

# **I.D. Systems Reports First Quarter 2012 Financial Results**

## **Revenues Up 25% From First Quarter of 2011**

WOODCLIFF LAKE, N.J., May 7, 2012 (GLOBE NEWSWIRE) -- I.D. Systems, Inc. (Nasdaq:IDSY), a leading provider of wireless solutions for tracking, securing and managing high-value enterprise assets, today reported results for its first quarter ended March 31, 2012.

### **Financial Results**

- Revenue increased to \$9.8 million, up 25% from \$7.8 million in the first quarter a year ago. Recurring revenue was \$4.2 million, up 4% from \$4.0 million in Q1 2011.
- Gross margin was 50%, consistent with historic levels.
- Excluding stock-based compensation and depreciation and amortization, non-GAAP net loss improved to \$840,000, or \$0.07 per basic and diluted share, from a non-GAAP net loss of \$852,000, or \$0.08 per basic and diluted share, in the same year-ago period.
- Net loss improved 7% to \$1.6 million, or \$0.14 per basic and diluted share, from a net loss of \$1.8 million, or \$0.16 per basic and diluted share, in the first quarter of 2011.
- As of March 31, 2012, I.D. Systems had \$21.1 million in cash, cash equivalents and marketable securities, \$24.8 million of working capital, and no debt.

### **Operational Highlights**

- Repeat business from core customers, including Ford Motor Company, John Deere, Marten Transport, Nestlé, Procter & Gamble, CH Robinson, Toyota, the U.S. Postal Service, and Walmart, among others.
- The addition of new customers through direct sales efforts, including a leading global aerospace and defense company, one of the world's largest international logistics companies, two major North American food producers, and a leading paper and wood pulp products manufacturer.
- Continued success selling through channel partners, which generated both new and repeat business from customers across diverse industries, including automotive, building products, food and beverage, logistics, mass market retail, and packaging.

### **Management Commentary**

"We began 2012 on a positive note, continuing a year-over-year revenue growth trend we have sustained now for the past nine quarters," said Jeffrey Jagid, I.D. Systems' Chairman and CEO. "Revenue contributions in Q1 2012 came from a balanced mix of market segments, products and services, led by strong increases in sales of both vehicle and transportation asset management systems. Our high-margin recurring revenue represented 43% of total revenue for the quarter, and our overall gross margin remained strong and stable at 50%.

"We remain focused on our growth strategy: expanding business with core customers across vertical and geographic markets, diversifying revenue sources, particularly by leveraging channel partners, and extending our market leadership with best-practice supply chain asset management solutions."

### **Investor Conference Call**

I.D. Systems will hold a conference call for investors and analysts today, May 7, 2012, at 4:45 p.m. Eastern time. Jeffrey Jagid, Chairman and CEO, will lead a discussion on the results of the quarter and recent developments. After opening remarks and a discussion of the quarter, there will be a question and answer period. The conference call will be broadcast live over the Internet via the Investors section of the company's website at [www.id-systems.com](http://www.id-systems.com). To listen to the live call, go to the website at least 10 minutes early to download and install any necessary audio software.

### **Non-GAAP Measures**

To supplement its financial statements presented in accordance with Generally Accepted Accounting Principles (GAAP), I.D. Systems provides certain non-GAAP measures of financial performance. These non-GAAP measures include non-GAAP net income/loss and non-GAAP net income/loss per basic and diluted share. Reference to these non-GAAP measures should be considered in addition to results prepared under current accounting standards, but are not a substitute for, or superior to, GAAP results. These non-GAAP measures are provided to enhance investors' overall understanding of I.D. Systems' current financial performance. Specifically, I.D. Systems believes the non-GAAP measures provide useful information to both management and investors by excluding certain expenses, gains and losses that may not be indicative of its core operating results and business outlook. Reconciliation of all non-GAAP measures included in this press release to the nearest GAAP measures can be found in the financial tables included in this press release.

### **About I.D. Systems**

Based in Woodcliff Lake, New Jersey, with subsidiaries in Germany and the United Kingdom, I.D. Systems is a leading provider of wireless solutions for securing, controlling, tracking, and managing high-value enterprise assets, including vehicles, powered equipment, trailers, containers, and cargo. The company's patented technologies address the needs of organizations to monitor and analyze their assets to improve safety, security, efficiency, and productivity. For more information, please visit [www.id-systems.com](http://www.id-systems.com).

### **Cautionary Note Regarding Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of federal

securities laws. Forward-looking statements include statements with respect to I.D. Systems' beliefs, plans, goals, objectives, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond I.D. Systems' control, and which may cause its actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. For example, forward-looking statements include: statements regarding prospects for additional customers; market forecasts; projections of earnings, revenues, synergies, accretion or other financial information; and plans, strategies and objectives of management for future operations, including integration plans in connection with acquisitions. The risks and uncertainties referred to above include, but are not limited to, future economic and business conditions, the loss of key customers or reduction in the purchase of products by any such customers, the failure of the market for I.D. Systems' products to continue to develop, the possibility that I.D. Systems may not be able to integrate successfully the business, operations and employees of acquired businesses, the inability to protect I.D. Systems' intellectual property, the inability to manage growth, the effects of competition from a variety of local, regional, national and other providers of wireless solutions, and other risks detailed from time to time in I.D. Systems' filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2011. These risks could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, I.D. Systems. Unless otherwise required by applicable law, I.D. Systems assumes no obligation to update the information contained in this press release, and expressly disclaims any obligation to do so, whether as a result of new information, future events or otherwise.

-- Tables to Follow --

**I.D. Systems, Inc. and Subsidiaries**  
**Condensed Statement of Operations Data**  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u>2011</u>	<u>2012</u>
Revenue:		
Products	\$3,804,000	<b>\$5,711,000</b>
Services	<u>4,030,000</u>	<u><b>4,101,000</b></u>
	<u>7,834,000</u>	<u><b>9,812,000</b></u>
Cost of Revenue:		
Cost of products	2,181,000	<b>3,463,000</b>
Cost of services	<u>1,492,000</u>	<u><b>1,403,000</b></u>
	<u>3,673,000</u>	<u><b>4,866,000</b></u>

Gross Profit	<u>4,161,000</u>	<u><b>4,946,000</b></u>
Operating Expenses		
Selling, general and administrative expenses	5,095,000	<b>5,589,000</b>
Research and development expenses	<u>906,000</u>	<u><b>1,114,000</b></u>
	<u>6,001,000</u>	<u><b>6,703,000</b></u>
Loss from operations	(1,840,000)	<b>(1,757,000)</b>
Interest income	47,000	<b>89,000</b>
Other income, net	<u>28,000</u>	<u><b>21,000</b></u>
<b>Net loss</b>	<u><b>\$ (1,765,000)</b></u>	<u><b>\$ (1,647,000)</b></u>
<b>Net loss per share – basic and diluted</b>	<u><b>\$ (0.16)</b></u>	<u><b>\$ (0.14)</b></u>
<b>Weighted average common shares outstanding – basic and diluted</b>	<u>10,913,000</u>	<u><b>11,720,000</b></u>

**I.D. Systems, Inc. and Subsidiaries**  
**Reconciliation of GAAP to Non-GAAP Financial Measures**  
(Unaudited)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2012
Net loss attributable to common stockholders	\$ (1,765,000)	<b>\$ (1,647,000)</b>
Depreciation and amortization	605,000	<b>554,000</b>
Stock-based compensation	<u>308,000</u>	<u><b>253,000</b></u>
<b>Non-GAAP net loss</b>	<u><b>\$ (852,000)</b></u>	<u><b>\$ (840,000)</b></u>
<b>Non-GAAP net loss per share – basic and diluted</b>	\$ (0.08)	<b>\$ (0.07)</b>

**I.D. Systems, Inc. and Subsidiaries**  
**Condensed Balance Sheet Data**

	December 31, 2011*	March 31, 2012 <b>(Unaudited)</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$8,386,000	<b>\$4,726,000</b>
Restricted cash	300,000	<b>300,000</b>
Investments – short term	6,904,000	<b>7,975,000</b>
Accounts receivable, net	7,947,000	<b>9,382,000</b>
Note and sales-type lease receivable – current	1,217,000	<b>1,161,000</b>

Inventory, net	8,114,000	<b>7,460,000</b>
Deferred costs – current	1,950,000	<b>1,817,000</b>
Prepaid expenses and other current assets	2,192,000	<b>1,055,000</b>
Deferred tax asset – current	390,000	--
Total current assets	37,400,000	<b>33,876,000</b>
Investments – long term	9,779,000	<b>8,087,000</b>
Note and sales-type lease receivable – long term	4,101,000	<b>4,978,000</b>
Deferred costs – long term	1,916,000	<b>2,073,000</b>
Fixed assets, net	3,092,000	<b>2,999,000</b>
Goodwill	1,837,000	<b>1,837,000</b>
Intangible assets, net	4,399,000	<b>4,107,000</b>
Other assets	307,000	<b>307,000</b>
	<u>\$62,831,000</u>	<u><b>\$58,264,000</b></u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$9,482,000	<b>\$4,930,000</b>
Deferred revenue	3,090,000	<b>4,186,000</b>
Total current liabilities	12,572,000	<b>9,116,000</b>
Deferred rent	327,000	<b>346,000</b>
Deferred revenue	4,332,000	<b>4,496,000</b>
Total liabilities	17,231,000	<b>13,958,000</b>
Commitments and Contingencies		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock; authorized 5,000,000 shares, \$0.01 par value; none issued	--	--
Common stock; authorized 50,000,000 shares, \$0.01 par value; 12,546,000 and 12,639,000 shares issued at December 31, 2011 and March 31, 2012, respectively; shares outstanding, 12,055,000 and 12,128,000 at December 31, 2011 and March 31, 2012, respectively	121,000	<b>121,000</b>
Additional paid-in capital	101,766,000	<b>102,124,000</b>
Accumulated deficit	(53,510,000)	<b>(55,157,000)</b>
Accumulated other comprehensive (loss) income	(49,000)	<b>56,000</b>
	48,328,000	<b>47,144,000</b>
Treasury stock, at cost	(2,728,000)	<b>(2,838,000)</b>
Total stockholders' equity	45,600,000	<b>44,306,000</b>
Total liabilities and stockholders' equity	<u>\$62,831,000</u>	<u><b>\$58,264,000</b></u>

\*Derived from audited balance sheet as of December 31, 2011.

**I.D. Systems, Inc. and Subsidiaries**  
**Condensed Statement of Cash Flows Data**  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<u>2011</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (1,765,000)	\$ (1,647,000)
Adjustments to reconcile net loss to cash used in operating activities:		
Bad debt expense	73,000	49,000
Proceeds from sale of N.J. net operating loss carryforwards	--	390,000
Stock-based compensation expense	308,000	253,000
Depreciation and amortization	605,000	554,000
Deferred rent expense	81,000	19,000
Changes in:		
Accounts receivable	1,367,000	(1,406,000)
Note and lease receivable	(28,000)	(821,000)
Inventory	(422,000)	654,000
Prepaid expenses and other assets	(1,025,000)	1,137,000
Deferred costs	(509,000)	(24,000)
Deferred revenue	261,000	1,260,000
Accounts payable and accrued expenses	(914,000)	(4,552,000)
Net cash used in operating activities	<u>(1,968,000)</u>	<u>(4,134,000)</u>
<b>Cash flows from investing activities:</b>		
Expenditures for fixed assets	(55,000)	(168,000)
Purchase of investments	(984,000)	(29,000)
Maturities of investments	--	712,000
Net cash (used in) provided by investing activities	<u>(1,039,000)</u>	<u>515,000</u>
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options	35,000	7,000
Purchase of treasury shares	(412,000)	--
Net cash (used in) provided by financing activities	<u>(377,000)</u>	<u>7,000</u>
Effect of foreign exchange rate changes on cash and equivalents	(58,000)	(48,000)
<b>Net decrease in cash and cash equivalents</b>	(3,442,000)	(3,660,000)
Cash and cash equivalents - beginning of period	<u>14,491,000</u>	<u>8,386,000</u>
<b>Cash and cash equivalents - end of period</b>	<u><u>\$11,049,000</u></u>	<u><u>\$4,726,000</u></u>

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