Intellicheck
Q2 2026 Earnings Call
August 13, 2026

Presenters
Keaton Olsen
Bryan Lewis - President, CEO & Director
Adam Sragovicz - Chief Financial Officer

Q&A Participants
Rudy Kessinger - D.A. Davidson
Vijay Homan - Craig Hallum
Logan Hennen - Northland

Operator
Greetings, and welcome to the Intellicheck Second Quarter 2026 Earnings Call. At this time, all participants are in a listen only mode. A question and answer session will follow the formal presentation. If anyone should require operator assistance, please press star, zero on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Keaton Olsen, Investor Relations Manager. Thank you. You may begin.

Keaton Olsen
Thank you, operator. Good afternoon, everyone, and thank you for joining us today for Intellicheck's Second Quarter 2026 Earnings Call.

Before we get started, I'll take a moment to read our forward-looking statement. Certain statements on this conference call constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as amended.

When used in this call, words such as will, believe, expect, anticipate, encourage and similar expressions as they relate to the company or its management identify forward-looking statements. This includes statements regarding the customer transition we will discuss today, the pace, extent and duration of the resulting volume reductions, whether any volumes are retained or restored and the economics of any retained or restored business, our expectations regarding future revenue, profitability and adjusted EBITDA and our ability to recover or replace affected revenue.

These statements are based on management's current expectations and beliefs about future events. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the company undertakes no obligation to update or alter its forward-looking statements, whether resulting from new information, subsequent events or otherwise. Additional information concerning forward-looking statements is contained in the company's filings with the SEC.

Throughout this call, we may reference certain financial metrics that have been rounded for ease of discussion. Statements made today are as of August 13, 2026. Management will use the financial terms adjusted EBITDA and adjusted gross margin. Please refer to our press release issued this afternoon for further definition, reconciliation and context for the use of these terms.

We will begin today's call with Bryan Lewis, Intellicheck's President and Chief Executive Officer, and he will be followed by Adam Sragovicz, Chief Financial Officer. Following their prepared remarks, we'll take questions. I'll now turn it over to Bryan.

Bryan Lewis
Thanks, Keaton, and good afternoon, everyone. I will say this - for the first time, we are doing this call live. I don't know how many people know that you can actually prerecord these things and make yourself sound pretty smart because you don't mess up. So if I stumble, I hope you all will understand why I like just talking.

So a couple of things - our diversification strategy, now in its second plus year of execution, continues to produce results in the second quarter. It's the operating discipline behind that strategy that has generated four consecutive quarters of profitability. Revenue for the second quarter was up 7% versus last year and up 16% year-over-year. Gross margin came in at 91%, and adjusted EBITDA was positive for the fifth consecutive quarter.

These results were generated despite the same macro challenges we described last quarter, persisting through the second quarter and continuing to weigh on our retail automotive and title insurance verticals. So let me start with the hard things, and then I can move on to the great things.

As you all know from our historical filings, we often talk about customer concentration, a question I get all the time. A customer that represents about 29% of our revenue in the first half of the year recently informed us that, as part of a broader vendor review, looking across all vendors, departments and use cases, not just IDV, so they can evaluate redundancy, ensure there is no single point of failure internally, and as a result, they're currently evaluating a multi-vendor IDV approach that is expected to negatively affect our transaction levels with this customer. I want to emphasize the word evaluation - that is their word, not mine.

As of today, I can say that the traffic shift is nowhere near the extent they said it would be. And additionally, to use the client's own words, this is being driven by not being single threaded to any one vendor. And this is their words, this is what they told me, not driven by a flaw in our system and not a sentence on how we perform. I can also say they recently signed another purchase order. They have also indicated an intention to transition to our newest API, which will give them access to many more of our risk signals to detect fraud. We believe this reflects recognition of the broader capabilities we can provide and the opportunity to further expand our support of their needs in the longer term.

Again, we believe, if you add all the things we do in the digital world to what I believe is the gold standard in document verification, great things happen.

So I want to be direct, and I remember my very first earnings call as a CEO when I was direct and reset expectations. I got a lot of angry calls. But one of my favorite quotes from the Bible is the truth shall set you free. The truth is this is an evaluation - in their words, an evaluation. A new purchase order has been signed. Volumes have not been down to the level they indicated. Sometimes, corporate strategies call for an evaluation. I look forward to this evaluation.

I want to frame this correctly. This reflects a change in the customer's strategy, not a verdict on the accuracy of our results. Intellicheck remains the gold standard in identity verification, subsecond 99% barcode level decisioning that no competitor can replicate because of our exclusive long-standing DMV relationships. Some customers may choose evaluation or adopt other products based on their own goals. That's a prerogative. It does not change the accuracy gap between our platform and any alternative.

So let's move on to what I would call great. Q2 revenues grew by 7% sequentially, and we expect that underlying growth to continue, thanks to the consistent and deliberate customer diversification we've built and our strengthened balance sheet with $11.8 million in cash and no debt.

Let me now walk through progress that we're seeing across each one of our verticals. The banking and lending vertical remains one of our core focus areas, particularly with medium and smaller organizations. They are far easier to integrate and get running than large organizations.

I'm very happy with the delivery mechanism of our platform that we call Desktop. It is a no integration required method. We've signed three new clients and are in discussion with several others. It is our belief that this will add significant growth at a faster pace than landing the whales. I will also point out that we continue to whale hunt.

I also believe there was some confusion about hardware during the Q&A on our last call. If our clients choose to upgrade their scanners, they may have a sourcing problem, not us. I will say we have helped our clients find sources for scanners and have sped up the acquisition for them.

So retail remained about 26% of Q2 revenue. This quarter, retail revenues were down approximately 2% compared to the same period last year. Any improvement here is consumer sentiment -- as it stabilizes will be an incremental upside for us.

In the title market, our direct client relationships still represent an estimated 43% of the market. Mortgage loan origination in Q2 were up 14% year-over-year, and we benefited from this trend. When interest rates will, and I hope we all agree, eventually fall, this market should become, in our belief, a significant tailwind.

Momentum has continued across our emerging and adjacent verticals, as well, in cargo and freight. Our nationwide rollout with our food manufacturer client, already in the low six-figure annual contract value, is expected to grow. The roughly $300,000 average loss per truck stolen proves this is a good market for us. I'm also excited that this client continues to introduce us to other manufacturing and shipping companies. In manufacturing, we continue to see major clients who use us to keep their assembly lines rolling.

Our age -- in stadium and venue concessions, we see somewhat increased revenue over the same period last year. Most of that, again, is in college and university stadiums.

Our age verification verticals and our background check verticals saw some volatility on their smaller basis of revenue.

In automotive, scanning volumes at our dealer clients and via our channel partners have been trending lower, but we anticipate that trend reversing. Car sales figures for the quarter overall were roughly flat nationwide.

One consistent question I get a lot relates to the social media vertical and the activity of a large global customer within that vertical. And again, in the interest of full disclosure, I will tell you they are back. They have fixed their image capture issues, and we can process from the data we are seeing over 99% of the data they are sending us. They are actively engaged, and I will be meeting with them in person in the coming weeks. What this means in terms of volumes, I cannot forecast. But the recent discussions, even the ones I was having over this weekend, have me excited. I will reiterate that we have no revenue from them in our current forecast. As I learn more, and I hope you will all understand my honesty, I will keep you informed.

Before I hand the call over to Adam, I want to emphasize that rising fraud activity makes our differentiation more valuable, not less. Synthetic identity fraud overall is up 300% and deepfake-driven fraud is up over 1,000% according to multiple studies, and it shows no sign of slowing down. Fraud prevention is not optional spending for any industry, which is why I like where the company sits. We are seeing new markets come to us as fraudsters increasingly target new channels, creating additional opportunities for us to address.

What many companies rely on, a visual review of a license or a template check, which is what our competitors offer, does not adequately address these sophisticated fakes. That is where our technology stands apart. We want to assure our employees, customers, shareholders and all stakeholders that Intellicheck is dedicated to exceeding expectations and expanding our leadership position in the rapidly evolving industry of fraud prevention.

With that, I'm going to hand it over to Adam to walk you through the quarter and financial details.

Adam Sragovicz
Thanks, Bryan. The vendor resiliency initiative at our customer that Bryan mentioned commenced in late June and early July and did not materially affect our results for the three or six months ended June 30. Revenue for the second quarter was $5.9 million and SaaS revenue comprised substantially all total revenue.

Operating expenses were $4.9 million, down 1% from a year ago. We earned $573,000 from operations and $633,000 of net income. Adjusted EBITDA was $1.1 million, our fifth consecutive positive quarter. For the six-month period, revenue was $11.5 million, net income was $1.3 million, and adjusted EBITDA was $2 million.

Cash from operations for the first half was $2.2 million. Accounts receivable was $2.7 million, down from $3.4 million at year-end 2025. Deferred revenue was $1.2 million. We will be disciplined on costs while continuing to invest in engineering to enhance our offerings and maintain industry-leading accuracy. We will also invest in go-to-market initiatives to increase market share, expand within existing customers, win new customers and grow through channel partnerships.

We ended the quarter with a strong balance sheet with $11.8 million in cash and no debt, no plans to raise capital in the near term. We expect cash generated from operations to decline slightly in 2025, and we expect to use some cash in operations in future periods. Some of that is timing rather than performance. A portion of our customers' fees have historically been invoiced ahead of usage, so the cash conversion declines faster than the reported results as we recognize that balance. We expect that we'll generate positive EBITDA in the second half of this year. We also expect to be profitable for the 2026 fiscal year on a GAAP basis. Assuming the customer that Bryan referenced completes its plan as communicated and as we noted in the 10-Q, we have not seen that level of volume reduction. We would expect total revenue for 2026 to be slightly lower than 2025.

With that, I'll hand the call back to Bryan.

Bryan Lewis
So before we go to questions, let me leave you with this. Our pipeline in Desktop, in our channel partners across multiple industries and among smaller institutions is where I'm very happy to see growth come from. We've rebuilt this revenue base before. Retail went from 55% of our revenue

at its peak to about 26%, and banking continues to grow, and that does not change. Our core differentiator of gold standard barcode level decisioning is durable, and it gets more valuable, not less, as AI gets more intelligent. So I stand behind this business, our people, our product, what we do, and I will say this, every single day, I love looking at the number of people that I stop being -- and I shouldn't say I -- we as a company, stop being victims of crime.

So with that, operator, I'll turn it over for questions.

Operator
Thank you. We will now be conducting a question and answer session and will be taking questions only from institutional analysts of Intellicheck. If you'd like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up the handset before pressing the star keys.

Our first question comes from the line of Rudy Kessinger with D.A. Davidson. Please proceed with your questions.

Rudy Kessinger
Hey, guys. Great. Thanks for taking my questions, and appreciate the candor on the call, and obviously, a difficult situation with your largest customer. What -- Bryan, like with this customer where they are evaluating alternatives, is that across all use cases you currently serve them for, or is it for some use cases? I'm trying to get a sense like is that full 29% of revenue potentially going to be disrupted or at risk, or is it only certain use cases?

Bryan Lewis
I'm going to tell you this. It is across not just us. It's everything that they do. And I will also say that they are changing what they say almost minute by minute in terms of what we expect. So it puts me in a way in a hard spot because I can't give -- like I don't know. They -- we got an update from them literally an hour ago. So I don't know. When a company has a merger, things happen. And I can't say yes, no or -- to anything. So it puts me in a tough spot, you in a tough spot. And I'm just saying that I believe -- and I'll use all those terms, right -- I believe, we believe they understand we're the best at stopping their fraud. So that's about as much as I could say, Rudy.

Rudy Kessinger
Okay. Got it. Okay. And I guess -- you had mentioned they had just signed a new purchase order that indicate you're very much still going to be in the mix. I guess with respect to what they did communicate to you as far as how much you should expect to see transaction volumes go down, did they indicate they might go down 25%, 50%? Like what's the kind of range that they communicated?

Bryan Lewis

Honestly, like the honest way I can answer that question is that it's nowhere -- they gave us -- I'll say this -- kind of like a doomsday scenario, and they are nowhere near it, and it is -- and Adam, please jump in here. But the purchase order they gave us will not support them for very long in a way. And it's like one of their normal purchase orders because their volume is still so high that, unless something drastically changes, they're going to have to do another purchase order. Adam, would you agree?

Adam Sragovicz
Yeah, I would agree, and I just sympathize with Rudy and our other folks following, because if you look in our Q, and I know you guys haven't had a lot of time to look at it, but if you look in the notes and MD&A, we do talk about what the customer said would happen. We are on this call today halfway through the quarter and six weeks after the June 30 date not seeing what they told us, right? So we're in this never -- no man's land of trying to tell you guys what we see and what we expect. What do we expect? We probably expect, if it continues in the way that it is right now, that that revenue in 2026 would be higher than 2025. But it's early days, and it's very volatile. And it is substantially all the use cases. It's not all of them, but it's substantially all where the volume is. And we just -- we wish we had more details to share with you.

Bryan Lewis
Yeah.

Rudy Kessinger
Okay.

Bryan Lewis
Yeah, Adam and I were talking about how we need higher blood pressure medication because these guys are up and down and up and down in terms of what they're telling us.

Rudy Kessinger
Got it. Okay. Last one for me -- I know there's going to be a lot more questions on this specific customer, so I want to maybe ask something else. The Banking and Lending, 48% of revenue, what was the growth rate on that total vertical year-over-year? And then you also mentioned the rest of your customer base, excluding this one customer, 19% revenue growth in the first half. Just want to again, house cleaning, clarify - was that 19% year-over-year growth first half '26 versus first half '25 for the rest of the base X that customer? Or just if you could clarify that, that would be great.

Bryan Lewis
Adam--

Adam Sragovicz
--I can take the first one there, Rudy, with the banking being about 40% of revenue in the second quarter in 2025. So it's a shift of the pie from, let's say, 40-ish percent to about 48%. And then

the growth of 19%, I'm assuming is -- I mean, I think, Bryan, it's fair to say that, that's pretty broad across the whole--

Bryan Lewis
--Yeah, it's across, yeah, all verticals.

Rudy Kessinger
Got it. Okay, thank you. Thanks for taking my questions, guys.

Bryan Lewis
Thanks.

Operator
Thank you. Our next question comes from the line of Jeff Van Rhee with Craig-Hallum. Please proceed with your question.

Vijay Homan
Hey, guys, this is Vijay on for Jeff. First kind of question here - just as I'm trying to think about this large customer, in general, you kind of have two other large customers that you call out in the Q. Is there any sense that those customers are using you in a sole-source capacity and they might eventually take on more vendors? Or is this kind of a one-off situation?

Bryan Lewis
In my opinion, it is a one-off that I'm not quite sure people are happy with where they're at. And I think it has to do with the merger. The rest of our customers -- I have been at one of what I think will end up being one of our largest customers in their offices four times in the last month. And they tell us that their goal is to do more with us. And so I look at this as companies will do what companies do when they want to put strategies in place. Our other customers are telling us they want to do more with us. Now what does that mean? I can't say. I am not going to put out any projections or any of that kind of stuff. But when you've got some pretty cool regional banks wanting us to come visit them every week to talk about how we can do more and help them, I think that's telling about what our company does.

Vijay Homan
Yeah, absolutely. And kind of on those -- that banking and lending section, you said I think it was 48% of Q2 revenue. Just based on the current kind of growth rates, what could that get to as a percentage of total revenue? And do you at all worry maybe less about customer concentration, but a little bit more about industry concentration, maybe being beholden to some of the macro trends there, or does that not really worry you?

Bryan Lewis
I'm not so worried about macro trends when it comes to banking because people have to bank, right? So the way that I'm looking at this, and particularly -- where I live, there's 10 banks I never

heard of in my life. They all have fraud, right? And I guarantee almost everybody on this call will have some little bank they never heard of outside their area. They all need us. And that's kind of the cool thing that we're going after because they're simple to install. And they might have 10 branches or they might have 177.

And so that's why I really like going after the banking sector because -- and like just weird stuff that I've learned as I'm going along, in South Carolina, if you have a HELOC, it's public information, South Carolina and Georgia. And people are going in and know you have a HELOC that you've not taken money out of and they're going to try and steal your identity to get like $45,000 out of a bank. We stopped that. So like that's -- I think that's the cool stuff that we do.

Vijay Homan
Yeah. No, absolutely. And then just kind of last one for me - I was wondering, moving to kind of the competitive landscape, if you might provide some of the kind of nuances between you guys and Socure. I've seen their name kind of popping up a little bit, and I was wondering just if you could provide what you guys do better or what the difference is?

Bryan Lewis
In my opinion, Socure is much more an orchestration layer than they are doing IDV. Socure, in my opinion, is doing what I would call templating, so does it look like the Real ID. And I want to be careful on how I use that word Real ID because Real ID just means you have a star in the upper right-hand corner of the license. So what I'm saying is, does it look like an authentic license? We do something very, very different. And I tell everybody on the planet, don't believe me, go Google DL/ID Card Verification Program, and you will see what we do with the DMVs. And it's a very, very different thing.

Vijay Homan
Uh-huh. Great. Thanks for that. I appreciate you guys taking the questions.

Bryan Lewis
Great. Thank you.

Operator
Thank you. Our next question comes from the line of Mike Grondahl with Northland. Please proceed with your question.

Logan Hennen
Hey, this is Logan on for Mike. Thanks for taking our question, guys. And, Bryan, I really appreciate all the color and being straightforward in the prepared remarks. First one from us - could you maybe just provide us some insight into this evaluation process, as you called it, and if it started, when it started, and any insight into how long we could expect it to last? Thank you.

Bryan Lewis

They're trying to set up a call with me and Sandra in just a couple of weeks.

Logan Hennen
And that will begin the evaluation process?

Bryan Lewis
No, no, no. Look, their evaluation process was supposed to start, didn't go as -- in my mind, as fast as they thought it would. Again, my opinion. And, Adam, jump in if I'm saying things, I probably shouldn't say. But in my opinion--

Adam Sragovicz
[Inaudible]

Bryan Lewis
Yeah, in my opinion, and I'm sure the lawyers will love that I said my opinion, it isn't working. So we don't know, but we will know in short order. And I think that most people who know me and Adam will know that, if something significant comes out that is negative, we will 8-K it--

Adam Sragovicz
--So just to answer directly, we did disclose -- in the Q, we talked about how we heard about this sort of at the very end of the second quarter, and it was basically supposed to be a third quarter evaluation project. It has not gone as quickly as they said, and it has not resulted in as much volume shift as they said, and the reasons for that are opaque and mysterious to us. We can sort of only guess, but we certainly see them in an environment where the merger weighs heavy on them, vendor resiliency. We laid out a lot of that stuff in the Q, but there's a lot of factors and a lot of things going on. So we're doing our best to try to keep you guys informed.

Logan Hennen
That's very helpful. We appreciate that color. Then one more from us - just looking at the other side of operations, can you maybe provide some more color on the three new banking and lending clients you guys signed and the several additional opportunities currently in discussion that you mentioned in the prepared remarks? Just trying to think through about balancing growth between existing and new logos; that's what we're thinking about.

Bryan Lewis
Well, look, my thing is like -- and I don't want to say beat my team up, but I do like new logos. And what I believe is that, with this new delivery mechanism that doesn't require major integration, we will get a lot more of the smaller banks, right? And when I say smaller banks, like one of the things I said earlier, it could be 15 or it could be 170 branches. Their fraud rates -- I look at the fraud rate between some of our very small saving and loan customers and the fraud rate across our largest banks; the percentage fraud is the exact same.

So they need us as much as anybody else, and they generally don't have the same issues of 80 million people, people needing to be on the call, right? I laugh, and I've said this probably on some of these calls, and I certainly tell it to clients, but when we were integrating one of our largest customers, we would have a weekly phone call with them. They had 102 people on that call.

So you understand how it's like almost dealing with the federal government. It takes a really long time. But when you get a bank that maybe only has 100 branches, and they're going to pay more per transaction than somebody who's doing a ton more branches -- a ton more transactions, like I'd rather get them. And sort of that's where we want to make sure that we are looking at where do we go.

Logan Hennen
Yeah, understood. Thank you, Bryan, again. Appreciate all the color there.

Bryan Lewis
Cool.

Operator
Thank you. And we have reached the end of the question-and-answer session. And therefore, I'll now turn the call back over to CEO, Bryan Lewis, for closing remarks.

Bryan Lewis
So, all right. Thank you all, and thank you all for your time today. I truly appreciate people wanting to be on the call, wanting to hear what we have to say. And so I'll say this in closing. We are laser-focused on execution, right? And here's what I want to leave you all with. We are a fraud prevention company that also speeds up the acquisition of good customers, right, operating in a world where fraud is exploding and the fraud is getting more sophisticated by the quarter.

And AI -- everybody asks me about AI. I think AI is going to hurt the folks that people believe we compete with more than us, right? We've changed our customer mix. We've rebuilt before. When I started, this place was a bit of a mess.

And the other thing is we got $11.8 million in the bank and no debt. That gives us the room to go out and grow revenue on our own terms funded by our own balance sheet, and we're going to do just that.

So we look forward to updating you on the progress. I'm looking forward to meeting with additional clients and seeing what we can do with some of the folks you've always been asking me about. And I think we've got good sunny days ahead of us. So thank you all. Have a great evening.

Operator

Thank you. And this concludes today's conference, and you may disconnect your lines at this time. We thank you for your participation.