

August 14, 2017



InterCloud Systems Reports Second Quarter 2017 Results

- InterCloud streamlines operations
- Salaries and Wages decline 45% 2Q 2017 vs. 2Q 2016
- Selling, General and Administrative Expenses decline 55% 2Q 2017 vs. 2Q 2016

SHREWSBURY, N.J., Aug. 14, 2017 (GLOBE NEWSWIRE) -- InterCloud Systems, Inc. (the "Company" or "InterCloud") (OTCQB:ICLD), a leading provider of cloud networking orchestration and automation solutions and services, today reported financial results for the second quarter of 2017.

Mark Munro, Chairman and CEO of InterCloud, stated, "As I mentioned a few weeks ago, we have greatly reduced our liabilities and strengthened our balance sheet over the last twelve months. Our debt and expense reductions will enable us to achieve profitability and enable this Company to realize its potential through new products and services. We believe the steps we've taken over the past year have positioned the Company to capitalize on the immense opportunities in front of us and creates the necessary foundation for ongoing financial performance."

2nd Quarter Financial Highlights:

Revenue for the second quarter ended June 30, 2017 decreased \$14.5 million, or 64%, to \$8.1 million, as compared to \$22.6 million for the second quarter of 2016. This was the result of the reduction in revenue from subsidiaries disposed of during the 2017. Gross profit percentage was 20% for the second quarter ended June 30, 2017, compared to 23% for the same period in 2016. The overall decrease in gross profit percentage was due to reduced margins within the Company's professional services segment offset by increased margins in the application and infrastructure segment.

The Company had a net loss attributable to common stockholders of \$(12.0) million in the second quarter of 2017 compared to net loss of \$(13.4) million for the comparable period of 2016. The decrease in net loss was primarily due to a decrease in the loss on extinguishment of debt of \$7.1 million. Additionally, there were decreases in salaries and wages and SG&A expenses of \$4.5 million and a decrease in interest expense of \$2.1 million. These decreases were offset by a decrease in gross profit of \$3.6 million and a loss of disposal of subsidiaries of \$5.9 million.

About InterCloud Systems, Inc.

InterCloud Systems, Inc. is a leading provider of cloud networking orchestration and automation, for Software Defined Networking (SDN) and Network Function Virtualization

(NFV) cloud environments to the telecommunications service provider (carrier) and corporate enterprise markets through cloud solutions and professional services. InterCloud's cloud solutions offer enterprise and service-provider customers the opportunity to adopt an operational expense model by outsourcing cloud deployment and management to InterCloud rather than the capital expense model that has dominated in recent decades in IT infrastructure management. Additional information regarding InterCloud may be found on InterCloud's website at www.intercloudsys.com.

Forward Looking Statements

Statements in this press release regarding InterCloud that are not historical facts are forward- looking statements and are subject to risks and uncertainties that could cause actual future events or results to differ materially from such statements. Any such forward-looking statements, including, but not limited to, financial guidance, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not directly or exclusively relate to historical facts. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “forecasts,” “predicts,” “potential,” or the negative of those terms, and similar expressions and comparable terminology. These include, but are not limited to, statements relating to future events or our future financial and operating results, plans, objectives, expectations and intentions. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these expectations may not be achieved. Forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to known and unknown risks, uncertainties and other factors outside of our control that could cause our actual results, performance or achievement to differ materially from those expressed or implied by these forward-looking statements. In addition to the risks described above, these risks and uncertainties include: our ability to successfully execute our business strategies, including integration of acquisitions and the future acquisition of other businesses to grow our company; customers’ cancellation on short notice of master service agreements from which we derive a significant portion of our revenue or our failure to renew such master service agreements on favorable terms or at all; our ability to attract and retain key personnel and skilled labor to meet the requirements of our labor-intensive business or labor difficulties which could have an effect on our ability to bid for and successfully complete contracts; our failure to compete effectively in our highly competitive industry could reduce the number of new contracts awarded to us or adversely affect our market share and harm our financial performance; our ability to adopt and master new technologies and adjust certain fixed costs and expenses to adapt to our industry’s and customers’ evolving demands; our history of losses, deficiency in working capital and a stockholders’ deficit and our ability to achieve sustained profitability; material weaknesses in our internal control over financial reporting and our ability to maintain effective controls over financial reporting in the future; our substantial indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations; the impact of new or changed laws, regulations or other industry standards that could adversely affect our ability to conduct our business; and changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural or man-made

disasters.

These forward-looking statements represent our estimates and assumptions only as of the date of this release and, except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this release. Given these uncertainties, you should not place undue reliance on these forward-looking statements and should consider various factors, including the risks described, among other places, in our most recent Annual Report on Form 10-K and in our Quarterly Reports on Form 10-Q, as well as any amendments thereto, filed with the SEC.

Condensed Consolidated Statements of Operations
(Dollar amounts in thousands, except per share data)
(Unaudited)

	For the three months ended June 30,	
	2017	2016
Revenues	\$ 8,121	\$ 22,594
Gross Profit	1,628	5,219
Operating Expenses	5,533	9,537
Loss from Operations	(3,905)	(4,318)
Other expense, net	(8,292)	(7,763)
Net loss before income taxes	(12,197)	(12,081)
Provision (benefit) for income taxes	(119)	56
Income (loss) from continuing operations	(12,078)	(12,137)
Loss from discontinued operations, net of taxes	--	(1,198)
Net income (loss) attributable to non-controlling interest	121	(81)
Net loss attributable to InterCloud Systems, Inc. common stockholders	\$ (11,957)	\$ (13,416)
Basic income (loss) per share from continuing operations, basic and diluted	\$ (0.10)	\$ (0.39)
Income per share, from discontinued operations, basic and diluted	\$ --	\$ (0.04)
Net loss per share	\$ (0.10)	\$ (0.43)
Basic and diluted weighted average shares outstanding	120,261,344	31,442,412

	For the six months ended June 30,	
	2017	2016
Revenues	\$ 22,071	\$ 40,223
Gross Profit	4,995	9,633
Operating Expenses	16,165	17,493
Loss from Operations	(11,170)	(7,860)
Other income (expense), net	(15,505)	(10,147)
Net loss before benefit for income taxes	(26,675)	(18,007)
Provision (benefit) for income taxes	(358)	116
Loss from continuing operations	(26,317)	(18,123)
Gain from discontinued operations, net of taxes	--	465
Net income (loss) attributable to non-controlling interest	138	(66)
Net loss attributable to InterCloud Systems, Inc. common stockholders	\$ (26,179)	\$ (17,724)
Basic income (loss) per share from continuing operations, basic and diluted	\$ (0.28)	\$ (0.59)
Income per share, from discontinued operations, basic and diluted	--	\$ 0.01

Basic net income (loss) per share	\$ (0.28)	\$ (0.58)
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Basic and diluted weighted average shares outstanding	95,675,967	30,662,143
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Selected Balance Sheet Data
(Dollar amounts in thousands, except per share data)
(Unaudited)

	June 30, 2017	December 31, 2016
Cash	\$ 407	\$ 1,790
Accounts Receivable, net	8,459	13,952
Total current assets	16,100	18,389
Goodwill and intangible assets	17,442	35,391
Total assets	35,209	54,569
 Total current liabilities	 64,926	 58,091
Other liabilities, including long term debt	6,338	12,521
Stockholders' deficit	(36,055)	(16,043)

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Source: InterCloud Systems, Inc.