



Intellicheck Announces Second Quarter Fiscal 2019 Financial Results

*Year Over Year Revenue Increased 56% to \$1,558,000
and SaaS Revenue Increased 79% to \$1,121,000*

MELVILLE, NY – August 1, 2019 -- Intellicheck, Inc. (NYSE American: IDN), a trusted industry leader in technology solutions that stop identity theft and fraud with real-time identity authentication and age verification, today announced its financial results for the second quarter ended June 30, 2019.

Revenue for the second quarter ended grew 56% to \$1,558,000 versus \$1,001,000 in the prior year comparable period. SaaS revenue in the second quarter grew 79% and totaled \$1,121,000 versus \$625,000 in the prior year comparable period. Gross profit as a percentage of revenues was 85.9% for the three months ended June 30, 2019 versus 91.8% in the prior year comparable period.

“We are excited about the continued momentum and interest in our SaaS-based product offerings focused on stopping the use of fake ID’s. This quarter our SaaS revenues eclipsed \$1 million as we continue rolling out our technology solutions to our growing list of banks that includes four top ten banks and our first online bank as well as retailers focused on protecting customers and stopping fraud, and preventing youth from accessing age-restricted products like vaping tools and alcohol,” stated Intellicheck CEO Bryan Lewis.

“I believe our achievements demonstrate that we are a very different company today than when I joined just over one year ago and my sense is we are just scratching the surface as I look at the opportunities for growth in the months to come,” concluded Lewis.

The net loss for the three months ended June 30, 2019 was (\$874,000) or (\$0.06) per diluted share an improvement versus (\$1,100,000) or (\$0.07) 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) improved to a loss of (\$785,000) for the second quarter of 2019 versus a loss of (\$1,018,000) in the prior year comparable period. A reconciliation of adjusted EBITDA to net loss is provided elsewhere in this release.

Cash at June 30, 2019 totaled \$3,061,000 and stockholders' equity totaled \$11,543,000 at the end of the 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 second quarter ended June 30, 2019.

Conference Call Information:

The Company will hold an earnings conference call on August 1 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 13692832. For callers outside the U.S., please dial 201-612-7415 and use conference identification number 13692832. The replay will be available beginning approximately two hours after the completion of the live event and will remain available until August 15th, 2019.

INTELLICHECK, INC.

BALANCE SHEETS

ASSETS

	June 30, 2019 (Unaudited)	December 31, 2018
CURRENT ASSETS:		
Cash	\$ 3,061,041	\$ 4,376,017
Accounts receivable, net of allowance of \$24,675 at June 30, 2019 and December 31, 2018	1,189,716	1,019,434
Inventory	81,591	82,337
Other current assets	322,843	271,415
Total current assets	4,655,191	5,749,203
NOTE RECEIVABLE, net of current portion	7,318	29,017
PROPERTY AND EQUIPMENT, net	226,124	264,583
GOODWILL	8,101,661	8,101,661
INTANGIBLE ASSETS, net	228,072	306,575
OPERATING LEASE RIGHT-OF-USE ASSET	209,650	-
OTHER ASSETS	7,778	9,742
Total assets	\$ 13,435,794	\$ 14,460,781

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 143,296	\$ 73,334
Accrued expenses	805,530	726,918
Operating lease liability, current portion	120,862	-
Deferred revenue, current portion	701,249	704,536
Total current liabilities	1,770,937	1,504,788

OTHER LIABILITIES:

Deferred revenue, long-term portion	24,855	29,486
Operating lease liability, long-term portion	96,651	-
Other long-term liabilities	-	6,802
Total liabilities	1,892,443	1,541,076

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY:

Common stock - \$.001 par value; 40,000,000 shares authorized; 15,791,629 and 15,638,765 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	15,792	15,639
Additional paid-in capital	128,000,628	127,290,467
Accumulated deficit	(116,473,069)	(114,386,401)
Total stockholders' equity	11,543,351	12,919,705
Total liabilities and stockholders' equity	\$ 13,435,794	\$ 14,460,781

INTELLICHECK, INC.

STATEMENTS OF OPERATIONS

(Unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
REVENUES	\$ 1,557,991	\$ 1,001,418	\$ 2,836,985	\$ 2,063,480
COST OF REVENUES	<u>(218,988)</u>	<u>(82,393)</u>	<u>(411,285)</u>	<u>(182,862)</u>
Gross profit	1,339,003	919,025	2,425,700	1,880,618
 OPERATING EXPENSES				
Selling, general and administrative	1,379,368	1,307,524	2,873,078	2,722,908
Research and development	<u>879,377</u>	<u>755,097</u>	<u>1,691,374</u>	<u>1,383,133</u>
Total operating expenses	<u>2,258,745</u>	<u>2,062,621</u>	<u>4,564,452</u>	<u>4,106,041</u>
 Loss from operations	(919,742)	(1,143,596)	(2,138,752)	(2,225,423)
 OTHER INCOME				
Interest and other income	<u>46,065</u>	<u>43,221</u>	<u>52,084</u>	<u>57,091</u>
 Net loss	\$ <u>(873,677)</u>	\$ <u>(1,100,375)</u>	\$ <u>(2,086,668)</u>	\$ <u>(2,168,332)</u>
 PER SHARE INFORMATION				
Loss per common share -				
Basic/Diluted	\$ <u>(0.06)</u>	\$ <u>(0.07)</u>	\$ <u>(0.13)</u>	\$ <u>(0.14)</u>
 Weighted average common shares used in computing per share amounts -				
Basic/Diluted	<u>15,742,692</u>	<u>15,623,351</u>	<u>15,691,016</u>	<u>15,448,255</u>

INTELLICHECK, INC.

STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

Three months ended June 30, 2019

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
BALANCE, March 31, 2019	15,638,765	\$ 15,639	\$ 127,660,206	\$ (115,599,392)	\$ 12,076,453
Stock-based compensation expense	-	-	73,042	-	73,042
Exercise of stock options, net of cashless exercises of 21,864 shares	58,008	58	63,192	-	63,250
Exercise of warrants	92,856	93	204,190	-	204,283
Issuance of shares for restricted stock grants	2,000	2	(2)	-	-
Net loss	-	-	-	(873,677)	(873,677)
BALANCE, June 30, 2019	<u>15,791,629</u>	<u>\$ 15,792</u>	<u>\$ 128,000,628</u>	<u>\$ (116,473,069)</u>	<u>\$ 11,543,351</u>

Three months ended June 30, 2018

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
BALANCE, March 31, 2018	15,608,943	\$ 15,609	\$ 127,164,498	\$ (111,490,782)	\$ 15,689,325
Stock-based compensation expense	-	-	63,993	-	63,993
Exercise of stock options	-	-	-	-	-
Issuance of shares for restricted stock grants	16,296	16	(16)	-	-
Net loss	-	-	-	(1,100,375)	(1,100,375)
BALANCE, June 30, 2018	<u>15,625,239</u>	<u>\$ 15,625</u>	<u>\$ 127,228,475</u>	<u>\$ (112,591,157)</u>	<u>\$ 14,652,943</u>

INTELLICHECK, INC.

STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

	Six months ended June 30, 2019				
	<u>Common Stock</u>		Additional Paid-in <u>Capital</u>	Accumulated <u>Deficit</u>	Total Stockholders , <u>Equity</u>
	<u>Shares</u>	<u>Amount</u>			
BALANCE, December 31, 2018	15,638,765	\$ 15,639	\$ 127,290,467	\$ (114,386,401)	\$ 12,919,705
Stock-based compensation expense	-	-	442,781	-	442,781
Exercise of stock options, net of cashless exercises of 21,864 shares	58,008	58	63,192	-	63,250
Exercise of warrants	92,856	93	204,190	-	204,283
Issuance of shares for restricted stock grants	2,000	2	(2)	-	-
Net loss	-	-	-	(2,086,668)	(2,086,668)
BALANCE, June 30, 2019	<u>15,791,629</u>	<u>\$ 15,792</u>	<u>\$ 128,000,628</u>	<u>\$ (116,473,069)</u>	<u>\$ 11,543,351</u>
	Six months ended June 30, 2018				
	<u>Common Stock</u>		Additional Paid-in <u>Capital</u>	Accumulated <u>Deficit</u>	Total Stockholders , <u>Equity</u>
	<u>Shares</u>	<u>Amount</u>			
BALANCE, December 31, 2017	15,009,246	\$ 15,009	\$ 126,416,869	\$ (110,422,825)	\$ 16,009,053
Stock-based compensation expense	-	-	124,701	-	124,701
Exercise of stock options	593,838	594	686,927	-	687,521
Issuance of shares for restricted stock grants	22,155	22	(22)	-	-
Net loss	-	-	-	(2,168,332)	(2,168,332)
BALANCE, June 30, 2018	<u>15,625,239</u>	<u>\$ 15,625</u>	<u>\$ 127,228,475</u>	<u>\$ (112,591,157)</u>	<u>\$ 14,652,943</u>

INTELLICHECK, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,086,668)	\$ (2,168,332)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	123,492	120,618
Stock-based compensation expense	442,781	124,701
Provision for doubtful accounts	-	5,625
Deferred rent	-	(6,002)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(170,282)	173,298
Decrease in inventory	746	4,104
(Increase) in other current assets	(50,579)	(233,703)
Decrease in other assets	1,964	57,439
Increase in accounts payable and accrued expenses	149,634	107,980
(Decrease) in deferred revenue	(7,918)	(154,901)
(Decrease) in other long-term liabilities	-	(158,407)
Net cash used in operating activities	<u>(1,596,830)</u>	<u>(2,127,580)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(6,529)	(127,505)
Collection of note receivable	<u>20,850</u>	<u>20,034</u>
Net cash provided by (used in) investing activities	<u>14,321</u>	<u>(107,471)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock from exercise of stock options	63,250	687,521
Net proceeds from issuance of common stock from exercise of warrants	<u>204,283</u>	<u>-</u>
Net cash provided by financing activities	<u>267,533</u>	<u>687,521</u>
Net decrease in cash	(1,314,976)	(1,547,530)
CASH, beginning of period	<u>4,376,017</u>	<u>8,010,161</u>
CASH, end of period	<u>\$ 3,061,041</u>	<u>\$ 6,462,631</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, 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		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Net loss	\$ (873,677)	\$ (1,100,375)	\$ (2,086,668)	\$ (2,168,332)
Reconciling items:				
Interest and other income	(46,065)	(43,221)	(52,084)	(57,091)
Depreciation and amortization	61,382	61,468	123,492	120,618
Stock-based compensation expense	73,042	63,993	442,781	124,701
Adjusted EBITDA	\$ <u>(785,318)</u>	\$ <u>(1,018,135)</u>	\$ <u>(1,572,479)</u>	\$ <u>(1,980,104)</u>

Contact

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About Intellicheck NYSE American: IDN

Intellicheck is a trusted industry leader in technology solutions that stop identity theft and fraud with real-time identity authentication and age verification. We make it possible for our clients to 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 and diverse state and federal government agencies. For more information on Intellicheck, visit <http://www.intellicheck.com/> and follow Intellicheck on [Twitter](#), on [Facebook](#), on [LinkedIn](#) and on [YouTube](#).

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,” “sense,” “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 our products and the presently anticipated growth in the commercial adoption of our products and services; our ability to successfully transition pilot programs into formal commercial scale programs; continued adoption of our SaaS product offerings; changing levels of demand for our current and future products; our ability to reduce or maintain expenses while increasing sales; our ability to successfully expand the sales of our products and services into new areas including health care and auto dealerships; customer results achieved using our products in both the short and long term; success of future research and development activities; our ability to successfully market and sell our products, any delays or difficulties in our supply chain coupled with the typically long sales and implementation cycle for our products; our ability to enforce our intellectual property rights; changes in laws and regulations applicable to the our products; our 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 our reports filed with the SEC. We do not assume any obligation to update the forward-looking information.