



Intellicheck Announces Fourth Quarter and Full-Year 2018 Financial Results

Year over year fourth quarter revenues increased 37%

SaaS revenues increased 45%

MELVILLE, NY – March 21, 2019 -- Intellicheck, Inc. (NYSE American: IDN), an industry leader in identification authentication solutions, today announced its financial results for the fourth quarter and full-year ended December 31, 2018.

Revenue for the fourth quarter ended December 31, 2018 grew 37% to \$1,330,393 versus \$967,612 in the prior year comparable period. SaaS revenue in the fourth quarter grew 45% and totaled \$826,000 versus \$569,000 in the prior year comparable period. Gross profit as a percentage of revenues improved to 93.1% for the three months ended December 31, 2018 versus 89.4% in the prior year comparable period.

Intellicheck CEO Bryan Lewis said adoption of the company's leading identity authentication technology solutions is strong and continues to grow. "We achieved significant milestones in 2018 and I am very pleased with the advances we have made. We are working with four banks and credit card issuers right now in addition to some 16 retailers of all sizes in various stages of product adoption. These merchants represent thousands of retail locations in which Retail ID will be used when fully rolled out. We are also in pilot with our latest new bank for its own credit cards and its retail bank branches. This as we continue to see growing adoption of Age ID at a time when there has been noteworthy market attention to issues surrounding underage access to vaping, cannabis and alcohol products," said Intellicheck CEO Bryan Lewis.

"Together, we believe that our suite of identity authentication products are demonstrating their value and effectiveness in meeting multiple market needs. As we focus on our strategic objectives for 2019, we anticipate that as long as we continue to execute on the opportunities before us, we believe it will be a banner year," Lewis concluded.

The net loss for the three months ended December 31, 2018 was (\$664,025) or (\$0.04) per diluted share versus (\$2,910,350) or (\$0.19) per diluted share in the comparable prior year period. The prior year loss includes a \$500,000 expense attributable to the employment contract of the former CEO. Additionally, during the fourth quarter of 2017 the Company had an impairment charge on intangible assets of \$1,375,422 for the year ended December 31, 2017. Adjusted EBITDA (earnings before

interest, taxes, depreciation, amortization, stock-based compensation expense and certain non-recurring charges that includes the prior year impairment charge) was a loss of (\$632,674) for the fourth quarter of 2018 versus a loss of (\$1,327,603) in the prior year comparable period. A reconciliation of adjusted EBITDA to net loss is provided elsewhere in this release.

Revenue for the full year ended December 31, 2018 was \$4,433,454 versus \$3,598,296 in the prior year comparable period. Gross profit as a percentage of revenue improved to 91.3% for the year ended December 31, 2018 versus 85.5% in the prior year comparable period.

The net loss for the fiscal year ended December 31, 2018 was (\$3,963,576) or (\$0.26) per diluted share versus a net loss of (\$6,020,505) or (0.48) per diluted share that includes the \$500,000 expense attributable to the employment contract of the former CEO and the \$1,375,422 impairment charge. Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation expense and certain non-recurring charges that includes the prior year impairment charge) improved by \$0.2 million to a loss of (\$3,661,244) for fiscal 2018 versus a loss of (\$3,856,894) for fiscal 2017. A reconciliation of adjusted EBITDA to net loss is provided elsewhere in this release.

Cash at the end of fiscal 2018 totaled \$4.4 million versus \$8.0 million in the prior year comparable period. Stockholders' equity totaled \$12.9 million at the end of the 2018 fiscal year versus \$16.0 million at the end of the comparable prior year 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-K for the fiscal year ended December 31, 2018.

Conference Call Information:

The Company will hold an earnings conference call today, March 21, 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 13688253. For callers outside the U.S., please dial 201-612-7415 and use conference identification number 13688253. The replay will be available beginning approximately two hours after the completion of the live event and will remain available until April 4, 2019.

INTELLICHECK, INC.**CONSOLIDATED BALANCE SHEETS****DECEMBER 31, 2018 and 2017****(Unaudited)**

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 4,376,017	\$ 8,010,161
Accounts receivable, net of allowance of \$24,675 and \$18,750 as of December 31, 2018, and 2017, respectively	1,019,434	652,627
Inventory	82,337	85,321
Other current assets	<u>271,415</u>	<u>218,835</u>
Total current assets	5,749,203	8,966,944
NOTE RECEIVABLE, net of current portion	29,017	71,138
PROPERTY AND EQUIPMENT, net	264,583	211,602
GOODWILL	8,101,661	8,101,661
INTANGIBLE ASSETS, net	306,575	463,578
OTHER ASSETS	<u>9,742</u>	<u>67,181</u>
Total assets	<u>\$ 14,460,781</u>	<u>\$ 17,882,104</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 73,334	\$ 71,578
Accrued expenses	726,918	815,350
Deferred revenue, current portion	<u>704,536</u>	<u>739,980</u>
Total current liabilities	1,504,788	1,626,908
OTHER LIABILITIES		
Deferred revenue, long-term portion	29,486	87,736
Other long-term liabilities	<u>6,802</u>	<u>158,407</u>
Total liabilities	1,541,076	1,873,051
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock – \$.001 par value; 40,000,000 shares authorized; 15,638,765 and 15,009,246 shares issued and outstanding as of December 31, 2018 and 2017, respectively	15,639	15,009
Additional paid-in capital	127,290,467	126,416,869
Accumulated deficit	<u>(114,386,401)</u>	<u>(110,422,825)</u>
Total stockholders' equity	<u>12,919,705</u>	<u>16,009,053</u>
Total liabilities and stockholders' equity	<u>\$ 14,460,781</u>	<u>\$ 17,882,104</u>

INTELLICHECK, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Unaudited)

	<u>2018</u>	<u>2017</u>
REVENUES	\$ 4,433,454	\$ 3,598,296
COST OF REVENUES	<u>(386,617)</u>	<u>(521,835)</u>
Gross profit	4,046,837	3,076,461
OPERATING EXPENSES		
Selling, general and administrative	5,236,170	5,865,278
Research and development	2,904,166	1,916,107
Impairment of intangible assets	<u>-</u>	<u>1,375,422</u>
Total operating expenses	<u>8,140,336</u>	<u>9,156,807</u>
Loss from operations	(4,093,499)	(6,080,346)
OTHER INCOME		
Interest and other income	<u>129,923</u>	<u>59,841</u>
Net loss	<u>\$ (3,963,576)</u>	<u>\$ (6,020,505)</u>
PER SHARE INFORMATION:		
Loss per common share - Basic/Diluted	<u>\$ (0.26)</u>	<u>\$ (0.48)</u>
Weighted average common shares used in computing per share amounts - Basic/Diluted	<u>15,542,480</u>	<u>12,428,652</u>

INTELLICHECK, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Unaudited)

	Common Shares	Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
BALANCE, December 31, 2016	10,718,553	\$ 10,719	\$ 117,293,158	\$ (104,368,426)	\$ 12,935,451
Cumulative adjustment upon modified retrospective adoption of ASU 2016-09	-	-	33,894	(33,894)	-
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 (employees and directors)	-	-	435,679	-	435,679
Issuance of common stock, net of costs	4,168,750	4,169	8,508,692	-	8,512,861
Exercise of stock options	10,000	10	10,090	-	10,100
Exercise of warrants	63,500	63	139,637	-	139,700
Vesting of restricted stock	50,207	50	(50)	-	-
Shares forfeited in exchange for payment of withholding taxes	(1,764)	(2)	(4,231)	-	(4,233)
Net loss	-	-	-	(6,020,505)	(6,020,505)
BALANCE, December 31, 2017	15,009,246	\$ 15,009	\$ 126,416,869	\$ (110,422,825)	\$ 16,009,053
Stock-based compensation expense (employees and directors)	-	-	186,707	-	186,707
Exercise of stock options	593,838	594	686,927	-	687,521
Vesting of restricted stock	35,681	36	(36)	-	-
Net loss	-	-	-	(3,963,576)	(3,963,576)
BALANCE, December 31, 2018	<u>15,638,765</u>	<u>\$ 15,639</u>	<u>\$ 127,290,467</u>	<u>\$ (114,386,401)</u>	<u>\$ 12,919,705</u>

INTELLICHECK, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Unaudited)**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,963,576)	\$ (6,020,505)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	245,548	412,351
Stock-based compensation expense	186,707	435,679
Change in provision for doubtful accounts	5,925	-
Deferred rent	(5,202)	(47,628)
Impairment of intangible assets	-	1,375,422
Changes in assets and liabilities:		
(Increase) in accounts receivable	(372,732)	(150,501)
Decrease (increase) in inventory	2,984	(14,774)
(Increase) in other current assets	(50,931)	(52,051)
Decrease (increase) in other assets	57,439	(5,883)
(Decrease) increase in accounts payable and accrued expenses	(74,672)	339,326
(Decrease) in deferred revenue	(93,694)	(175,128)
(Decrease) increase in other long-term liabilities	(158,407)	158,407
Net cash used in operating activities	<u>(4,220,611)</u>	<u>(3,745,285)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(141,526)	(37,614)
Collection on note receivable	40,472	42,460
Net cash (used in) provided by investing activities	<u>(101,054)</u>	<u>4,846</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from the issuance of common stock	-	8,512,861
Net proceeds from issuance of common stock from exercise of stock options	687,521	10,100
Net proceeds from the issuance of common stock from exercise of warrants	-	139,700
Withholding taxes paid on vesting of restricted stock units	-	(4,233)
Net cash provided by financing activities	<u>687,521</u>	<u>8,658,428</u>
Net (decrease) increase in cash	(3,634,144)	4,917,989
CASH, beginning of year	<u>8,010,161</u>	<u>3,092,172</u>
CASH, end of year	<u>\$ 4,376,017</u>	<u>\$ 8,010,161</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 its 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 income, 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 us may not be comparable with similarly named measures provided by other entities.

A reconciliation of GAAP net loss to Adjusted EBITDA follows:

	(Unaudited)			
	Three Months Ended		Years Ended December 31,	
	December 31,			
	2018	2017	2018	2017
Net loss	\$ (664,025)	\$ (2,910,350)	\$ (3,963,576)	\$ (6,020,505)
Reconciling items:				
Interest and other income	(49,667)	(46,504)	(129,923)	(59,841)
Depreciation and amortization	62,471	100,480	245,548	412,351
Stock-based compensation expense	18,547	153,349	186,707	435,679
Impairment of intangible assets	-	1,375,422	-	1,375,422
Adjusted EBITDA	<u>\$ (632,674)</u>	<u>\$ (1,327,603)</u>	<u>\$ (3,661,244)</u>	<u>\$ (3,856,894)</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; our ability to successfully transition pilot programs into formal commercial scale programs; 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.