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Ipsidy Announces Results for Second Quarter 2018 and Common Equity Funding of \$9.6 million

August 7, 2018

LONG BEACH, N.Y., August 7, 2018 — Ipsidy Inc. (authid.ai) [OTCQX:IDTY], a provider of secure, biometric identification, identity management and electronic transaction processing services, today announced its results for the quarter ended June 30, 2018 and that it has received subscriptions for common stock in an equity fund raising of approximately \$9.1 million.

Financial Highlights for the Three and Six Months Ended June 30, 2018

- Total revenue for the three and six-month periods was \$1.8 million and \$2.4 million respectively compared to \$0.6 million and \$1.1 million respectively for the three and six months in 2017.

The increase in revenue for the period reflected the successful completion of the supply of SearchTM, our Automated Fingerprint Identification System and related services to the Zimbabwe Electoral Commission ("ZEC").

- Net loss for the three and six months was \$2.5 million and \$5.2 million respectively compared to a net loss of \$2.8 million and \$12.5 million respectively for the three and six months in 2017. In 2017, the satisfaction of notes payable in the first quarter resulted in a charge of approximately \$4.1 million.
- Basic and fully diluted net loss per share for the three and six months in 2018 was \$0.01 and \$0.01 cents respectively compared to basic net loss per share of \$0.01 and \$0.04 cents respectively for the three and six months in 2017.
- Adjusted EBITDA loss for the three and six months in 2018 was \$1.6 million and \$3.3 million respectively compared to \$1.4 million and \$3.0 million respectively in 2017. Adjusted EBITDA loss for the six-month period increased approximately \$0.3 million due to the increased investment in salary and technology expense, as the Company expanded its infrastructure to support future operations and in addition incurred a \$0.5 million charge principally for the write-down in the value of legacy kiosks, offset by the revenue earned from the sale of our SearchTM system to ZEC.

Subsequent Events

- As of August 6, 2018, the Company has received subscriptions, for aggregate gross proceeds of approximately \$9.1 million, by the issuance of approximately 60.4 million shares of Common Stock at \$0.15 per share. The Theodore Stern Revocable Trust (the "Stern Trust") invested \$1 million in this round. Mr. Theodore Stern, one of the directors of our Company, is the trustee of the Stern Trust.
- On August 6, 2018, the Company decided to partially prepay \$1,000,000 of principal and approximately \$158,000 of accrued interest, out of the \$3,000,000 Note dated February 1, 2017 held by the Stern Trust.

"Our flexible suite of Identity-as-a-Service solutions, makes biometrically authenticated identity core to the user experience in approving everyday transactions," said Philip Beck Chairman and Chief Executive Officer of Ipsidy. "Our low cost IDaaS solutions can be delivered out of the box or easily integrated with our RESTful API's. The recent fund-raising will help us execute on the large number of physical and virtual use cases for our solutions, in different markets and countries around the world."

Operational Highlights

The Company continued to make progress enhancing our identity transaction platform to support the launch of our new identity solutions across several vertical and international markets:

- Established Ipsidy Enterprises Ltd in England and hired Jonathan Ellis as our Managing Director, Europe, Middle East and Africa (EMEA) Sales.
- In May 2018 we delivered and installed our Search technology for the ZEC. This important project was delivered on time and on budget.
- In May 2018 we also announced the availability of the new Ipsidy App for iPhone and Android, in the App Store and on Google Play, providing mobile biometric, multi-factor identity authentication for a broad range of everyday transactions.
- In June 2018, the Company began production service of AccessTM with a major commercial real estate operator at the first location in the United States providing identity authentication for physical access control. The operator's employees, contractors and visitors can utilize the Ipsidy mobile identity authentication application in conjunction with a proximity beacon to enter corporate offices for which they have been authorized.
- In June 2018 the Company signed a contract with Skypatrol, Miami based provider of innovative GPS-tracking and fleet-management software tools, for the provision of SkyguruTM our joint mobile wallet payment solution and expense management software for trucking fleets. Skypatrol currently operates in 25 countries. We are currently working to launch the product to Skypatrol's fleet operators in Latin America and the Caribbean where its customers and end users operate in excess of 1,000,000 vehicles.
- Launch of AccessTM, our out-of-the-box Identity as a Service solution for access management. Using just a tablet and a

Bluetooth beacon and requiring no integration or expensive hardware, Access delivers a highly secure, yet low-cost, biometric access solution to protect the perimeter and create a trusted environment.

Additional analysis of the Company's performance can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Quarterly Report on Form 10-Q for the Quarter ended June 30, 2018 filed at www.sec.gov and posted on the Company's investor relations website.

Get the Ipsidy mobile app at: [App Store](#) or [GooglePlay](#).

Visit the Ipsidy website today at <https://authid.ai/developers> where you can create a demo account and run test authentications using the Ipsidy mobile app.

About Ipsidy: Ipsidy Inc (OTCQX:IDTY) authid.ai is a provider of secure, biometric identification, identity management and electronic transaction processing services. Ipsidy is headquartered in New York and has operating subsidiaries: MultiPay in Colombia, www.multipay.com.co, Cards Plus in South Africa, www.cardsplus.co.za and Ipsidy Enterprises in the UK. Our identity transaction platform creates a trusted transaction, embedding authenticated identity and event details with a digital signature and using a participant's mobile device to approve everyday transactions. Our platform offers biometric and multi-factor identity management solutions, which are intended to support a wide variety of electronic transactions. We believe that it is essential that businesses and consumers know who is on the other side of an electronic transaction and have an audit trail, proving that the identity of the other party was duly authenticated. We continue to enhance our solutions to provide our customers with the next level of transaction security, control and certainty over everyday transactions. Further information on Ipsidy can be found at authid.ai or contact us at sales@ipsidystaging.wpengine.com.

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Notice Regarding Forward-Looking Statements.

Information contained in this announcement may include "forward-looking statements." All statements other than statements of historical facts included herein, including, without limitation, those regarding the financial position, business strategy, plans and objectives of management for future operations of both Ipsidy and its business partners, net revenue, net income, Adjusted EBITDA, diluted earnings per share, future service launches with customers and new initiatives and customer pipeline are forward-looking statements. Such forward-looking statements are based on a number of assumptions regarding Ipsidy present and future business strategies, and the environment in which Ipsidy expects to operate in the future, which assumptions may or may not be fulfilled in practice. Implementation of some or all of the new services referred to is subject to regulatory or other third party approvals. Actual results may vary materially from the results anticipated by these forward-looking statements as a result of a variety of risk factors, including the risk that implementation, adoption and offering of the service by customers, consumers and others may take longer than anticipated, or may not occur at all; changes in laws, regulations and practices; changes in domestic and international economic and political conditions and others. Additional risks may arise with respect to commencing operations in new countries and regions, of which Ipsidy is not fully aware at this time. See the Company's Annual Report Form 10-K for the Fiscal Year ended December 31, 2017 filed at www.sec.gov for other risk factors which investors should consider. These forward-looking statements speak only as to the date of this announcement and cannot be relied upon as a guide to future performance. Ipsidy expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in its expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Non-GAAP Financial Information.

The Company provides certain non-GAAP financial measures in this statement. Management believes that Adjusted EBITDA, when viewed with our results under GAAP and the accompanying reconciliations, provides useful information about our period-over-period results. Adjusted EBITDA is presented because management believes it provides additional information with respect to the performance of our fundamental business activities and is also frequently used by securities analysts, investors and other interested parties in the evaluation of comparable companies. We also rely on Adjusted EBITDA as a primary measure to review and assess the operating performance of our company and our management team in connection with our executive compensation. These non-GAAP key business indicators, which include Adjusted EBITDA, should not be considered replacements for and should be read in conjunction with the GAAP financial measures.

We define Adjusted EBITDA as GAAP net loss adjusted to exclude: (1) interest expense, (2) interest income, (3) provision for income taxes, (4) depreciation and amortization, (5) stock-based compensation expense (5) derivative income (expense) and (6) certain other items management believes affect the comparability of operating results. Please see "Adjusted EBITDA" below for more information and for a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure calculated and presented in accordance with GAAP.

Visit <https://authid.ai/sec-filing> to see results.

