

November 16, 2017



InterCloud Systems Reports Third Quarter 2017 Results

- ICLD streamlines operations
- Salaries and Wages decline 54% 3Q 2017 vs. 3Q 2016
- Selling, General and Administrative Expenses decline 64% 3Q 2017 vs. 3Q 2016

SHREWSBURY, N.J., Nov. 16, 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 third quarter of 2017.

Mark Munro, Chairman and CEO of InterCloud, stated, "The financial results reflect our continued elimination and restructuring of debt; the reduction of expenses and the overall strengthening of the Company's balance sheet. We are hoping that through these efforts we can restore shareholder value in the future."

3rd Quarter Financial Highlights:

Revenue for the third quarter ended June 30, 2017 decreased \$9.6 million, or 49%, to \$10.0 million, as compared to \$19.6 million for the third quarter of 2016. This was the result of subsidiaries disposed of during the first and second quarters of 2017. Gross profit percentage was 27% for the third quarter ended September 30, 2017, compared to 29% 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 loss from operations of \$(1.1) million compared to loss from operations of \$(3.8) million in the comparable period of 2016. The Company had a net loss attributable to common stockholders of \$(5.5) million in the third quarter of 2017 compared to net income of \$2.1 million for the comparable period of 2016. The net income in 2016 was the result of a gain on change in derivative of \$11.2 million in the third quarter of 2016, compared to a gain on change in derivative of \$3.2 million in the comparable period of 2017. The decrease in net loss was an increase in the loss on extinguishment of debt of \$4.4 million in the third quarter of 2017 compared to a loss from extinguishment of debt of \$1.6 million in the comparable 2016 period. Additionally, there were decreases in salaries and wages and SG&A expenses of \$5.1 million and a decrease in interest expense of \$1.0 million. These decreases were offset by a decrease in gross profit of \$2.9 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 September 30,	
	2017	2016
Revenues	\$ 10,034	\$ 19,553
Gross Profit	2,756	5,613
Operating Expenses	3,951	9,410
Loss from Operations	(1,195)	(3,797)
Other (expense) income, net	(4,365)	5,868
Net (loss) income before income taxes	(5,560)	2,071
(Benefit from) provision for income taxes	(31)	48
(Loss) income from continuing operations	(5,529)	2,023
Net loss attributable to non-controlling interest	31	44
Net (loss) income attributable to InterCloud Systems, Inc. common stockholders	\$ (5,498)	\$ 2,067
Basic (loss) income per share from continuing operations, basic	\$ (0.01)	\$ 0.22
Basic (loss) income per share from continuing operations, diluted	\$ (0.01)	\$ 0.01
Weighted average shares outstanding, basic	436,049,406	9,253,135
Weighted average shares outstanding, diluted	436,049,406	25,425,642

	For the nine months ended September 30,	
	2017	2016
Revenues	\$ 32,105	\$ 59,776
Gross Profit	7,751	15,246
Operating Expenses	20,115	26,902
Loss from Operations	(12,364)	(11,656)
Other expense, net	(19,869)	(4,279)
Net loss before income taxes	(32,233)	(15,935)
(Benefit from) provision for income taxes	(389)	164
Gain on discontinued operations, net of taxes	--	465
Net income (loss) attributable to non-controlling interest	166	(22)
Net loss attributable to InterCloud Systems, Inc. common stockholders	\$ (31,679)	\$ (15,656)
Basic loss per share from continuing operations, basic and diluted	\$ (0.19)	\$ (1.91)
Income per share, from discontinued operations, basic and diluted	--	\$ 0.06
Basic net loss per share	\$ (0.19)	\$ (1.85)

Basic and diluted weighted average shares outstanding

169,069,899

8,194,650

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

	September 30, 2017	December 31, 2016
Cash	\$ 827	\$ 1,790
Accounts Receivable, net	8,041	13,952
Total current assets	16,130	18,389
Goodwill and intangible assets	17,238	35,391
Total assets	33,986	54,569
Total current liabilities	57,242	57,802
Other liabilities, including long term debt	3,394	12,810
Stockholders' deficit	(26,650)	(16,043)

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Source: InterCloud Systems, Inc.