

April 8, 2014



# InterCloud Systems Reports Fourth Quarter and Full Year 2013 Results

Full-Year 2013 Revenue Increased 201% to \$51.4 Million

Full-Year 2013 Adjusted Pro-Forma EBITDA Increased to \$6.9 Million

Balance Sheet Improved

SHREWSBURY, N.J., April 8, 2014 (GLOBE NEWSWIRE) -- InterCloud Systems, Inc. (the "Company" or "InterCloud") (Nasdaq:ICLD), a single source provider of end-to-end IT technology and telecom solutions to the service provider and corporate enterprise markets through professional services and cloud platforms, today announced financial results for the fourth quarter and full-year 2013.

InterCloud CEO, Mark Munro, announced full-year 2013 Pro-Forma Adjusted EBITDA of \$6.9 million. In addition, as part of an ongoing effort to improve its balance sheet, InterCloud eliminated approximately \$12 Million in preferred stock obligations and other liabilities during the fourth quarter. Total charges related to derivative liabilities resulted in a \$13.7 million expense to fourth quarter net loss. The increases to the derivative liabilities were primarily as a result of increases in the Company's stock price and were non-cash items.

Mr. Munro stated: "In addition to substantially improving our pro-forma adjusted EBITDA, we are pleased with the improvements to our balance sheet. With our improved operations, we were able to eliminate the remaining outstanding convertible preferred stock and other indebtedness that the Company incurred as part of its earlier growth stage, thereby streamlining our balance sheet. We are pleased to have made additional strides on that front in the fourth quarter."

"Our full-year results reflected the continued integration of our completed acquisitions and the success of InterCloud's cross-selling plan," continued Mr. Munro. "InterCloud now offers a broad complement of cloud and managed services, as well as professional services focused on providing end-to-end network solutions for both carriers and enterprises. We believe we continue to be well positioned for growth into 2014."

## Fourth Quarter 2013 Financial Results

Revenue for the fourth quarter ended December 31, 2013 increased by \$0.6 million, or 5.4%, to \$11.8 million, as compared to \$11.2 million for the fourth quarter of 2012.

Gross profit for the fourth quarter of 2013 totaled \$2.7 million, compared to \$2.8 million for the fourth quarter of 2012.

Net loss for the fourth quarter of 2013 was \$23.4 million, or a loss of \$4.72 basic earnings per share and \$3.24 diluted earnings per share, compared to a net loss of \$0.4 million, or \$0.91 per share, in the fourth quarter of 2012. The fourth quarter 2013 net loss included non-cash items such as \$13.7 million in non-cash expense related to derivative liabilities, \$2.3 million in non-cash expense arising from the change in fair value of contingent consideration, \$1.8 million in non-recurring consulting fees and \$2.4 million in stock-based compensation.

## **Full Year 2013 Financial Results**

Revenue for the full year ended December 31, 2013 increased by \$34.3 million, or 201%, to \$51.4 million, compared to \$17.1 million for the year ended December 31, 2012.

Gross profit for the year ended December 31, 2013 totaled \$14.1 million, compared to \$5.1 million for fiscal year 2012.

Net loss for the year ended December 31, 2013 was \$25.4 million, or \$7.85 per share, compared to a net loss of \$2.1 million, or \$1.33 per share, for the year ended December 31, 2012. The 2013 net loss included non-cash or non-recurring items such as \$14.2 million in non-cash charges related to derivative liabilities, \$3.1 million in non-cash charges arising from the change in fair value of contingent consideration, \$1.8 million in non-recurring consulting fees, \$2.5 million in stock based compensation and \$1.1 million in dividends on preferred stock.

## **About InterCloud Systems, Inc.**

InterCloud Systems, Inc. is a single-source provider of end-to-end information technology (IT) and next-generation network solutions to the telecommunications service provider (carrier) and corporate enterprise markets through cloud platforms and professional services. InterCloud offers cloud and managed services, professional consulting and staffing services, and voice, data and optical solutions to assist its customers in meeting their changing technology demands. InterCloud's cloud solutions offer enterprise and service-provider customers the opportunity to adopt an operational expense model by outsourcing to InterCloud rather than the capital expense model that has dominated in recent decades in IT infrastructure management. InterCloud's telecommunications staffing group offers a broad range of solutions to enterprise and service provider customers, including application development teams, analytics, project management, program management, unified communications, network management and field support services on a short and long-term basis. InterCloud's specialty contracting division offers enterprise and service provider customers engineering, design, installation and maintenance services that support the build-out and operation of some of the most advanced small cell, WiFi and distributed antenna system (DAS) networks. Additional information regarding InterCloud may be found on InterCloud's website at [www.intercloudsys.com](http://www.intercloudsys.com).

## **Non-GAAP Financial Measures**

Investors are cautioned that adjusted EBITDA, or earnings/(loss) before interest, taxes, depreciation, amortization, stock-based compensation, dividends on preferred stock and other non-cash charges, if any, as used in this press release, is defined as a "non-GAAP

financial measure" by the Securities and Exchange Commission. Adjusted EBITDA per share is an additional non-GAAP financial measure presented. Adjusted EBITDA per share is adjusted EBITDA, as defined above, divided by weighted average basic and diluted shares outstanding. This measure may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation. In addition, although InterCloud's management has provided a reconciliation of this measure to the nearest comparable GAAP measure, it should not be construed as an alternative to any other measure of performance determined in accordance with generally accepted accounting principles, or as an indicator of InterCloud's operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that it fails to address. InterCloud's management presents this financial information because they believe that it is helpful to some investors as a measure of InterCloud's performance. InterCloud cautions investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare InterCloud's current results with the results from other reporting periods and with the results of other companies. Definitions and reconciliations between the non-GAAP measure and relevant GAAP measure are set forth in the tables at the end of this press release.

### **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. It is routine for InterCloud's internal projections and expectations to change as the quarter and year progresses, and therefore it should be clearly understood that the internal projections and beliefs upon which InterCloud bases its expectations may change. Although these expectations may change, InterCloud is under no obligation to inform you if they do. Actual events or results may differ materially from those contained in the projections or forward-looking statements. Some of the factors that could cause actual results to differ materially from the forward-looking statements contained herein include, without limitation: InterCloud's inability to integrate recent and future acquisitions, which would adversely affect InterCloud's business, financial condition, result of operations and prospects; the cancellation of master service agreements, from which InterCloud derives a significant portion of its revenue, which may be cancelled by customers on short notice, or which InterCloud may be unable to renew on favorable terms or at all; the inability of InterCloud to attract and retain key personnel and skilled labor, or if labor difficulties are encountered, InterCloud's ability to bid for and successfully complete contracts may be negatively impacted; risks related to InterCloud's failure to compete effectively within its highly competitive industry, especially with a variety of larger companies with greater resources, which could reduce the number of new contracts awarded to InterCloud or adversely affect InterCloud's market share and harm InterCloud's financial performance; risks related to InterCloud's history of losses and deficiencies in working capital and stockholders' equity, which may continue in the future, raising substantial doubts about InterCloud's

ability to continue as a going concern; risks related to the identification of material weaknesses in InterCloud's internal control over financial reporting, and a lack of assurance that additional material weaknesses or significant deficiencies will not occur in the future, leading to the possibility that InterCloud may not be able to accurately report financial results, prevent fraud, or file periodic reports in a timely manner, which may cause investors to lose confidence in InterCloud's reported financial information and may lead to a decline in InterCloud's stock price; and InterCloud's substantial indebtedness, which could adversely affect its business, financial condition and results of operations and its ability to meet payment obligations. This list is intended to identify only certain of the principal factors that could cause actual results to differ from those discussed in the forward-looking statements. Readers are referred to the reports and documents filed from time to time by InterCloud with the Securities and Exchange Commission for a discussion of these and other important risk factors that could cause actual results to differ from those discussed in forward-looking statements.

**Condensed Consolidated Balance Sheet Data  
(Unaudited)**

	December 31, 2013	December 31, 2012
	(unaudited)	
Cash	\$ 17,866,532	\$ 606,002
Accounts Receivable, net	7,821,942	7,660,642
Total current assets	28,307,287	10,183,971
Goodwill and intangible assets	29,846,246	23,926,695
Total assets	60,690,056	43,316,264
Total current liabilities	24,112,306	14,860,502
Other liabilities, including long term debt	38,254,057	15,159,644
Redeemable common and preferred stock	--	16,584,704
Stockholders' deficit	(1,676,307)	(3,288,586)

**Condensed Consolidated Statement of Operations**

	For the twelve months ended December 31,	
	2013 (unaudited)	2012
Revenues	\$ 51,407,544	\$ 17,089,549
Gross Profit	14,127,500	5,121,334
Operating Expenses	20,468,268	7,929,791
Loss from Operations	(6,340,768)	(2,808,457)
Income (loss) per share, basic and diluted	\$ (7.85)	\$ (1.33)
Basic weighted average shares outstanding	3,240,230	1,553,555

**Adjusted EBITDA (Unaudited)**

For the twelve months ended

	December 31,	
	2013 (unaudited)	2012
Net loss attributable to InterCloud Systems, Inc. common stockholders	\$ (25,438,418)	\$ (2,072,862)
Add Back		
Dividends on Preferred Stock	1,084,314	843,215
Interest expense	5,574,228	1,699,746
Depreciation and amortization	1,120,404	345,566
Stock based compensation	2,507,880	406,342
Net loss attributable to non-controlling interest	76,169	16,448
Other expense	176,000	--
Change in fair value of contingent consideration	3,131,130	--
Change in fair value of derivative instruments	14,156,361	(198,908)
Total addbacks	27,826,486	3,112,409
Deduct		
Benefit for income taxes	(292,662)	(2,646,523)
Total deductions	(292,662)	(2,646,523)
Adjusted EBITDA	\$ 2,095,406	\$ (1,606,976)
Portion of AWS EBITDA prior to April acquisition date	587,981	-
IPC EBITDA	2,402,671	-
Non-recurring consulting fees	\$ 1,800,000	-
Pro forma 2013 adjusted EBITDA	\$ 6,886,058	-
Adjusted EBITDA per share, basic and diluted	\$ 0.65	\$ (1.03)
Basic and diluted weighted average shares outstanding	3,240,230	1,553,555

### Statement of Operations

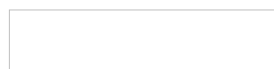
	For the three months ended	
	December 31,	December 31,
	2013 (unaudited)	2012 (unaudited)
Revenues	\$ 11,843,515	\$ 11,215,235
Gross Profit	2,684,278	2,829,844
Operating Expenses	11,207,258	4,403,902

Income (Loss) from Operations	(8,522,980)	(1,574,058)
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# Adjusted EBITDA

	For the three months ended December 31,	
	2013 (unaudited)	2012 (unaudited)
Net income (loss) attributable to InterCloud Systems, Inc. common stockholders	\$ (23,358,399)	\$ (356,937)
Add Back		
Dividends on Preferred Stock	63,550	737,258
Interest expense	2,465,036	687,049
Depreciation and amortization	352,323	194,564
Stock based compensation	2,350,780	--
Benefit for income taxes	--	--
Net loss attributable to non-controlling interest	18,959	16,448
Other expense	256,113	--
Change in fair value of contingent consideration	3,925,888	--
Change in fair value of derivative instruments	13,744,353	(198,908)
Provision for income taxes	--	--
Total addbacks	23,177,002	1,436,411
Deduct		
Net loss attributable to non-controlling interest	--	33,111
Benefit for income taxes	(35,832)	(2,646,523)
Other income	--	--
Change in fair value of contingent consideration	--	--
Total deductions	(35,832)	(2,613,412)
Adjusted EBITDA	\$ (217,229)	\$ (1,533,938)
Adjusted EBITDA per share, basic and diluted	\$ (0.03)	\$ (3.30)
Weighted average shares outstanding basic and diluted	6,350,872	465,405

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