

May 12, 2017



InterCloud Systems Reports First Quarter 2017 Results

- Cost cutting continues as ICLD focuses on core business units
- Salaries and Wages decline 20%
- Selling, General and Administrative Expenses decline 10%

SHREWSBURY, N.J., May 12, 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 First Quarter of 2017.

Mark Munro, Chairman and CEO of InterCloud, stated, "InterCloud continues to restructure. During the first quarter of 2017, the Company reduced senior secured debt by approximately \$4.2 million and reduced subordinated debt by \$4.1 million for total quarterly debt reduction of more than \$8.3 million. Although our revenues declined during the Quarter while we restructured, we substantially reduced our operating expenses, as salaries and wages were reduced by 20% and our SG&A declined by approximately 10%. We will continue to focus on cutting costs, selling non-core assets and becoming a smaller but cash flow positive company."

1st Quarter Financial Highlights:

Revenue for the first quarter ended March 31, 2017 declined 21% to \$14.0 million, compared to \$17.6 million for 2016. This was the result of a decline in our managed services business segment offset by a small increase in our application and infrastructure segment.

Gross profit was 24% for the quarter ended March 31, 2017 and 25% for 2016. Gross profit declined slightly to \$3.4 million compared to \$4.4 million in 2016. Decreases in gross profit in our managed services segment were offset by increases in our application and infrastructure segment. The gross profit percentage in the managed services and application and infrastructure segments were 21% and 27%, respectively, for the quarters ended March 31, 2017 and 2016.

The Company had a net loss attributable to common stockholders of \$(14.2) million for the quarter ended March 31, 2017 compared to a net loss of \$(4.3) million for the comparable period of 2016. The increase in net loss during the quarter ended March 31, 2017 compared to the comparable period of 2016 resulted from goodwill and intangible asset impairment charges of \$3.9 million in 2017 compared to no charges in 2016. Additionally, the increase resulted from an increase in the change in fair value of derivative instruments of \$5.3 million. Offsetting this increase, salaries and wages and selling, general and

administrative expense declined \$1.2 million in the first quarter of 2017 compared to 2016. Salaries and wages includes non-cash stock compensation expense of \$0.5 million for the quarter ended March 31, 2017 compared to \$0.7 million for the comparable period of 2016.

About InterCloud Systems, Inc.

InterCloud Systems, Inc. is a cloud computing company which provides end-to-end information technology (IT) and next-generation network solutions including Software Defined Networking (SDN) and Network Function Virtualization (NFV) orchestration to the telecommunications service provider (carrier) and corporate enterprise markets through cloud solutions and professional services. 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 the recent acquisitions of AW Solutions, Inc., Integration Partners-NY Corporation, RentVM, Inc. and VaultLogix, LLC 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.

Consolidated Statement of Operations
(Dollar amounts in thousands, except per share data)

	For the three months ended March 31,	
	2017	2016
Revenues	\$ 13,950	\$ 17,629
Gross Profit	3,367	4,414
Operating Expenses	10,631	7,956
Loss from operations	(7,264)	(3,542)
Other expense, net	(7,212)	(2,384)
Loss from continuing operations before income taxes	(14,476)	(5,926)
Provision for (benefit from) income taxes	(239)	60
Net loss from continuing operations	(14,237)	(5,986)
Gain from discontinued operations, net of tax	-	1,663
Net loss attributable to non-controlling interest	17	15
Net loss attributable to InterCloud Systems, Inc.'s common stockholders	\$ (14,220)	\$ (4,308)
Net loss per share, basic and diluted	\$ (0.05)	\$ (0.14)
Weighted average common shares outstanding, basic and diluted	283,269,674	29,903,553

Selected Balance Sheet Data
(Dollar amounts in thousands, except per share data)

	March 31, 2017	December 31, 2016
Cash	\$ 816	\$ 1,790

Accounts receivable, net	11,647	13,952
Total current assets	15,311	18,389
Goodwill and intangible assets	27,852	35,391
Total assets	43,811	54,569
Total current liabilities	63,297	57,802
Other liabilities, including long-term debt	5,158	12,810
Stockholders' deficit	(24,644)	(16,043)

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Source: InterCloud Systems, Inc.