601
OPERATING EXPENSES				
Selling, general and administrative	1,342,929	1,459,234	4,065,837	3,984,478
Research and development	<u>738,584</u>	<u>484,970</u>	<u>2,121,717</u>	<u>1,350,615</u>
Total operating expenses	<u>2,081,513</u>	<u>1,944,204</u>	<u>6,187,554</u>	<u>5,335,093</u>
Loss from operations	(1,154,384)	(1,082,527)	(3,379,807)	(3,123,492)
OTHER INCOME				
Interest and other income	<u>23,165</u>	<u>7,682</u>	<u>80,256</u>	<u>13,337</u>
Net loss	<u>\$ (1,131,219)</u>	<u>\$ (1,074,845)</u>	<u>\$ (3,299,551)</u>	<u>\$ (3,110,155)</u>
PER SHARE INFORMATION				
Loss per common share - Basic/Diluted	<u>\$ (0.07)</u>	<u>\$ (0.08)</u>	<u>\$ (0.21)</u>	<u>\$ (0.27)</u>
Weighted average common shares used in computing per share amounts - Basic/Diluted	<u>15,631,818</u>	<u>13,167,955</u>	<u>15,510,115</u>	<u>11,565,340</u>

INTELLICHECK, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the nine months ended September 30, 2018
(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, 2018	15,009,246	\$ 15,009	\$ 126,416,869	\$ (110,422,825)	\$ 16,009,053
Stock-based compensation expense	-	-	168,160	-	168,160
Exercise of stock options	593,838	594	686,927	-	687,521
Vesting of restricted stock	29,112	29	(29)	-	-
Net loss	-	-	-	(3,299,551)	(3,299,551)
	<u> </u>				
BALANCE, September 30, 2018	<u>15,632,196</u>	<u>\$ 15,632</u>	<u>\$ 127,271,927</u>	<u>\$ (113,722,376)</u>	<u>\$ 13,565,183</u>

INTELLICHECK, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	<u>Nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,299,551)	\$ (3,110,155)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	183,077	311,871
Stock-based compensation expense	168,160	282,330
Provision for doubtful accounts	5,925	(55,604)
Deferred rent	(5,601)	(34,122)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	11,999	(167,832)
Decrease (increase) in inventory	1,493	(11,044)
(Increase) in other current assets	(186,901)	(146,193)
Decrease in other assets	57,439	1,358
Increase in accounts payable	33,441	84,293
Increase in accrued expenses	15,387	145,038
(Decrease) in deferred revenue	(33,760)	(195,524)
(Decrease) in other long-term liabilities	(158,407)	-
Net cash used in operating activities	<u>(3,207,299)</u>	<u>(2,895,584)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(132,042)	(15,678)
Collection of note receivable	30,203	32,191
Net cash (used in) provided by investing activities	<u>(101,839)</u>	<u>16,513</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock	-	8,577,861
Net proceeds from issuance of common stock from exercise of stock options	687,521	10,100
Net proceeds from issuance of common stock from exercise of warrants	-	139,700
Net cash provided by financing activities	<u>687,521</u>	<u>8,727,661</u>
Net (decrease) increase in cash	(2,621,617)	5,848,590
CASH, beginning of period	<u>8,010,161</u>	<u>3,092,172</u>
CASH, end of period	<u>\$ 5,388,544</u>	<u>\$ 8,940,762</u>

Adjusted EBITDA

We use Adjusted EBITDA as a non-GAAP financial performance measurement. Adjusted EBITDA is calculated by adding back to net loss, interest and other income, 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 our 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 our operations and can compare the results on a more consistent basis to the results of other companies. In addition, Adjusted EBITDA is one of the primary measures management uses to monitor and evaluate financial and operating results.

We consider Adjusted EBITDA to be an important indicator of our operational strength and performance of our business and a useful measure of our historical operating trends. However, there are significant limitations to the use of Adjusted EBITDA since it excludes interest and other income and expense, impairments of long-lived assets and goodwill, stock-based compensation expense, all of which impact our profitability, as well as depreciation and amortization related to the use of long-term assets which benefit multiple periods. We believe that these limitations are compensated by providing Adjusted EBITDA only with GAAP net 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 loss presented in accordance with GAAP. Adjusted EBITDA as defined by us may not be comparable with similarly named measures provided by other entities.

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

	(Unaudited)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net loss	\$ (1,131,219)	\$ (1,074,845)	\$ (3,299,551)	\$ (3,110,155)
Reconciling items:				
Interest and other income	(23,165)	(7,682)	(80,256)	(13,337)
Depreciation and amortization	62,459	103,271	183,077	311,871
Stock-based compensation expense	43,459	90,812	168,160	282,330
Adjusted EBITDA	<u>\$ (1,048,466)</u>	<u>\$ (888,444)</u>	<u>\$ (3,028,570)</u>	<u>\$ (2,529,291)</u>

Contact

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About Intellicheck NYSE American: IDN Intellicheck is a trusted industry leader in technology solutions that provide real-time identification authentication and age verification. We make it possible for our clients to enhance safety and awareness, increase revenues, 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. For more information on Intellicheck, visit <http://www.intellicheck.com/> and follow Intellicheck on [Twitter @IntellicheckIDN](#), on Facebook <https://www.facebook.com/intellicheckidn/>, on Instagram [@IntellicheckIDN](#), on LinkedIn <https://www.linkedin.com/company/intellicheck-inc-> and on YouTube <https://www.youtube.com/user/ICMOBIL>.

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 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 market and sell its products, any delays or difficulties in the Company’s supply chain 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, together with 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.