

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-40747



authID Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

46-2069547

(I.R.S. Employer
Identification No.)

1580 North Logan Street, Suite 660, Unit 51767,
Denver, CO 80203

(Address of principal executive offices) (zip code)

516-274-8700

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock par value \$0.0001 per share	AUID	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Outstanding at May 10, 2024
Common Stock, par value \$0.0001	9,450,220 shares
Documents incorporated by reference:	None

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report includes forward-looking statements that relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Words such as, but not limited to, “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” “targets,” “likely,” “aim,” “will,” “would,” “could,” and similar expressions or phrases identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and future events and financial trends that we believe may affect our financial condition, results of operation, business strategy and financial needs.

You should read thoroughly this report and the documents that we refer to herein with the understanding that our actual future results may be materially different from and/or worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements including those made in this report, in Part I. Item 1A. Risk Factors also appear in our Annual Report on Form 10-K for the year ended December 31, 2023 and our other filings with the Securities and Exchange Commission. Some examples of risk factors which may affect our business are as follows:

- our lack of significant revenues, positive cash flow and history of losses,
- market acceptance of our products and competition;
- our ability to attract and retain customers for existing and new products;
- our ability to effectively maintain and update our technology and product and service portfolio;
- our reliance on third party software and developers;
- breaches of network or IT security and presentation attacks;
- our ability to hire and retain key personnel and additional talent;
- our ability to raise capital under acceptable terms;
- our ability to maintain listing of our common stock on the Nasdaq Capital Market;
- our ability to adequately protect our intellectual property, or the loss of some of our intellectual property rights through costly litigation or administrative proceedings;
- our ability to operate in non-US markets;
- the impact of the wars in Ukraine and the Middle East;
- stock price and market volatility and the risk of securities litigation;
- legislation and government regulation; and
- general economic conditions, inflation and access to capital.

Other sections of this report include additional factors which could adversely impact our business and financial performance. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. These forward-looking statements speak only as of the date of this report, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

OTHER PERTINENT INFORMATION

Unless specifically set forth to the contrary, when used in this report the terms “authID” the “Company,” “we,” “our,” “us,” and similar terms refer to authID Inc., a Delaware corporation and its subsidiaries.

The information which appears on our website www.authID.ai is not part of this report.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

authID INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2024	December 31, 2023
	(unaudited)	
ASSETS		
Current Assets:		
Cash	\$ 7,226,212	\$ 10,177,099
Accounts receivable, net	328,782	91,277
Deferred contract costs	160,718	157,300
Other current assets, net	485,598	476,004
Contract assets	49,713	-
Total current assets	<u>8,251,023</u>	<u>10,901,680</u>
Intangible Assets, net	283,593	327,001
Goodwill	4,183,232	4,183,232
Total assets	<u>\$ 12,717,848</u>	<u>\$ 15,411,913</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 906,244	\$ 1,408,965
Deferred revenue	307,647	131,628
Commission liability	83,200	124,150
Convertible debt, net	228,539	-
Total current liabilities	<u>1,525,630</u>	<u>1,664,743</u>
Non-current Liabilities:		
Convertible debt, net	-	224,424
Accrued severance liability	325,000	325,000
Total liabilities	<u>1,850,630</u>	<u>2,214,167</u>
Commitments and Contingencies (Note 10)		
Stockholders' Equity:		
Common stock, \$0.0001 par value, 250,000,000 shares authorized; 9,450,220 shares issued and outstanding as of		
March 31, 2024 and December 31, 2023	945	945
Additional paid in capital	173,437,683	172,714,712
Accumulated deficit	(162,588,112)	(159,530,535)
Accumulated comprehensive income	16,702	12,624
Total stockholders' equity	<u>10,867,218</u>	<u>13,197,746</u>
Total liabilities and stockholders' equity	<u>\$ 12,717,848</u>	<u>\$ 15,411,913</u>

See notes to condensed consolidated financial statements.

authID INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
Revenues, net	157,378	37,856
Operating Expenses:		
General and administrative	2,062,361	822,755
Research and development	1,204,968	120,638
Depreciation and amortization	43,408	76,017
Total operating expenses	<u>3,310,737</u>	<u>1,019,410</u>
Loss from continuing operations	<u>(3,153,359)</u>	<u>(981,554)</u>
Other Income (Expense):		
Interest expense, net	(13,138)	(800,073)
Interest income	108,920	-
Other income (expense), net	<u>95,782</u>	<u>(800,073)</u>
Loss from continuing operations before income taxes	(3,057,577)	(1,781,627)
Income tax expense	-	-
Loss from continuing operations	<u>(3,057,577)</u>	<u>(1,781,627)</u>
Loss from discontinued operations	-	(2,255)
Net loss	<u>\$ (3,057,577)</u>	<u>\$ (1,783,881)</u>
Net Loss Per Share - Basic and Diluted		
Continuing operations	<u>\$ (0.32)</u>	<u>\$ (0.56)</u>
Discontinued operations	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted Average Shares Outstanding - Basic and Diluted:	<u>9,450,220</u>	<u>3,180,538</u>

See notes to condensed consolidated financial statements.

authID INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Net Loss	\$ (3,057,577)	\$ (1,783,881)
Foreign currency translation gain (loss)	4,078	(24,066)
Comprehensive loss	<u>\$ (3,053,499)</u>	<u>\$ (1,807,947)</u>

See notes to condensed consolidated financial statements.

authID INC. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)**

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balances, December 31, 2022	3,179,789	\$ 318	\$ 140,257,448	\$ (140,130,159)	\$ 155,929	\$ 283,536
Stock-based compensation	-	-	(2,598,592)	-	-	(2,598,592)
Shares issued in lieu of interest	68,186	7	222,420	-	-	222,427
Net loss	-	-	-	(1,783,881)	-	(1,783,881)
Foreign currency translation	-	-	-	-	(24,066)	(24,066)
Balances, March 31, 2023	<u>3,247,975</u>	<u>\$ 325</u>	<u>\$ 137,881,276</u>	<u>\$ (141,914,040)</u>	<u>\$ 131,863</u>	<u>\$ (3,900,576)</u>
Balances, December 31, 2023	9,450,220	\$ 945	\$ 172,714,712	\$ (159,530,535)	\$ 12,624	\$ 13,197,746
Stock-based compensation	-	-	722,971	-	-	722,971
Net loss	-	-	-	(3,057,577)	-	(3,057,577)
Foreign currency translation	-	-	-	-	4,078	4,078
Balances, March 31, 2024	<u>9,450,220</u>	<u>\$ 945</u>	<u>\$ 173,437,683</u>	<u>\$ (162,588,112)</u>	<u>\$ 16,702</u>	<u>\$ 10,867,218</u>

See notes to condensed consolidated financial statements.

authID INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,057,577)	\$ (1,783,881)
Adjustments to reconcile net loss with cash flows from operations:		
Stock-based compensation	722,971	(2,598,592)
Depreciation and amortization expense	43,408	76,017
Amortization of debt discounts and issuance costs	4,115	567,287
Non-cash recruiting fees	-	492,000
Shares issued in lieu of interest	-	222,427
Other non-cash interest expense	-	8,250
Changes in operating assets and liabilities:		
Accounts receivable	(237,506)	206,419
Deferred contract costs	(44,368)	-
Other assets	(59,233)	106,600
Accounts payable and accrued expenses	(495,357)	155,371
Deferred revenue	176,019	(7,449)
Other accrued liabilities	-	325,000
Adjustments relating to discontinued operations	-	60,494
Net cash flows from operating activities	<u>(2,947,528)</u>	<u>(2,170,057)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Credit facility drawdown, net of issuance costs	-	543,760
Net cash flows from financing activities	<u>-</u>	<u>543,760</u>
Effect of Foreign Currencies	<u>(3,359)</u>	<u>(22,505)</u>
Net Change in Cash	(2,950,887)	(1,648,802)
Cash, Beginning of the Period	10,177,099	3,237,106
Cash, Beginning of the Period - Discontinued Operations	-	2,703
Cash, End of the Period - Discontinued Operations	-	(3,025)
Cash, End of the Period	<u>\$ 7,226,212</u>	<u>\$ 1,587,982</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 9,023</u>	<u>\$ -</u>
Cash paid for income taxes - discontinued operations	<u>\$ -</u>	<u>\$ 1,294</u>

See notes to condensed consolidated financial statements.

authID INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION

In the opinion of Management, the accompanying unaudited condensed consolidated financial statements are prepared in accordance with instructions for Form 10-Q, include all adjustments (consisting only of normal recurring accruals) which we considered as necessary for a fair presentation of the results for the periods presented. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2023. The results of operations for the three months ended March 31, 2024 are not necessarily indicative of the results to be expected for future periods or the full year.

The condensed consolidated financial statements include the accounts of authID Inc. and its wholly-owned subsidiaries MultiPay S.A.S., ID Solutions, Inc., FIN Holdings Inc., Ipsidy Enterprises Limited and authID Gaming Inc. (collectively the “Company”). All significant intercompany balances and transactions have been eliminated in consolidation.

Going Concern

As of March 31, 2024, the Company had an accumulated deficit of approximately \$162.6 million. For the three months ended March 31, 2024, the Company earned revenue from continuing operations of approximately \$0.16 million, used approximately \$2.9 million to fund its operations, and incurred a net loss of approximately \$3.1 million.

The continuation of the Company as a going concern is dependent upon financial support from the Company’s stockholders and noteholders, the ability of the Company to obtain additional debt or equity financing to continue operations, the Company’s ability to generate sufficient cash flows from operations, successfully locating and negotiating with other business entities for potential acquisition, and acquiring new clients to generate revenues and cash flows. In 2024 and 2025, the Company plans to raise additional funds to support its operations and investments as it seeks to create a sustainable organization. Our growth-oriented business plan to offer products to our customers will require continued capital investment and there is no guarantee that such financing will be available, or available on acceptable terms.

There is no assurance that the Company will ever be profitable. These unaudited condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern. As there can be no assurance that the Company will be able to achieve positive cash flows (become cash flow positive) and raise sufficient capital to maintain operations, there is substantial doubt about the Company’s ability to continue as a going concern.

Reclassification

Certain prior year expenses have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the previously reported loss from continuing operations and management does not believe that this reclassification is material to the consolidated financial statements taken as a whole. Specifically, we reclassified approximately \$19,000 in Q1 2023 expenses from research and development expenses to general and administrative expenses.

Net Loss per Common Share

The Company computes net loss per share in accordance with FASB ASC 260, “Earnings per Share”. ASC 260 requires presentation of both basic and diluted earnings per share (“EPS”) on the face of the statement of operations. Basic EPS is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible notes and stock warrants, using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options, warrants and conversion of convertible notes. Diluted EPS excludes all dilutive potential common shares if their effect is anti-dilutive. The following potentially dilutive securities were excluded from the calculation of diluted loss per share for the three months ended March 31, 2024 and 2023 because their effect was antidilutive:

Security	2024	2023
Convertible notes payable	8,277	308,287
Warrants	598,267	153,653
Stock options	1,880,971	993,208
	<u>2,487,515</u>	<u>1,455,148</u>

Revenue Recognition

Verified Software License – The Company recognizes revenue based on the identified performance obligations over the performance period for fixed consideration and / or variable fees generated. Variable fees are typically earned over time based on monthly users, transaction volumes or a monthly flat fee rate. We allocate the selling price in a contract which has multiple performance obligations based on the contract selling price that we believe represents a fair market price for the service rendered based on estimated standalone selling price. Transaction fees are billed monthly and are constrained to transactions incurred within the month.

For contracts with minimum annual fees, the Company generally recognizes the amount of revenue ratably over the contract year and records contract assets for the amount in excess of monthly contract billings relating to variable contract consideration. For certain contracts, the Company enters into an agreement which stipulates a minimum annual fee which is generally due at the end of the contract year, in excess of the amount of monthly billings. The Company may also require milestone payments of the minimum annual fee. The amount of any billed fees in excess of revenue recognized is recorded as deferred revenue.

Any usage-based fees in excess of the minimum contract amount are charged to the customer and allocated to the annual period in which they are earned under the contract. At the beginning of each annual period in the contract, the Company estimates the variable amounts for the annual period subject to the constrained variable consideration (usage-based fees) and recognizes that amount on a time-elapsed basis over the annual period. At each reporting date within an annual period, the Company reassesses its estimate of the excess variable amounts for the annual period and updates the amount recognized on a time-elapsed basis over the remainder of the annual period.

The Company had deferred revenue contract liabilities of approximately \$308,000 and \$132,000 as of March 31, 2024 and December 31, 2023, respectively, for certain revenue that will be earned in future periods. All deferred revenue contract liabilities as of March 31, 2024 are expected to be earned over the next twelve months.

Remaining Performance Obligations

As of March 31, 2024, the Company's Remaining Performance Obligation (RPO) was \$4.03 million, of which \$0.31 million is held as deferred revenue and \$3.73 million is related to other non-cancellable contracted amounts. The Company expects approximately 40% of the RPO to be recognized as revenue over the next twelve months ending March 31, 2025 based on contractual commitments and expected usage patterns. However, the amount and timing of revenue recognition are generally dependent upon customers' future consumption, which is inherently variable at customers' discretion. Furthermore, the Company does not have historical information to estimate the recognition of revenue due to its current operations and has approximated such amount based on discussions with the contracted parties.

Deferred Contract Costs – We defer the portion of sales commission that is considered a cost of obtaining a new contract with a customer and amortize these deferred costs over the period of benefit. We expense the remaining sales commissions as incurred. The following table summarizes deferred contract cost activity for the three months ended March 31, 2024:

	Deferred Contract Costs
Carrying Value at December 31, 2023	\$ 157,300
Additions	5,850
Amortization	(2,432)
Carrying Value at March 31, 2024	<u>\$ 160,718</u>

NOTE 2 – OTHER CURRENT ASSETS

Other current assets consisted of the following at March 31, 2024 (unaudited) and December 31, 2023:

	March 31, 2024	December 31, 2023
Prepaid insurance	\$ 73,797	\$ 184,492
Prepaid third party services	411,801	291,512
	<u>\$ 485,598</u>	<u>\$ 476,004</u>

NOTE 3 – INTANGIBLE ASSETS, NET (OTHER THAN GOODWILL)

The Company’s intangible assets primarily consist of acquired and developed software that is being amortized over their estimated useful lives as indicated below. The following is a summary of activity related to intangible assets for the three months ended March 31, 2024 (unaudited):

	Acquired and Developed Software	Patents	Total
Useful Lives	5 Years	10 Years	
Carrying Value at December 31, 2023	\$ 212,798	\$ 114,203	\$ 327,001
Amortization	(39,293)	(4,115)	(43,408)
Carrying Value at March 31, 2024	<u>\$ 173,505</u>	<u>\$ 110,088</u>	<u>\$ 283,593</u>

The following is a summary of intangible assets as of March 31, 2024 (unaudited):

	Acquired and Developed Software	Patents	Total
Cost	\$ 1,734,662	\$ 164,614	\$ 1,899,276
Accumulated amortization	(1,561,157)	(54,526)	(1,615,683)
Carrying Value at March 31, 2024	<u>\$ 173,505</u>	<u>\$ 110,088</u>	<u>\$ 283,593</u>

Amortization expense totaled approximately \$43,000 and \$76,000 for the three months ended March 31, 2024, and 2023, respectively.

Future expected amortization of intangible assets is as follows:

2024 (Remainder of the Year)	\$ 130,224
2025	69,328
2026	19,230
2027	16,461
2028	16,461
Thereafter	31,889
	<u>\$ 283,593</u>

There was no impairment indicator identified for impairment of the Company’s intangible assets and goodwill as of March 31, 2024.

NOTE 4 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of March 31, 2024 (unaudited) and December 31, 2023:

	March 31, 2024	December 31, 2023
Trade payables	\$ 239,376	\$ 339,832
Accrued payroll and related obligations	412,965	707,317
Other accrued expenses	253,903	361,816
	<u>\$ 906,244</u>	<u>\$ 1,408,965</u>

NOTE 5 – RELATED PARTY TRANSACTIONS*Board of Directors*

On February 15, 2024, Mr. Joe Trelin tendered his resignation as Chairman and a Director of the Company, effective immediately. On February 20, 2024, the board of directors of the Company (the “Board”) accepted his resignation and agreed to vest the unvested portion of an option granted to Mr. Trelin on June 28, 2023, amounting to 6,511 shares.

Commercial Agreements

On June 6, 2023, the Company entered into a services agreement with The Pipeline Group, Inc. (“TPG”). Ken Jisser, a director of the Company, is the founder and CEO of TPG, a technology-enabled services company that aims to deliver business results for companies looking to build a predictable and profitable pipeline. As of March 31, 2024, the Company held a balance of approximately \$163,000 in prepaid expenses related to this service agreement.

NOTE 6 – STOCKHOLDERS' EQUITY

On June 26, 2023, the Company filed a Certificate of Amendment to its Amended and Restated Certificate of Incorporation to effect a one-for-eight (1-for-8) reverse split (the "Reverse Split") of the shares of the Company's common stock. The Reverse Split became effective on July 7, 2023. As a result of the Reverse Split, every eight shares of the Company's issued and outstanding common stock automatically converted into one share of common stock, without any change in the par value per share, and began trading on a post-split basis under the Company's existing trading symbol, "AUID", when the market opened on July 10, 2023. The Reverse Split affected all holders of common stock uniformly and did not affect any common stockholder's percentage ownership interest in the Company, except for de minimis changes as a result of the elimination of fractional shares. A total of 62,816,330 shares of common stock were issued and outstanding immediately prior to the Reverse Split, and 7,874,962 shares of common stock were issued and outstanding immediately after the Reverse Split. No fractional shares were outstanding following the Reverse Split. Any holder who would have received a fractional share of common stock received an additional fraction of a share of common stock to round up their holding to the next whole share. In addition, effective as of the Reverse Split, proportionate adjustments were made to all then-outstanding options and warrants with respect to the number of shares of common stock subject to such options or warrants and the exercise prices thereof, as well as to the conversion price under the remaining Convertible Notes. The impact of this change in capital structure has been retroactively applied to all periods presented herein.

Common Stock

There was no common stock issued during the three months ended March 31, 2024.

During the quarter ended March 31, 2023, the Company issued 68,186 shares of common stock for approximately \$222,000 of interest accrued under the Convertible Notes.

Warrants

There was no warrant activity for the three months ended March 31, 2024 and 2023. As of March 31, 2024, there are warrants to acquire 598,267 shares for a weighted average exercise price of \$11.89 per share with weighted average remaining life of 3.7 years.

Stock Options

During the three months ended March 31, 2024, the Company granted a total of 100,000 options to certain new employees at exercise prices ranging from \$9.05 to \$9.61 per share.

During the three months ended March 31, 2024 the Company agreed to accelerate the vesting of 6,511 options for Mr. Joe Trelin under the terms of his resignation with an exercise price of \$5.48 per share. These accelerated options would not otherwise have vested prior to termination of service according to their Service conditions. Therefore, the Company recalculated the fair value of these options as of his termination date of February 20, 2024 using the Black Scholes method.

The Company determined the grant date fair value of options granted for the three months ended March 31, 2024, using the Black Scholes Method, as applicable, with the following assumptions:

Expected volatility	123%
Expected term	5 years
Risk free rate	3.80% – 4.03%
Dividend rate	0.00%

Activity related to stock options for the three months ended March 31, 2024 (unaudited), is summarized as follows:

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Contractual Term (Yrs.)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at December 31, 2023	1,796,743	\$ 25.20	6.5	\$ 3,630,733
Granted	100,000	\$ 9.38	10.0	\$ -
Exercised	-	\$ -	-	\$ -
Forfeited/cancelled	(15,772)	\$ 13.35	4.3	\$ -
Outstanding as of March 31, 2024	<u>1,880,971</u>	\$ 24.23	6.4	\$ 2,163,663
Exercisable as of March 31, 2024	<u>1,158,568</u>	\$ 30.57	5.0	\$ 1,085,676

The following table summarizes stock option information as of March 31, 2024 (unaudited):

Exercise Price	Outstanding	Weighted Average Contractual Term (Yrs.)	Exercisable
\$2.64 – \$5.00	354,379	8.8	171,103
\$5.01 – \$10.00	661,189	9.1	224,949
\$10.01 – \$15.00	43,703	2.7	43,703
\$15.01 – \$20.00	252,084	1.5	252,084
\$20.01 – \$121.28	569,616	4.1	466,729
	1,880,971	6.1	1,158,568

During the three months ended March 31, 2024, the Company recognized approximately \$0.72 million of stock option-based compensation expense. As of March 31, 2024, there was approximately \$2.6 million of unrecognized compensation costs related to stock options outstanding that will be expensed through 2027.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time the Company is a party to various legal or administrative proceedings arising in the ordinary course of our business. While any litigation contains an element of uncertainty, we have no reason to believe that the outcome of such proceedings will have a material adverse effect on the financial condition or results of operations of the Company.

Leases

The Company has no remaining lease agreements as of July 2023.

Rent expense included in general and administrative on the Consolidated Statements of Operations for the three months ended March 31, 2024 was approximately \$1,000, compared with \$5,000 for the three months ended March 31, 2023.

NOTE 8 – SUBSEQUENT EVENT

Management of the Company has performed a review of all events and transactions occurring after the condensed consolidated balance sheet date and determined there were no events or transactions requiring adjustment to or disclosure in the accompanying condensed consolidated financial statements.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which we have prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

As used in this “Management’s Discussion and Analysis of Financial Condition and Results of Operation,” except where the context otherwise requires, the term “we,” “us,” “our,” “authID” or “the Company,” refers to the business of authID Inc. and its subsidiaries.

Overview

authID ensures cyber-savvy enterprises “Know Who’s Behind the Device”TM for every customer or employee login and transaction. Through its easy-to-integrate, patented, biometric identity platform, authID quickly and accurately verifies a user’s identity, eliminating any assumption of ‘who’ is behind a device and preventing cybercriminals from taking over accounts. authID combines digital onboarding, biometric passwordless authentication and account recovery, with a fast, accurate, user-friendly experience – delivering identity verification in 700ms. Establishing a biometric root of trust for each user that is bound to their accounts, or provisioned devices, authID stops fraud at onboarding, eliminates password risks and costs, and provides the faster, frictionless, and more accurate user identity experience demanded by operators of today’s digital ecosystems.

Our Platform

Our VerifiedTM cloud-based platform was developed with internally developed software as well as acquired and licensed technology and provides the following core services:

- Biometric Identity Verification
- Biometric Identity Authentication
- Account / Access Recovery
- FIDO Passkey binding

Biometric Identity Verification

Biometric identity verification establishes the trusted identity of a user based on a variety of ground truth sources, including government-issued identity documents such as national IDs, driver’s licenses and passports or electronic machine-readable travel documents (or eMRTDs). Our VerifiedTM platform detects presentation attack and spoofing threats, evaluates the authenticity of security features present on a government-issued identity document, and biometrically matches the reference picture of the document with a live user’s selfie (a photograph that the user has taken of themselves). Usually occurring at account opening or onboarding, identity verification ensures that the enterprise knows that the person interacting with the enterprise is who they say they are, in real time. authID’s ProofTM identity verification product eliminates the need for costly and less accurate face-to-face, in-person ID checks and instead provides a verified identity in seconds. In a digital, online world of increasing fraud and security threats, Proof speeds up onboarding and offers our customers confidence in the identities of consumers, employees or third-party vendors.

Biometric Identity Authentication

Biometric identity authentication provides any organization with a secure, convenient solution to validate that an individual is the verified account owner for various purposes including passwordless login and performing specific transactions, or functions. The authID Verified product allows users to confirm their identity with their facial biometric by simply taking a selfie on a mobile phone or device of their choosing (as opposed to dedicated hardware). The solution includes a patented audit trail created for each transaction, containing the digitally signed transaction details, with proof of identity authentication and consent.

Account Access and Recovery

authID's Verified biometric identity authentication solution allows users to recover, via a facial biometric, account access that is lost or blocked due to expired credentials, lockouts, lost or stolen devices, or compromised accounts. Because the account owner's root of trust is established in the cloud, recovery is independent of any device or hardware. In this way, account recovery is instant, portable, and does not require the presence of or access to a previously provisioned device in order to secure access from a different device.

FIDO Passkey Binding

FIDO Passkey Binding enables enterprises and their users to bind biometrically verified user identities to FIDO2 passkeys, enabling strong authentication for device-based passwordless login and transaction authentication that is tied to a trusted identity. This solution establishes a digital chain of trust between biometrically verified individuals, their accounts, and their devices, thus eliminating passwords and protecting users and systems against fraud attacks.

Key Customer Benefits

Our solution allows our enterprise customers to:

- *Verify and Authenticate users.* Customers can use the authID platform not only to verify the identity of new users, but also to authenticate those users seamlessly on an ongoing basis to enable quick, secure logins and transaction authentications.
- *Benefit from high-speed processing.* Our solution returns a very low-latency response, key to enabling high-volume use cases (such as logins and high-value transactions) and providing a frictionless user experience.
- *Precisely and accurately identify their consumers and employees, giving the enterprise complete confidence in who is accessing their digital assets*
- *Provide a seamless user experience in terms of speed and self-guided flow, so that even users who are not tech-savvy are easily able to complete the identity verification and authentication processes*
- *Support a wide variety of devices.* Our cloud-based service is device agnostic and may be used to verify or authenticate users on any device with a camera, including shared devices, digital kiosks, etc.
- *Integrate quickly and easily.* We offer pre-integrated OIDC connections as well as integrations with several leading Identity and Access Management solutions.
- *Offer broad identity document coverage.* We can verify identities using a wide spectrum of government-issued documents from around the world.

Discontinued Operations

On May 4, 2022, the Board of Directors of authID (the "Board" or the "Board of Directors") approved a plan to exit from certain non-core activities comprising the MultiPay correspondent bank payments services in Colombia. On June 30, 2023, the Company completed the sale of its legacy payments software by MultiPay. MultiPay S.A.S., and IDGS S.A.S operations are presented as discontinued operations in the Consolidated Statements of Operations during the year ended December 31, 2023, as they met the criteria for discontinued operations under applicable accounting guidance.

Key Trends

We believe that our financial results will be impacted by several market trends in the identity verification and authentication markets, as well as expanding digital transformation efforts across a wide range of market segments. These trends include:

- growing concerns over identity theft, fraud and account takeover, resulting from the acceleration of digital transformation, for example online shopping and remote working and the growth in AI assisted fraud;
- the growth in the sharing economy; and
- the increase in electronic payments and alternative money transfer solutions provided by both bank and non-bank entities. The key drivers for these alternative payment methods are consumer demands for safe, convenient payment transactions, with less friction.

Our results are also impacted by the changes in levels of spending on identity verification, management and security methods, and thus, negative trends in the global economy and other factors which negatively impact such spending may negatively impact the growth in our revenue from those products. The global economy has been undergoing a period of political and economic uncertainty and stock markets are experiencing high levels of volatility, and it is difficult to predict how long this uncertainty and volatility will continue.

We plan to grow our business by increasing the use of our services by our existing customers, by adding new customers through our direct salesforce, channel partners and by expanding into new markets and innovation. If we are successful in these efforts, we would expect our revenue to continue to grow.

The Company was incorporated in the State of Delaware on September 21, 2011, and changed our name from Ipsidy Inc. to authID Inc. on July 18, 2022. Our corporate headquarters is located at 1580 North Logan Street, Suite 660, Unit 51767, Denver, CO 80203 and our main phone number is (516) 274-8700. Our website address is www.authid.ai. The information contained on, or that can be accessed through, our website is not incorporated by reference into this Form 10-Q and you should not consider information on our website to be part of this Form 10-Q.

Going Concern

The Company's unaudited condensed consolidated financial statements included in this Quarterly Report have been prepared in accordance with United States GAAP assuming the Company will continue on a going concern basis, which implies the Company will continue to meet its obligations and continue its operations for the next year following the issuance date of these financial statements.

As of March 31, 2024, the Company had an accumulated deficit of approximately \$162.6 million. For the three months ended March 31, 2024, the Company earned revenue from continuing operations of approximately \$0.16 million, used approximately \$2.9 million to fund its operations, and incurred a net loss of approximately \$3.1 million. The continuation of the Company as a going concern is dependent upon financial support from the Company's stockholders and noteholders, the ability of the Company to obtain additional debt or equity financing to continue operations, the Company's ability to generate sufficient cash flows from operations, successfully locating and negotiating with other business entities for potential acquisition and /or acquiring new clients to generate revenues and cash flows. In 2024 and 2025, the Company plans to raise additional funds to support its operations and investments as it seeks to create a sustainable organization. Our growth-oriented business plan to offer products to our customers will require continued capital investment and there is no guarantee that such financing will be available, or available on acceptable terms.

There is no assurance that the Company will ever be profitable. These consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern. As there can be no assurance that the Company will be able to achieve positive cash flows (become cash flow profitable) and raise sufficient capital to maintain operations, there is substantial doubt about the Company's ability to continue as a going concern.

Adjusted EBITDA

This discussion includes information about Adjusted EBITDA that is not prepared in accordance with GAAP. Adjusted EBITDA is not based on any standardized methodology prescribed by GAAP and is not necessarily comparable to similar measures presented by other companies. A reconciliation of this non-GAAP measure is included below. Adjusted EBITDA is a non-GAAP financial measure that represents GAAP net income (loss) adjusted to exclude (1) interest expense and debt discount and debt issuance costs amortization expense, (2) interest income, (3) provision for income taxes, (4) depreciation and amortization, (5) stock-based compensation expense (stock options) and (6) loss on debt extinguishment, and conversion expense on exchange of Convertible Notes and certain other items management believes affect the comparability of operating results. 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, and it will be a focus as we invest in and grow the business. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted EBITDA does not include the impact of certain charges or gains resulting from matters we consider not to be indicative of our ongoing operations.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only as a supplement to our GAAP results.

Reconciliation of Loss from Continuing Operations to Adjusted EBITDA Continuing Operations:

	For the Three Months Ended	
	March 31, 2024	March 31, 2023
Loss from continuing operations	\$ (3,057,577)	\$ (1,781,627)
Addback:		
Interest expense, net	13,138	800,073
Interest income	(108,920)	-
Severance cost	-	811,041
Depreciation and amortization	43,408	76,017
Non-cash recruiting fees	-	492,000
Stock compensation	722,971	(2,598,591)
Adjusted EBITDA continuing operations (Non-GAAP)	<u>\$ (2,386,980)</u>	<u>\$ (2,201,087)</u>

Three Months Ended March 31, 2024 and March 31, 2023 – Continuing Operations

Revenues, net

During the three months ended March 31, 2024, the Company's revenues were approximately \$157,000 compared to approximately \$38,000 in the three months ended March 31, 2023, principally due to the recognition of revenue from new customer contracts signed in the 2nd half of 2023.

General and administrative expenses

During the three months ended March 31, 2024 compared to the three months ended March 31, 2023, general and administrative expense increased by approximately \$1.2 million. This was comprised of a one-time event, representing approximately \$2.5 million reversal of stock-based compensation in Q1 2023 on stock awards with market vesting conditions resulting from Q1 2023 terminations, which was not repeated in 2024 and an approximately \$1.3 million reduction in expense due to cost savings from the 2023 restructuring initiative.

Research and development expenses

During the three-month period ended March 31, 2024 compared to March 31, 2023, research and development expenses increased by approximately \$1.1 million, principally related to the one-time reversal of stock-based compensation in Q1 2023 on stock awards with market vesting conditions resulting from Q1 2023 terminations, which was not repeated in 2024.

Depreciation and amortization expense

During the three months ended March 31, 2024 compared to March 31, 2023, depreciation and amortization expense was approximately \$0.03 million less as the Company reduced the value of certain legacy business asset values.

Interest expense, net

Interest expense, net includes interest expense, debt issuance and discount amortization expense. Interest expense decreased by approximately \$0.8 million during the three-month period ended March 31, 2024 compared to March 31, 2023 principally due to the exchange of Convertible Notes for common stock in May 2023.

Three Months Ended March 31, 2024 and March 31, 2023 – Discontinued Operations

On May 4, 2022, the Board approved a plan to exit from certain non-core activities comprising the MultiPay correspondent bank, payments services in Colombia.

MultiPay business in Colombia

In June 2023, MultiPay finalized the sale of the Company's proprietary software to its major customer for approximately \$96,000. As a result, the Company recognized a gain of approximately \$216,000 which included the release of a foreign currency translation gain of approximately \$155,000.

Although the Company exited the MultiPay business in Colombia, it still maintains an authID customer support and operations team in Bogota which performs essential functions to support the global operations of our Verified product.

Liquidity and Capital Resources

The Company has approximately \$7.2 million of cash on hand and approximately \$6.7 million of working capital as of March 31, 2024.

Cash used in operating activities was approximately \$2.9 million and \$2.2 million in the three months ended March 31, 2024 and 2023, respectively.

The Company did not have any cash flows investing activities for the three months ended March 31, 2024 and 2023.

Cash provided by financing activities in the three months ended March 31, 2023 consisted of approximately \$0.5 million from an initial drawdown net of debt issuance costs under the Company's A&R Facility Agreement.

In 2024 and 2025, the Company will need to raise additional funds to support its operations and investments as it seeks to create a sustainable organization. Our growth-oriented business plan to offer products to our customers will require continued capital investment and there is no guarantee that such financing will be available, or available on acceptable terms.

There is no guarantee that our current business plan will not change, and as a result of such change, we will need additional capital to implement such business plan. Further, assuming we achieve our expected growth plan, of which there is no guarantee, we will need additional capital to implement growth beyond our current business plan.

Ukraine and the Middle East

The war in Ukraine and the Middle East may impact the Company and its operations in a number of different ways, which are yet to be fully assessed and are therefore uncertain. The Company's principal concern is for the safety of the personnel who support from those regions. The Company works with third party sub-contractors for outsourced services, including software engineering and development, some of whom are based in Eastern Europe. The Company also works with outsourced engineers and developers and third-party providers in other parts of the world, including the United States, Europe, India, and Latin America. While the continuing impact of this conflict and the response of the United States and other countries to it by means of trade and economic sanctions, or other actions is still unknown, it could disrupt our ability to work with certain contractors. The Company has taken steps to diversify its sub-contractor base, which may in the short term give rise to additional costs and delays in delivering software and product upgrades.

The uncertainty impacting and potential interruption in energy and other supply chains resulting from military hostilities in Europe and the Middle East and the response of the United States and other countries to it by means of trade and economic sanctions, or other actions, may give rise to increases in costs of goods and services generally and may impact the market for our products as prospective customers reconsider additional capital expenditure, or other investment plans until the situation becomes clearer. On the other hand, the threat of increased cyber-attacks from multiple threat actors, including state-sponsored organizations may prompt enterprises to adopt additional security measures such as those offered by the Company.

For so long as the hostilities continue and perhaps even thereafter as the situation in Europe and the Middle East unfolds, we may see increased volatility in financial markets and a flight to safety by investors, which may impact our stock price and make it more difficult for the Company to raise additional capital at the time when it needs to do so, or for financing to be available upon acceptable terms. All or any of these risks separately, or in combination could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is deemed by our management to be material to investors.

Recent Accounting Policies

The recent material accounting policies that may be the most critical to understanding of the financial results and conditions are discussed in Note 1 of the unaudited financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a smaller reporting company, we are not required to include disclosure under this item.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report, our Chief Executive Officer and Chief Financial Officer performed an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2024, the Company's disclosure controls and procedures are effective to ensure that the information required to be disclosed by the Company in the report that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms..

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company is a party to various legal or administrative proceedings arising in the ordinary course of business. While any litigation contains an element of uncertainty, we have no reason to believe the outcome of such proceedings will have a material adverse effect on the financial condition or results of operations of the Company.

ITEM 1A. RISK FACTORS

Risk factors describing the major risks to our business can be found under Item 1A, "Risk Factors", in our Annual Report on Form 10-K for the year ended December 31, 2023. There has been no material change in our risk factors from those previously discussed in the Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Stock Option Grants

During the three months ended March 31, 2024, the Company granted a total of 100,000 options to certain new employees at exercise prices ranging from \$9.05 to \$9.61 per share.

The issuance of the above securities is exempt from the registration requirements under Rule 4(a)(2) of the Securities Act of 1933, as amended, and/or Rule 506 as promulgated under Regulation D.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable to our operations.

ITEM 5. OTHER INFORMATION

Retirement of Joseph Trelin and Appointment of Kunal Metha

On February 15, 2024, Mr. Joe Trelin tendered his resignation as Chairman and a Director of the Company, effective immediately. On February 20, 2024, the Board of Directors of the Company accepted his resignation and agreed to vest the unvested portion of an option granted to Mr. Trelin June 28, 2023, amounting to 6,511 shares.

On March 25, 2024, Kunal Mehta was appointed as an independent member of the Board of Directors of the Company. Mr. Mehta entered into a letter agreement with the Company pursuant to which, in addition to other compensation, he will be granted options to purchase common stock on the third trading day after the announcement of the Company's results for the first quarter of 2024.

Equity Grant Policy

Recognizing the importance of adhering to appropriate practices and procedures when granting equity awards, on April 19, 2024, the Board of Directors adopted the Policy on Granting Equity Awards. Under this policy, the Compensation Committee of the Board of Directors may grant equity awards. The Compensation Committee may from time to time grant limited authority to the CEO to offer awards to new hires subject to Compensation Committee ratification. The policy established the following procedures for the Company to issue equity awards:

- Equity award grants to existing employees shall be made on a date when the Company's insider trading window is "open" (i.e., when the Company is not in possession of material non-public information), and which is at least three business days after the most recent release of the Company's quarterly or annual earnings, or Form 8-K Current Report that discloses material non-public information.
- With respect to grants made to named executive officers, the Company shall not grant and/or price of stock options or other incentive securities under any securities-based compensation arrangement of the Company during the period beginning four (4) business days before and ending one (1) business day after the filing by the Company of a Form 10-Q Quarterly Report, Form 10-K Annual Report or Form 8-K Current Report that discloses material non-public information.
- Grants of stock options to new hires (other than to new hires who will be Section 16 officers), or for promotions, retention or other special purposes will be described as subject to the approval of the Compensation Committee at its next scheduled meeting and the grant date of such stock options, if approved by the Compensation Committee, shall be the date of such meeting.
- Annual grants of equity awards to members of the Board of Directors shall be effective within three business days after the date of the Annual Stockholders Meeting at which such Director is elected or re-elected.

We plan to monitor and periodically review our equity grant policy to ensure compliance with plan rules and applicable law.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1 (1)	<u>Amended & Restated Certificate of Incorporation</u>
3.2 (14)	<u>Amended & Restated Bylaws as of July 18, 2022</u>
3.3 (2)	<u>Certificate of Amendment dated June 1, 2021</u>
3.4 (14)	<u>Certificate of Amendment to Amended and Restated Certificate of Incorporation as of July 18, 2022</u>
3.5 (15)	<u>Certificate of Amendment to Amended and Restated Certificate of Incorporation as of September 21, 2022</u>
3.6 (23)	<u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation dated June 26, 2023</u>
4.1 (2)	<u>Form of Stock Option</u>
4.2 (3)	<u>Form of 8.0% Convertible Note</u>
4.3 (4)	<u>Form of 15.0% Convertible Note</u>
4.4 (4)	<u>Amended and Restated Promissory Note issued to The Theodore Stern Revocable Trust</u>
4.5 (5)	<u>Paycheck Protection Program Term Note dated May 6, 2020</u>
4.6 (6)	<u>Paycheck Protection Program Term Note dated February 1, 2021</u>
4.7 (18)	<u>Description of the Registrant's Securities</u>
10.1 (2)	<u>Form of Director Agreement</u>
10.2 (2)	<u>Form of Indemnification Agreement</u>
10.5 (7)	<u>2017 Incentive Stock Plan</u>
10.7 (2)	<u>Executive Retention Agreement entered between the Company and Thomas L. Thimot dated June 14, 2021</u>
10.8 (2)	<u>Executive Retention Agreement entered between the Company and Cecil N. Smith III dated June 14, 2021</u>
10.9 (2)	<u>Letter Agreement between the Company and Thomas L. Thimot dated June 14, 2021</u>
10.10 (2)	<u>Letter Agreement between the Company and Cecil N. Smith III dated June 14, 2021</u>
10.11 (8)	<u>Letter Agreement between the Company and Phillip L. Kumnick dated as November 5, 2021</u>
10.12 (8)	<u>Letter Agreement between the Company and Phillip R. Broenniman dated as November 5, 2021</u>
10.13 (9)	<u>AuthID Inc. 2021 Equity Incentive Plan</u>
10.14 (11)	<u>Letter Agreement between AuthID Inc. and Thomas Szoke dated November 19, 2021</u>
10.15 (10)	<u>Form of Securities Purchase Agreement entered into between the Company and the Note Investors dated March 21, 2022.</u>
10.16 (10)	<u>Form of Senior Secured Convertible Note issued by the Company to the Note Investors dated March 21, 2022.</u>
10.17 (10)	<u>Security and Pledge Agreement entered into between the Company and Stephen J. Garchik as Collateral Agent dated March 21, 2022.</u>
10.19 (10)	<u>Form of Registration Rights Agreement entered into between the Company and the Note Investors dated March 21, 2022.</u>
10.20 (10)	<u>Facility Agreement entered into between the Company and Stephen J. Garchik dated March 21, 2022.</u>
10.21 (10)	<u>Form of Subscription Agreement entered into between the Company and the PIPE Investors dated March 21, 2022.</u>
10.22 (12)	<u>Letter Agreement between Joseph Trelin and AuthID Inc. dated April 18, 2022</u>
10.23 (13)	<u>Letter Agreement between Annie Pham and AuthID Inc. dated April 25, 2022</u>
10.24 (16)	<u>Amended and Restated Facility Agreement between the Company and Stephen J. Garchik dated March 8, 2023.</u>
10.25 (16)	<u>Promissory Note between the Company and Stephen J. Garchik dated March 9, 2023.</u>
10.26 (16)	<u>Guaranty Agreement by FIN Holdings Inc., Innovation in Motion, Inc. and ID Solutions, Inc. in favor of Stephen J. Garchik dated March 9, 2023.</u>

10.27 (16)	Release Agreement between the Company and Stephen J. Garchik dated March 9, 2023.
10.28 (17)	Letter Agreement between Rhoniel Daguro and AuthID Inc. dated March 23, 2023
10.29 (17)	Executive Retention Agreement between Rhoniel Daguro and AuthID Inc. dated March 23, 2023
10.30 (17)	Confidential Separation Agreement and General Release between Thomas Thimot and authID Inc. Dated March 23, 2023
10.31 (19)	Letter Agreement between Thomas Szoke and AuthID Inc. dated April 12, 2023
10.32 (19)	Executive Retention Agreement between Thomas Szoke and AuthID Inc. dated April 12, 2023
10.33 (21)	Executive Retention Agreement between Annie Pham and AuthID Inc. dated May 11, 2023
10.34 (22)**	Form of Securities Purchase Agreement dated as of May 23, 2023 between the Company and accredited investors
10.35 (22)	Engagement Agreement dated as of April 20, 2023 between the Company and Madison Global Partners LLC
10.36 (22)	Stock Purchase Warrant dated May 26, 2023 issued to Madison Global Partners LLC
10.37 (22)**	Form of Exchange Agreement dated as of May 23, 2023 between the Company and certain Holders
10.38 (24)	Letter Agreement between Edward Sellitto and authID Inc. dated July 31, 2023
10.39 (25)	Agreement dated October 25, 2023 between The Pipeline Group, Inc. and authID Inc.
10.40 (27)	Form of Securities Purchase Agreement dated as of November 20, 2023 between the Company and accredited investor
10.41 (27)	Engagement Agreement dated as of November 2, 2023 between the Company and Madison Global Partners, LLC
10.42 (27)	Stock Purchase Warrant dated November 22, 2023 issued to Madison Global Partners, LLC
10.42 (28)**	Agreement dated December 19, 2023 between The Pipeline Group, Inc and authID Inc.
10.43 (29)	Letter Agreement between Kunal Mehta and authID Inc.
14.1 (26)	Code of Ethics
21.1 (20)	List of Subsidiaries
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1 (26)	Policy for the Recovery of Erroneously Awarded Compensation adopted October 6, 2023
99.1 *	Policy on Granting Equity Awards
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

** Certain confidential portions of this exhibit were omitted by means of marking such portions with asterisks because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed. A copy of any omitted portions will be furnished to the SEC upon request.

- (1) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on March 23, 2021.
- (2) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on June 15, 2021.
- (3) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on December 16, 2019.
- (4) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on February 18, 2020.
- (5) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on May 13, 2020.

- (6) Incorporated by reference to the Form 10-Q Quarterly Report filed with the Securities Exchange Commission on May 6, 2021.
- (7) Incorporated by reference to the Form 10-Q Quarterly Report filed with the Securities Exchange Commission on May 4, 2018.
- (8) Incorporated by reference to the Form 10-Q Quarterly Report filed with the Securities Exchange Commission on November 8, 2021.
- (9) Incorporated by reference to the Form S-8 Registration Statement filed with the Securities Exchange Commission on February 1, 2022.
- (10) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on March 21, 2022.
- (11) Incorporated by reference to the Form 10-K Annual Report filed with the Securities Exchange Commission on March 22, 2022.
- (12) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on April 18, 2022.
- (13) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on April 27, 2022.
- (14) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on July 19, 2022.
- (15) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on September 21, 2022.
- (16) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on March 10, 2023.
- (17) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on March 28, 2023.
- (18) Incorporated by reference to the Form 10-K Annual Report filed with the Securities Exchange Commission on March 30, 2023.
- (19) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on April 18, 2023.
- (20) Incorporated by reference to the Form 10-Q Quarterly Report filed with the Securities Exchange Commission on May 11, 2023.
- (21) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on May 16, 2023.
- (22) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on May 26, 2023.
- (23) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on June 27, 2023.
- (24) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on August 3, 2023.
- (25) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on October 26, 2023.
- (26) Incorporated by reference to the Form 10-Q Quarterly Report filed with the Securities Exchange Commission on November 8, 2023.
- (27) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on November 27, 2023.
- (28) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on December 21, 2023.
- (29) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on March 26, 2024.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

authID Inc.

By: /s/ Rhoniel Daguro
Rhoniel A. Daguro
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Ed Sellitto
Ed Sellitto
Chief Financial Officer,
(Principal Financial and Accounting Officer)

Dated: May 15, 2024

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Rhoniel Daguro, Chief Executive Officer certify that:

1. I have reviewed this quarterly report on Form 10-Q of authID Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant) and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 15, 2024

/s/ Rhoniel Daguro

Rhoniel Daguro
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Edward Sellitto Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of authID Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant) and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 15, 2024

/s/ Ed Sellitto

Ed Sellitto

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of authID Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission (the "Report"), I, Rhoniel Daguro, Chief Executive Officer of the Company, and, Edward Sellitto, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. SS. 1350, as adopted pursuant to SS. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

May 15, 2024

/s/ Rhoniel Daguro

Rhoniel Daguro
Chief Executive Officer
(Principal Executive Officer)

May 15, 2024

/s/ Ed Sellitto

Ed Sellitto, Chief Financial Officer
(Principal Financial and Accounting Officer)

AUTHID INC. POLICY ON GRANTING EQUITY AWARDS

ADOPTED ON APRIL 19, 2024

A. Introduction

The Board of Directors (the "Board") of authID Inc. (the "Company") recognizes the importance of adhering to specific practices and procedures in the granting of equity awards. This policy shall apply to all grants of equity awards by the Company. Equity awards are any compensatory award granted under the Company's equity compensation plans (or otherwise) in the form of the Company's common stock or any derivative of the Company's common stock, including, without limitation, stock options, restricted stock, restricted stock units or performance shares.

This policy is intended solely to provide guidance with respect to the Company's equity award granting practices and the Company intends to develop additional administrative procedures to supplement this policy in order to more fully implement the Company's equity programs, including without limitation, the handling, internal review and dissemination of grant proposals, grant records and the tracking of related award information (including grant details, vesting, cancellation or expiration of awards, tax withholdings compliance with Sections 162(m) and 409A of the Internal Revenue Code of 1986, as amended and Section 16 of the Securities Exchange Act of 1934).

Such supplemental guidelines may be adopted and/or amended with the approval of the Company's Chief Financial Officer and General Counsel without ratification by the Compensation Committee to the extent such guidelines do not conflict, in the reasonable judgment of such officers, with the policies and procedures specifically set forth herein.

B. Authority to Grant Awards

Only the Compensation Committee of the Board or the Board, as applicable, may grant equity awards. The Compensation Committee of the Board may from time to time grant limited authority to the CEO to offer awards to new hires subject to Compensation Committee ratification.

C. Procedure for Granting Awards

(i) Equity award grants to existing employees may only be made by the Compensation Committee. Such awards shall be made on a date when the Company's insider trading window is "open" (i.e., when the Company is not in possession of material non-public information), and which is at least three business days after the most recent release of the Company's quarterly or annual earnings, or Form 8-K Current Report that discloses material non-public information. The grant date of broad based equity awards approved at a meeting of the Compensation Committee shall be the date of such meeting. The exercise price for all equity awards will be the closing price on the date of grant.

(ii) With respect to grants made to named executive officers (as such term is defined under Item 402 of Regulation S-K), the Company shall not grant and/or price of stock options or other incentive securities under any securities-based compensation arrangement of the Company during the period beginning four (4) business days before and ending one (1) business day after the filing by the Company of a Form 10-Q Quarterly Report, Form 10-K Annual Report or Form 8-K Current Report that discloses material non-public information (other than a current report on Form 8-K disclosing a material new option award grant under Item 5.02(e) of that form). Such awards shall be made on a date which is at least three business days after the most recent release of the Company's quarterly or annual earnings or Form 8-K Current Report that discloses material non-public information and when the Company's insider trading window is "open" (i.e., when the Company is not in possession of material non-public information).

(iii) Grants of stock options to new hires (other than to new hires who will be Section 16 officers), or for promotions, retention or other special purposes will be described as subject to the approval of the Compensation Committee at its next scheduled meeting. The grant date of such stock options, if approved by the Compensation Committee, shall be the date of such meeting. The exercise price for all equity awards will be the closing price on the date of grant. Grants of stock options to new hires who will or may be Section 16 officers will be subject to the prior approval of the Compensation Committee at a meeting, which will be held prior to the employment start date of the Section 16 officer. The grant date of such stock options will be the Section 16 officer's first day of employment (subject that being in an open period in accordance with paragraph (ii) above) and the exercise price will be the closing price on the date of grant.

(iv) Annual grants of equity awards to members of the Board (the "Directors") shall be effective within three business days after the date of the Annual Stockholders Meeting at which such Director is elected or re-elected. For Directors appointed other than at an Annual Stockholders Meeting, initial grants of equity awards shall be effective on the date the Director is appointed (subject that being in an open period in accordance with paragraph (ii) above). The exercise price for all equity awards will be the closing price on the effective date of grant.

(v) The Stock Plan Administrator will upon the instructions of the CEO prepare a list of equity grants to be considered by the Compensation Committee, which list will include the grantee's name, the proposed number of shares or options to be granted, and the vesting terms. This list will be reviewed by the Chief Financial Officer and the General Counsel before submission to the Compensation Committee for approval.

(vi) The list will be submitted to the Compensation Committee in advance of the scheduled meeting. The minutes of meetings at which grants of equity awards are made, or written resolutions (as the case may be) must include the names of the grantees, the number of options or shares granted to each grantee, and the vesting terms.

(vii) All grants will be made pursuant to a standard form of award agreement previously approved by the Compensation Committee unless the Compensation Committee determines otherwise.

D. Error Correction Process

No additions or changes to the list of approved equity awards that was submitted to and approved by the Compensation Committee may be made once such list has been approved. In the event that a list contains an omission, the correction will be made by including any omitted grant in the next meeting of the Compensation Committee. If an error or omission occurs, depending on the reason for the error or omission, a decision may be made (but is not required) to adjust the amount of the later grant or the vesting schedule to compensate for the delayed vesting or change in exercise price from the intended grant date to the actual grant date provided all modifications are properly documented and explained.

E. Award Packages

The Stock Plan Administrator will distribute equity award packages to all grantees promptly. The Stock Plan Administrator will annually review all standard forms of equity grant agreements and will obtain the approval of the Compensation Committee for any proposed modifications.

F. Equity Compensation Compliance

The Compensation Committee has designated the General Counsel as the person charged with equity compensation compliance for purposes of assisting the Compensation Committee with the administration and oversight of this policy. The General Counsel shall periodically report to and update the Compensation Committee regarding the procedures and practices relating to the granting of equity awards and shall perform such other tasks as reasonably requested by the Committee related to the implementation and oversight of this policy.

G. Revisions

The Board or the Compensation Committee shall have the authority to revise this Policy.
