

May 16, 2016

# Network-1 Reports First Quarter 2016 Results

NEW YORK, May 16, 2016 /PRNewswire/ -- Network-1 Technologies, Inc. (NYSE MKT: NTIP), a company specializing in the development, licensing, and protection of its intellectual property rights, today announced financial results for the quarter ended March 31, 2016.

Network-1 had revenue of \$5,190,000 for the three months ended March 31, 2016 as compared to revenue of \$5,627,000 for the three months ended March 31, 2015. The decrease of \$437,000 in revenue for the three months ended March 31, 2016 was due primarily to a fully paid license entered into in connection with a litigation settlement of \$440,000 in the three months ended March 31, 2015.

Network-1 reported net income of \$3,820,000 or \$0.16 per share (basic and diluted) for the three months ended March 31, 2016 compared with net income of \$1,530,000 or \$0.06 per share (basic and diluted) for the three months ended March 31, 2015. The increased net income of \$2,290,000 for the three months ended March 31, 2016 was due primarily to income of \$2,280,000 from the recording of the additional deferred tax benefit in connection with the reduction of our valuation allowance.

At March 31, 2016, Network-1 had net operating loss carryforwards (NOLs) and other carryforwards totaling approximately \$18,387,000 expiring through 2029, with a future tax benefit of approximately \$6,396,000. At March 31, 2016, \$6,396,000 has been recorded as deferred tax assets on Network-1's balance sheet, eliminating the entire deferred tax allowance of \$2,280,000 that was reflected in the year end December 31, 2015 financial statements. The reduction in the deferred valuation allowance was due to management's determination that there was sufficient positive evidence to conclude that additional deferred tax benefits are more likely than not realizable in 2016 and future years based upon additional taxable income to be realized in 2016 and future years from legal proceedings and related license agreements.

At March 31, 2016, Network-1's principal sources of liquidity consisted of cash and cash equivalents of \$20,739,000 and working capital of \$24,558,000. Network-1 believes based on its current cash position and projected licensing revenue from its existing license agreements and other revenue that it will have sufficient cash to fund its operations for the foreseeable future.

## ABOUT NETWORK-1 TECHNOLOGIES, INC.

Network-1 Technologies, Inc. is engaged in the development, licensing and protection of its intellectual property and proprietary technologies. Network-1 works with inventors and patent owners to assist in the development and monetization of their patented technologies. Network-1 currently owns twenty-seven (27) patents covering various

telecommunications and data networking technologies as well as technologies relating to document stream operating systems and the identification of media content. Network-1's current strategy includes continuing to pursue licensing opportunities for its Remote Power Patent and its efforts to monetize two patent portfolios (the Cox and Mirror Worlds patent portfolios) acquired by Network-1 in 2013. Network-1's acquisition strategy is to focus on acquiring high quality patents which management believes have the potential to generate significant licensing opportunities as Network-1 has achieved with respect to its Remote Power Patent. Network-1's Remote Power Patent has generated licensing revenue in excess of \$87 million from May 2007 through March 31, 2016.

*This release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements address future events and conditions concerning Network-1's business plans. Such statements are subject to a number of risk factors and uncertainties as disclosed in the Network-1's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission, including, among others, the continued validity of Network-1's Remote Power Patent, the ability of Network-1 to successfully execute its strategy to acquire high quality patents with significant licensing opportunities, Network-1's ability to achieve revenue and profits from the Mirror Worlds Patent Portfolio and the Cox Patent Portfolio as well as intellectual property it may acquire in the future, the ability of Network-1 to enter into additional license agreements, the ability of Network-1 to continue to receive material royalties from its existing license agreements for its Remote Power Patent, the uncertainty of patent litigation and proceedings at the United States Patent and Trademark Office, the difficulty in Network-1 verifying royalty amounts owed to it by its licensees, Network-1's ability to enter into strategic relationships with third parties to license or otherwise monetize their intellectual property, the risk in the future of Network-1 being classified as a Personal Holding Company, the continued viability of the PoE market, future economic conditions and technology changes and legislative, regulatory and competitive developments. Except as otherwise required to be disclosed in periodic reports, Network-1 expressly disclaims any future obligation or undertaking to update or revise any forward-looking statement contained herein.*

Corey M. Horowitz, Chairman and CEO  
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The unaudited condensed consolidated statements of operations and unaudited condensed consolidated balance sheet are attached.

	Three Months Ended	
	March 31,	
	2016	2015
REVENUE	\$ 5,190,000	\$ 5,627,000
OPERATING EXPENSES:		
Costs of revenue	1,486,000	1,689,000

Professional fees and related costs	452,000	446,000
General and administrative	403,000	659,000
Amortization of patents	414,000	413,000
Stock-based compensation	12,000	100,000
	<u>2,767,000</u>	<u>3,307,000</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME	2,423,000	2,320,000
OTHER INCOME:		
Interest income, net	10,000	21,000
	<u>10,000</u>	<u>21,000</u>
INCOME BEFORE INCOME TAXES	2,433,000	2,341,000
	<u>2,433,000</u>	<u>2,341,000</u>
INCOME TAXES:		
Current	51,000	55,000
Deferred taxes (benefit), net	(1,438,000)	756,000
Total income taxes (benefit)	(1,387,000)	811,000
	<u>(1,387,000)</u>	<u>811,000</u>
NET INCOME	\$ 3,820,000	\$ 1,530,000
	<u>\$ 3,820,000</u>	<u>\$ 1,530,000</u>
Net Income Per Share		
Basic	\$ 0.16	\$ 0.06
	<u>\$ 0.16</u>	<u>\$ 0.06</u>
Diluted	\$ 0.16	\$ 0.06
	<u>\$ 0.16</u>	<u>\$ 0.06</u>
Weighted average common shares outstanding:		
Basic	23,252,751	24,089,009
	<u>23,252,751</u>	<u>24,089,009</u>
Diluted	24,266,573	25,500,903
	<u>24,266,573</u>	<u>25,500,903</u>
NET INCOME	\$ 3,820,000	\$ 1,530,000
OTHER COMPREHENSIVE INCOME:		
Unrealized holding gain on securities available-for-sale arising during the period	27,000	20,000
	<u>27,000</u>	<u>20,000</u>
COMPREHENSIVE INCOME	\$ 3,847,000	\$ 1,550,000
	<u>\$ 3,847,000</u>	<u>\$ 1,550,000</u>

**Condensed Balance Sheet as of March 31, 2016**

Cash and cash equivalents \$ 20,739,000

Total current assets	<u>\$ 27,150,000</u>
Total assets	<u>\$ 35,155,000</u>
Total current liabilities	<u>\$ 2,592,000</u>
Total long term liabilities	<u>\$ -0-</u>
Total stockholders' equity	<u>\$32,563,000</u>

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