

FOR IMMEDIATE RELEASE

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I.D. Systems, Inc. Reports Fourth Quarter and Year-End Financial Results

Hackensack, NJ, March 4, 2004 —

I.D. Systems, Inc. (NASDAQ: IDSY), a leader in wireless asset tracking and management solutions, today announced financial results for the fourth quarter and fiscal year ended December 31, 2003. Revenues for the year were \$7,959,000, a 44% increase over fiscal 2002 revenues of \$5,544,000, as sales of the company's Wireless Asset Net™ fleet management system continued to grow. As a percentage of revenues, gross profit was 49% in fiscal 2003, compared to 56% for fiscal 2002. Net loss for the year was reduced to \$1,199,000, or \$0.17 per basic and diluted share, down from a net loss of \$1,384,000, or \$0.21 per basic and diluted share, in fiscal 2002.

For the fourth quarter ended December 31, 2003, revenues were \$2,482,000, a 42% increase over third quarter 2003 revenues and a 24% increase over fourth quarter 2002 revenues. Net loss for the quarter was \$267,000, compared to net income of \$7,000 for the fourth quarter ended December 31, 2002.

Selling, general and administrative expenses in fiscal 2003 were \$4,456,000, up from \$3,835,000 for fiscal 2002, as the company added sales, program management, and account support personnel to further develop both existing and new customer relationships. Research and development expenditures for the year continued to decline, from \$938,000 in fiscal 2002 to \$891,000 in fiscal 2003.

"I am pleased to report that we are continuing to make substantial progress toward achieving our business goals," said Jeffrey Jagid, I.D. Systems' chairman and chief executive officer. "We continue to work toward a predictable, consistent, growing revenue stream from an increasingly diverse base of blue chip customers, such as 3M, Ford, Walgreen, the U.S. Navy, and the Transportation Security Administration. We are also continuing to achieve success transitioning pilot programs into larger-scale system roll-outs, most recently with Target Corporation, which we believe speaks to the compelling value proposition of our technology. As we coordinate our growing force of sales and customer support personnel with the introduction of next-generation system hardware and software, we expect to continue to increase revenues and improve financial results."

"I.D. Systems' financial condition remains sound," said I.D. Systems' chief financial officer Ned Mavrommatis. "As of December 31, 2003, the company had total assets of approximately \$13.5 million, including approximately \$8.6 million in cash, cash equivalents and investments. We are confident that our financial resources will enable us to continue to successfully execute our business plan."

Highlights of 2003 included:

- The appointment of Frederick F. Muntz as executive vice president of sales, marketing, and customer satisfaction. Mr. Muntz brought more than 20 years of experience in high technology business development to I.D. Systems, including an illustrious tenure as vice president of InVision Technologies, Inc., where he was instrumental in generating more than \$750 million in revenues through programs with the U.S. Federal Aviation Administration and Transportation Security Administration.
- A new program with Avis Rent A Car System, Inc. to implement I.D. Systems' Wireless Asset Net technology on Avis' fleet of approximately 2,000 rental vehicles in Puerto Rico. The system is designed to automate various aspects of the car rental and return process, in order to improve customer service and increase the efficiency of rental fleet operations. This program represents a significant new market opportunity for I.D. Systems' technology.

- Expansion of Ford Motor Company's corporate-wide deployment of I.D. Systems' wireless Industrial Vehicle Electronic Control System (IVECS), reflecting the wide array of material benefits that the system is providing to Ford's manufacturing operations.
- The addition of another automotive industry customer — American Axle & Manufacturing Holdings, Inc., a Tier 1 automotive parts producer with 14 locations in the United States and 2002 sales of \$3.5 billion.
- An additional contract from the U.S. Postal Service (USPS), which ordered its eighth Wireless Asset Net system for a fleet of industrial vehicles at the USPS Buffalo, New York, Processing and Distribution Center.
- Continued teamwork with the U.S. Transportation Security Administration and the Port Authority of New York and New Jersey, under a grant initiated in 2002, to deploy Wireless Asset Net technology on key vehicles at Newark Liberty International Airport.
- A new contract from the National Shipbuilding Research Program (NSRP) to develop and implement a "Wireless Equipment Monitoring and Control System" for select U.S. shipyards. Under this project — one of only seven selected by the NSRP to receive U.S. Navy co-funding — I.D. Systems is leading a team that includes Northrop Grumman Corporation's Ship Systems sector, the National Steel and Shipbuilding Company (NASSCO, a subsidiary of General Dynamics Corporation), and the Portsmouth Naval Shipyard.
- The addition of several significant new retail customers, including Walgreen Co., the largest U.S. drug store chain, WinCo Foods, Inc., and Price Chopper supermarkets.
- A new pilot program with 3M Company, a component of the Dow industrial average and the Fortune 200.
- The successful negotiation of an enterprise-wide roll-out of Wireless Asset Net technology on approximately 400 material handling vehicles at Target Corporation facilities throughout the United States. (This agreement was formally announced on February 24, 2004.)

Investor Conference Call

I.D. Systems will be holding a conference call for investors and analysts at 4:45 p.m. Eastern Standard Time on Thursday, March 4, 2004. Jeffrey Jagid, Chairman and CEO, Kenneth Ehrman, President and COO, Ned Mavrommatis, CFO, and Rick Muntz, EVP of Sales, Marketing and Customer Satisfaction, will discuss fiscal 2003 results, as well as recent corporate developments. After opening remarks, there will be a question and answer period. The conference call will be broadcast live over the Internet via the Investor Relations section of the company's web site at www.id-systems.com. To listen to the live call, please access the web site at least ten (10) minutes early to download and install any necessary audio software.

About I.D. Systems

Based in Hackensack, New Jersey, I.D. Systems, Inc. is a leading provider of wireless solutions for corporate asset management. I.D. Systems' customers include 3M Company, American Axle, Archer Daniels Midland, Daimler Chrysler, Deere & Co., Ford Motor Company, Hallmark Cards, Target Corporation, Walgreen Co., the U.S. Navy, the U.S. Postal Service, and the U.S. Transportation Security Administration, among others.. Using local area networks, wide area networks, and the Internet, the company's systems enable management to control and track the location and status of their assets — from forklifts, tugs and cranes to automobiles and trucks — in real time. For more information on I.D. Systems, Inc., visit www.id-systems.com.

"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward looking statements that are subject to risk and uncertainties, including, but not limited to, the impact of competitive products, product demand and market acceptance risks, fluctuations in operating results and other risks detailed from time to time in I.D. Systems' filings with the Securities and Exchange Commission. These risks could cause I.D. Systems' actual results for the current fiscal year and beyond to differ materially from those expressed in any forward looking statements made by, or behalf of, I.D. Systems.

— Tables follow on next pages —

Statements of Operations

	Year Ended December 31,	
	2002	2003
Revenue	\$ 5,544,000	\$ 7,959,000
Cost of revenue	<u>2,430,000</u>	<u>4,075,000</u>
Gross profit	<u>3,114,000</u>	<u>3,884,000</u>
Operating expenses:		
Selling, general and administrative expenses	3,835,000	4,456,000
Research and development expenses	<u>938,000</u>	<u>891,000</u>
	<u>4,773,000</u>	<u>5,347,000</u>
Loss from operations	(1,659,000)	(1,463,000)
Interest income	279,000	269,000
Interest expense	(4,000)	(59,000)
Other income	<u> </u>	<u>54,000</u>
Net loss	<u>\$ (1,384,000)</u>	<u>\$ (1,199,000)</u>
Net loss per share - basic and diluted	<u>\$(.21)</u>	<u>\$(.17)</u>
Weighted average common shares outstanding - basic and diluted		
loss per share	<u>6,711,000</u>	<u>6,905,000</u>

Balance Sheet
December 31, 2003

ASSETS

Current assets:

Cash and cash equivalents	\$ 3,179,000
Investments	3,339,000
Accounts receivable, net	2,204,000
Inventory	676,000
Investment in sales type leases	37,000
Interest receivable	75,000
Officer loan	10,000
Prepaid expenses and other current assets	<u>129,000</u>

Total current assets 9,649,000

Investments	2,100,000
Fixed assets, net	845,000
Investment in sales type leases	73,000
Officer loan	31,000
Deferred contract costs	675,000
Other assets	<u>97,000</u>

\$ 13,470,000

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$ 1,055,000
Long term debt - current portion	188,000
Line of credit	137,000
Deferred revenue	<u>89,000</u>

Total current liabilities 1,469,000

Long term debt	648,000
Deferred revenue	285,000
Deferred rent	<u>89,000</u>

2,491,000

Commitments (Note J)

STOCKHOLDERS' EQUITY

Preferred stock; authorized 5,000,000 shares, \$.01 par value; none issued

Common stock; authorized 15,000,000 shares, \$.01 par value; issued and outstanding
7,097,000 shares

Additional paid-in capital	71,000
Treasury stock; 40,000 shares at cost	22,804,000
Accumulated deficit	(113,000)
	<u>(11,783,000)</u>

10,979,000

\$ 13,470,000

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