authID INC. Announces Closing of $8.2 Million Concurrent Registered Direct Offering and Private Placement led by Existing Shareholders and $8.9 Million Notes Exchange

May 26, 2023

authID to Continue Efforts to Eliminate Authentication Fraud and Deliver 100% Zero Trust Identity Protection on the Internet

DENVER, May 26, 2023 (GLOBE NEWSWIRE) -- authID Inc. (NASDAQ: AUID) ("authID" or the "Company"), a leading provider of secure identity authentication solutions, today announced it has closed its previously announced registered direct offering (the "Registered Direct Offering") and concurrent private placement (the "Private Placement") for the sale to accredited investors of approximately 17.9 million shares of its common stock (the "Shares"). Four directors of authID, including the Chief Executive Officer and the Chairman of the Board of Directors participated in the Private Placement. The purchase price for one Share in the Registered Direct Offering and the concurrent Private Placement was $0.458 (or $0.50 if the purchaser is a director of the Company). The aggregate gross proceeds from the Registered Direct Offering and the concurrent Private Placement were approximately $8.2 million including the offset of principal and accrued interest under and cancellation of a $929,250 note entered into by the Company with Stephen Garchik on March 9, 2023. Gross cash proceeds were approximately $7.3 million before deducting placement agent fees and other expenses of the Offering.

Simultaneously with the closing of the Registered Direct Offering and the concurrent Private Placement, the Company closed its previously announced agreement with holders ("Holders") of its March 2022 Senior Secured Convertible Notes (the "Convertible Notes") for exchange of approximately $8.9 million of outstanding principal amount of the Convertible Notes, and accrued but unpaid interest thereon, for approximately 19 million shares of common stock (the "Notes Exchange"). The exchange price for one share in the Notes Exchange was $0.472 (or $0.515 if the Holder is a director of the Company). The Company will not receive any cash proceeds from the Notes Exchange. The Company also obtained consents from Holders representing approximately 97% of the outstanding principal amount of the Convertible Notes to make amendments that will eliminate substantially all the restrictive covenants, and a related event of default, from the Convertible Notes.

Madison Global Partners, LLC, acted as sole placement agent for the Registered Direct Offering and the concurrent Private Placement.

authID intends to use the net proceeds of the Registered Direct Offering and the concurrent Private Placement for working capital and general corporate purposes with a focus on delivering fast and lightweight, strong biometric authentication services to enterprises with the goal of completely eliminating identity risk within all digital systems on the Internet. authID is at the forefront of the movement to shift away from 100% reliance on the identity on a device, which can be hacked, to identity biometrics in the cloud, which cannot be hacked due to special hashing and encrypted algorithms. Cloud biometric authentication solves a series of use cases, while avoiding both password vulnerabilities and device vulnerabilities.

"This new investment and restructuring also enables us to pursue the development of identity services to the next generation Web 3.0 architecture. We intend to bring real-world (off-chain) authentication and deliver it onto a blockchain network for smart contract consumption for use in enterprise and customer applications across multiple industry segments" stated Rhon Daguro, Chief Executive Officer of authID. Mr. Daguro continued, "This investment by the shareholders and fellow Directors is a tremendous sign of support in our mission to protect every single human identity on the planet. We thank our shareholders for enabling authID to improve the workflows of our digital customers, so they can protect all our digital lives."

The Shares sold in the Registered Direct Offering (but not the Shares issued in the concurrent Private Placement or the Notes Exchange) were sold by the Company pursuant to a shelf registration statement (Registration No. 333-260641) filed with the Securities and Exchange Commission (the "SEC") and declared effective by the SEC on November 10, 2021. The Registered Direct Offering was made only by means of a prospectus supplement and accompanying prospectus. A prospectus supplement and accompanying prospectus relating to the Registered Direct Offering has been filed with the SEC and may be obtained for free on the SEC's website located at http://www.sec.gov. Electronic copies of the final prospectus supplement and accompanying prospectus relating to the Registered Direct offering may be obtained by contacting Madison Global Partners, LLC, Attention: David S. Kaplan, 350 Motor Parkway, Suite 205, Hauppauge, NY 11788, by email at info@madisonglobalpartners.com, or by telephone at (646) 690-0330.

The Shares sold in the concurrent Private Placement and the Notes Exchange were issued in a private placement under Section 4(a)(2) of the Securities Act of 1933, as amended (the "Act"), and/or Rule 506(b) of Regulation D promulgated thereunder and have not been registered under the Act, or applicable state securities laws. Accordingly, the Shares issued in the Private Placement and the Notes Exchange may not be offered or sold in the United States except pursuant to an effective registration statement or an applicable exemption from the registration requirements of the Act and such applicable state securities laws.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

About authID Inc.

At authID® (Nasdaq: AUID), We Are Digital Identity®. authID provides secure identity verification and authentication through Verified™, an easy-to-integrate strong authentication platform. Verified combines document-based identity verification with strong FIDO2 passwordless device authentication and cloud biometrics to deliver identity-first cybersecurity for both workforce and consumer applications. Powered by sophisticated biometric and artificial intelligence technologies, authID establishes trusted digital identities, binds an identity to provisioned devices, and eliminates the risks of passwords to deliver the faster, frictionless, and accurate user identity solutions demanded by today's digital ecosystem.

For more information, please visit https://authid.ai/.

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Cautionary Statement Regarding Forward-Looking Statements:

This Press Release includes “forward-looking statements.” All statements other than statements of historical facts included herein are forward-looking statements. Actual results may vary materially from the results anticipated by these forward-looking statements as a result of a variety of risk factors. See the Company’s Annual Report on Form 10-K for the Fiscal Year ended December 31, 2022, filed at www.sec.gov and other documents filed with the SEC for risk factors which investors should consider. These forward-looking statements speak only as to the date of this release and cannot be relied upon as a guide to future performance. authID expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this release to reflect any changes in its expectations with regard thereto or any change in events, conditions, or circumstances on which any statement is based.