

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): May 4, 2022



Ipsidy Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

001-40747

(Commission File Number)

46-2069547

(IRS Employer
Identification Number)

670 Long Beach Boulevard, Long Beach, New York 11561
(Address of principal executive offices) (zip code)

516-274-8700

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth 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.

Item 2.02 Results of Operations and Financial Condition.

On May 9, 2022, Ipsidy Inc. (the “Company”) issued a press release regarding its financial results for the quarter ended March 31, 2022. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K. The Company also published a presentation used in connection with a conference call hosted on May 9, 2022. The full text of the presentation published in connection with the announcement is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information contained in this Item 2.02 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 2.05 Costs Associated with Exit or Disposal Activities.

The Board of Directors of the Company considers it in the best interests of the Company to focus its business activities on providing biometric identity verification products and services by means of our proprietary IDaaS platform. Accordingly, on May 4, 2022, the Board approved a plan to start to exit from certain non-core activities comprising MultiPay S.A.S. (“MultiPay”) correspondent bank, payments services in Colombia and the Card Plus Pty Ltd. (“Cards Plus”) cards manufacturing and printing business in South Africa.

Colombia

The Company plans to exit the MultiPay business in Colombia in an orderly fashion through the end of the 2022, honoring our obligations to employees, customers and under applicable laws and regulations. We plan to maintain our customer support and operations team in Bogota, which performs essential functions to support the global operations of our Verified family of products.

The Company will incur certain costs associated with its employees and other contractual obligations. MultiPay will continue to service its customer base in the interim as it will look to minimize all such costs and in addition to realize proceeds from the potential disposition of its assets. The Company cannot estimate the net costs to be incurred as a result of this decision at this time, but believes that the overall additional cash costs will not exceed \$250,000. The Company has not recorded the potential costs or write-down in the three months ended March 31, 2022.

South Africa

The Company plans to exit the Cards Plus business and will seek a buy-out of its interests. We have had preliminary discussions with one group but no definitive terms for the sale have been agreed at this point.

If the Company is successful in achieving a sale of its interest it is expected that there will be a net cash inflow resulting from the planned exit of the business in South Africa. However, there is no guarantee that we will be successful in finding a buyer for the interest, that such sale will be on acceptable terms or that this will result in a net cash inflow. As a result of these preliminary discussions, the Company has decided to write-down the value of the Cards Plus intangible assets and has recorded an impairment charge of approximately \$144,000 in the three months ended March 31, 2022.

In the three months ended March 31, 2022, MultiPay and Cards Plus revenue was approximately \$69,000 and \$373,000, respectively, and MultiPay had a loss of approximately \$68,000 with Cards Plus contributing approximately \$11,000 of net income. These amounts do not include any corporate overhead allocation nor any amounts relating to the proposed exits.

At this time, the Company is not able to make a good faith determination of the estimate of the amount or range of amounts of any costs that would result in future cash expenditures associated with the exit from MultiPay and Card Plus.

Item 8.01 Other Events.

In an effort to update the Company’s compensation policy for non-employee directors in light of its uplisting to The Nasdaq Stock Market and in order to compensate directors generally in line with similarly situated companies, the Company elected to amend its non-employee Director’s Compensation Plan (“Compensation Plan”) to include a cash element based on attendance at meetings and recognizing the extra responsibilities and workload of Committee chairs. Accordingly, the Compensation Plan was amended to provide for the payment of \$2,000 to each non-employee director, who is not a committee chair, for attendance at each Board or Committee meeting of the Company and \$2,500 to each non-employee director who is a committee chair for attendance at each Board or Committee meeting of the Company. In lieu of the aforementioned sums, each non-employee director shall receive \$1,000 per hour for any Board or Committee meeting that lasts more than two hours.

Item 9.01 Financial Statements and Exhibits

Exhibit No.	Description
99.1	Press Release dated May 9, 2022
99.2	Presentation dated May 9, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

Ipsidy Inc.

Date: May 9, 2022

By: /s/ Stuart P. Stoller
Name: Stuart P. Stoller
Title: Chief Financial Officer

**authID.ai Announces Financial and Operating Results for the
First Quarter Ended March 31, 2022**

Management to Host Conference Call Today at 5:30 p.m. EDT

LONG BEACH, NY – May 9, 2022 — authID.ai (Nasdaq: AUID) a leading provider of secure, mobile, biometric identity authentication solutions, today reported financial and operating results for the first quarter ended March 31, 2022.

“The first quarter marked key accomplishments, including adding new customers in FinServ, FinTech, and healthcare, expanding our channel partner integrations including Microsoft, and growing our sales funnel, that all bode well for our continued growth and expansion,” said Tom Thimot, CEO of authID.ai. “Further, the securing of financing of \$22.5 million in March supports our growth initiatives. We reiterate our guidance of targeting positive cash flow by the time we enter 2024.

“With this progress, we will commence the processes necessary to exit our legacy South Africa and Colombia businesses, and continue focusing on the continued investment in our Verified biometric identity opportunities,” continued Thimot.

Financial Results for the First Quarter Ended March 31, 2022:

- Total revenue was \$0.6 million for the first quarter ended March 31, 2022, compared with \$0.6 million for the first quarter of 2021.
- Net loss was \$5.3 million for the first quarter ended March 31, 2022, compared with a net loss of \$2.5 million for the first quarter of 2021.
- Net loss per share was \$0.22 for the first quarter ended March 31, 2022, compared with net loss per share of \$0.13 for the first quarter of 2021.
- Adjusted EBITDA loss was \$2.9 million for the first quarter ended March 31, 2022, compared with a loss of \$1.3 million for the first quarter 2021.
- The increase in net loss and Adjusted EBITDA loss was principally related to increased investments in technology, marketing, and sales, compared with the first quarter of 2021.
- On March 21, completed a \$22.5 million financing package that is expected to support authID’s projected working capital needs through 2023.

Please refer to Table 1 for reconciliation of net loss to Adjusted EBITDA loss (a non-GAAP measure).

Highlights and Accomplishments for the First Quarter of 2022 and Subsequently:

- Signed agreements with a US medical certifying board, a FinTech provider of tax information to more than 50 lenders, and a lending platform for medical professionals to integrate authID’s Verified™ products, including automated identity verification and facial biometric authentication.
 - Through US channel partners, added several FinTech customers who offer consumer, auto and medical lending to reduce identity fraud in digital customer onboarding.
 - In February, joined the Microsoft Partner Network by integrating authID’s Verified CloudConnect™ with Microsoft Office 365 and Azure via Active Directory Federation Services. Verified CloudConnect™ will now enable Microsoft Office 365 and Azure users to access strong multi-factor authentication.
-

- In February, received a Notice of Allowance from the U.S. Patent and Trademark Office for a patent that will be issued May 10 to protect the multi-party, multi-factor authentication, transaction authorization method that is critical to Verified's step-up authentication process. The process combines an account holder's explicit consent for a transaction with identity verification, and secures it with a unique digital signature, thereby creating an unchallengeable audit trail for all parties.
- In March, was named the 2022 winner of the "Best ID Management Platform" by FinTech Breakthrough Awards, an independent market intelligence organization that recognizes the top companies, technologies and products in the global FinTech market today.
- In April, named Joe Trelin, former CLEAR executive, to authID's Board of Directors. Trelin brings to authID deep industry experience in technology product management as well as systems, platform, and application, and business development.
- On April 26, announced the planned retirement of CFO Stuart Stoller, who will remain on as a consultant, and the appointment of his successor, Annie Pham as CFO, in June. Pham brings deep experience across all aspects of finance, and has particular expertise in the software, subscription and SaaS industries, where she has scaled teams and best practices in finance to support billions of dollars in rapid revenue growth at major corporations.
- In May, achieved ISO 30107-3 Level 2 standard for Presentation Attack Detection for the company's Verified™ platform, which successfully recognized and prevented more than 700 presentation attacks for a 0% failure rate. This successful independent testing demonstrates the additional fraud protection and security authID can provide to its customers.

Today's Conference Call and Webcast

The Company will host a webcast and conference call today at 5:30 p.m. EST. To listen to the webcast and view the presentation, investors can follow this link: <https://edge.media-server.com/mmc/p/3sjqwpia>.

The slides can be accessed via authID.ai's Investor Relations web page at: <https://investors.authid.ai/>. To participate in the live call, investors can use the following dial in numbers with the Conference ID: **8076654**:

- US/CANADA Participant Toll-Free Dial-In Number: (844) 281-3631
- US/CANADA Participant International Dial-In Number: (225) 239-4724

A replay of the conference call will be available for seven days, through May 16 at 5:30pm EDT, by dialing: (855) 859-2056 or (404) 537-3406 and referencing Conference ID: **8076654**. The presentation will also be available for 90 days on the IR section of the company's website at: <https://investors.authid.ai/>

About authID.ai

authID.ai (Nasdaq: AUID), formerly Ipsidy, provides secure, mobile, biometric identity verification software products through an easy-to-integrate Identity as a Service (IDaaS) platform. authID.ai's suite of self-service biometric identity proofing and authentication solutions frictionlessly eliminate passwords through a consent-based facial matching system. authID's mission is to enable every organization to recognize their customers, workforce, and other users instantly, without friction or loss of privacy. Powered by sophisticated biometric and artificial intelligence technologies, authID.ai aims to strengthen security and trust between businesses and their customers. We Are Digital Identity. For more information, go to www.authid.ai.

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 future results of operations, cash flow, cash position and financial position, business strategy, plans and objectives of management for future operations of both Ipsidy Inc. dba authID.ai and its business partners, future service launches with customers, the outcome of pilots and new initiatives and customer pipeline are forward-looking statements. Such forward-looking statements are based on a number of assumptions regarding authID.ai’s present and future business strategies, and the environment in which authID.ai 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, the as yet uncertain impact of the war in Ukraine, the Covid-19 pandemic and others. See the Company’s Annual Report on Form 10-K for the Fiscal Year ended December 31, 2021 filed at www.sec.gov and other documents filed with the SEC 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. authID.ai 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.

Investor Relations Contacts:

Grace DeFries
authID.ai SVP, Marketing Communications &
Investor Relations
investor-relations@authID.ai

Ina McGuinness
The Bliss Group
805.427.1372

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. 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 (stock options and restricted stock) and (6) certain other items management believes affect the comparability of operating results. Please see Table 1 below for a reconciliation of Adjusted EBITDA to net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP.

Table 1

Reconciliation of Net Loss to Adjusted EBITDA Loss

	For the Quarter Ended	
	March 31, 2022	March 31, 2021
	(Unaudited)	
Net loss	\$ (5,300,728)	\$ (2,489,999)
Add Back:		
Interest Expense	33,221	297,438
Other expense/(income)	(5,151)	(1,537)
Severance cost	150,000	-
Depreciation and amortization	243,678	309,829
Taxes	6,321	7,188
Impairment loss	143,703	-
Stock compensation	1,866,989	626,579
Adjusted EBITDA (Non-GAAP)	<u>\$ (2,861,967)</u>	<u>\$ (1,250,502)</u>

IPSIDY INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Revenues:		
Products and services	\$ 607,362	\$ 575,913
Lease income	-	13,086
Total revenues, net	607,362	588,999
Operating Expenses:		
Cost of Sales	184,086	216,144
General and administrative	4,764,349	1,927,926
Research and development	537,883	322,010
Impairment loss	143,703	-
Depreciation and amortization	243,678	309,829
Total operating expenses	5,873,699	2,775,909
Loss from operations	(5,266,337)	(2,186,910)
Other Expense:		
Other income	5,151	1,537
Interest expense, net	(33,221)	(297,438)
Other income expense, net	(28,070)	(295,901)
Income loss before income taxes	(5,294,407)	(2,482,811)
Income Tax Expense	(6,321)	(7,188)
Net loss	\$ (5,300,728)	\$ (2,489,999)
Net Loss Per Share - Basic and Diluted	\$ (0.22)	\$ (0.13)
Weighted Average Shares Outstanding - Basic and Diluted	23,563,852	19,758,957

IPSIDY INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31,	December 31,
	2022	2021
	(unaudited)	
ASSETS		
Current Assets:		
Cash	\$ 13,795,772	\$ 6,037,983
Accounts receivable, net	186,366	137,823
Inventory	397,870	153,149
Other current assets	624,159	597,640
Total current assets	15,004,167	6,926,595
Property and Equipment, net	97,934	118,531
Other Assets	468,626	69,198
Intangible Assets, net	2,166,119	2,532,453
Goodwill	4,183,232	4,183,232
Total assets	\$ 21,920,078	\$ 13,830,009
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,905,566	\$ 2,013,460
Notes payable obligation, current portion	-	1,579
Capital lease obligation, current portion	-	10,562
Convertible debt	662,000	662,000
Deferred revenue	402,495	246,830
Total current liabilities	2,970,061	2,934,431
Convertible debt	7,464,267	-
Total liabilities	10,434,328	2,934,431
Commitments and Contingencies (Note 12)		
Stockholders' Equity:		
Common stock, \$0.0001 par value, 1,000,000,000 shares authorized; 24,672,522 and 23,294,024 shares issued and outstanding as of March 31, 2022, and December 31, 2021, respectively	2,467	2,329
Additional paid in capital	132,439,724	126,581,702
Accumulated deficit	(121,200,667)	(115,899,939)
Accumulated comprehensive income	244,226	211,486
Total stockholders' equity	11,485,750	10,895,578
Total liabilities and stockholders' equity	\$ 21,920,078	\$ 13,830,009



**WE ARE
DIGITAL IDENTITY®**

Q1 2022 Earnings Conference Call

May 9, 2022

Slides Available @ 5:30pm

New York | Bogota | London | Johannesburg
NASDAQ : AUID

© 2022 authID.ai. All Rights Reserved.



Disclaimer & Forward Looking Statements

- This Presentation and information provided at a meeting at which it is presented (the "Presentation") has been prepared on the basis of information furnished by the management of authID.ai or Ipsidy Inc. ("authID.ai" or the "Company") and has not been independently verified by any third party.
- This Presentation is provided for information purposes only. This Presentation is not an offer to sell nor a solicitation of an offer to buy any securities.
- While the Company is not aware of any inaccuracies, no warranty or representation is made by the Company or its employees and representatives as to the completeness or accuracy of the information contained herein. This presentation also contains estimates and other statistical data made by independent parties and us relating to market size and other data about our industry. This data involves a number of assumptions and limitations, and you should not give undue weight to such data and estimates.
- Information contained in this Presentation or presented during this meeting may include "forward-looking statements." All statements other than statements of historical facts included herein, including, without limitation, those regarding the future results of operations, cash position and cash flow of the Company, financial position, results of operations, business strategy, plans and objectives of management for future operations of both authID.ai and its business partners, future service launches with customers, the outcome of pilots and new initiatives and customer pipeline are forward-looking statements. Such forward-looking statements are based on a number of assumptions regarding authID.ai's present and future business strategies, and the environment in which authID 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, the impact of the war in Ukraine, the Covid-19 pandemic and others. See the Company's Annual Report Form 10-K for the Fiscal Year ended December 31, 2021 filed at www.sec.gov for other risk factors which anyone considering a transaction with the Company should consider. These forward-looking statements speak only as to the date of this Presentation or meeting 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 Presentation to reflect any changes in its expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.
- This Presentation contains references to the Company's and other entities' trademarks. Such trademarks are the property of their respective owner. The Company does not intend its use or the display of other companies' trade names or trademarks to imply a relationship with or endorsement of the Company by any other entity.
- By reading this Presentation or attending a meeting at which it is presented you accept and agree to these terms, disclaimers and limitations.

Momentum Towards Passwordless Identity Assurance

Lapsus\$ cyberattacks: the latest news on the hacking group

Hackers Steal \$540 Million in Crypto From 'Axie Infinity' Game

SolarWinds hack

White House instructs agencies to adopt zero trust approach to cybersecurity

Apple, Google, Microsoft Back 'FIDO' Tech to Dump Passwords

Device + Biometric Authentication



- ✓ Fortified Security
- ✓ Strong Identity Assurance
- ✓ Low Friction



Deepening Our Team



Christabel Bugla
Promoted to
SVP Customer Success



Joe Schwartz
Promoted to
SVP Global Sales



Brietta Smith
Hired as
Director, Quality Assurance



Joe Trelin
Independent Director
Effective April 2022

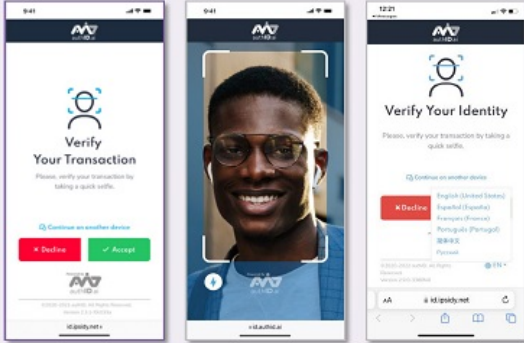


Annie Pham
CFO
Effective June 2022



Investments in Best-in-Class, Privacy-First Technology

Enhanced UI/UX, Workflow, Speed & Language



Expanded Low-Code Integration Partners.



Award Winning. Patented. Secure.





Sales Progress

Cybersecurity



Healthcare



FinTech

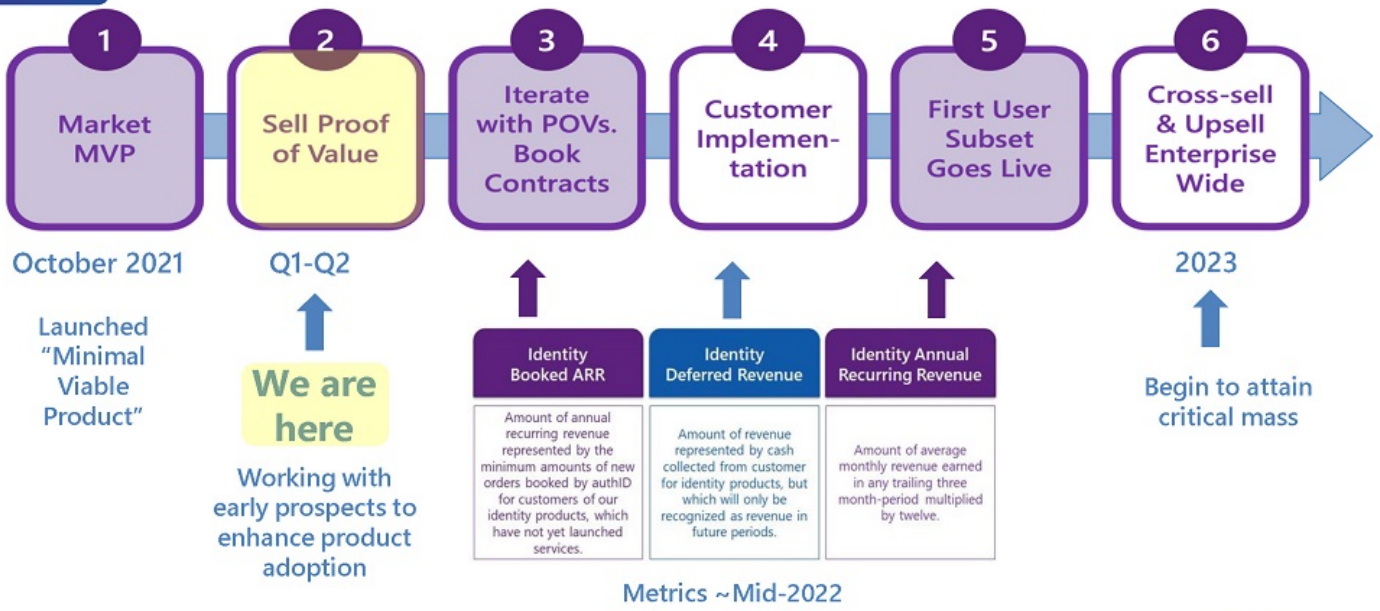


**Our
Value**

Reduced Credential Phishing & Account Takeover Risks
Enhanced Identity Assurance @ Remote Onboarding
Biometric Transaction Audit Trail – Know Who!



Where Are We On Our Journey?





Financial Results For the First Quarter Ended March 31, 2022

- Total revenue was \$0.6 million for the first quarter ended March 31, 2022, compared with \$0.6 million for the first quarter of 2021.
- Net loss was \$5.3 million for the first quarter ended March 31, 2022, compared with a net loss of \$2.5 million for the first quarter of 2021.
- Net loss per share was \$0.22 for the first quarter ended March 31, 2022, compared with net loss per share of \$0.13 for the first quarter of 2021.
- Adjusted EBITDA loss was \$2.9 million for the first quarter ended March 31, 2022, compared with a loss of \$1.3 million for the first quarter 2021.
- The increase in net loss and Adjusted EBITDA loss was principally related to increased investments in technology, marketing, and sales, compared with the first quarter of 2021.
- On March 21, completed a \$22.5 million financing package that is expected to support authID's projected working capital needs through 2023.



March 2022 \$22.5 Million Fundraise

~Amount	Instrument
\$ 9.2 million	Issuance of senior secured convertible promissory notes with an interest rate of 9.75% and a conversion price of \$3.70
\$ 3.0 million	Purchase of shares of common stock at a price of \$3.03 per share by a new investor
\$ 0.3 million	Purchase of shares of common stock at a price of \$3.70 per share by management and Board of Directors
\$10.0 million	Unsecured standby line of credit facility with an existing major investor
\$22.5 million	Total

- These resources when combined with cash on hand are estimated to provide sufficient cash for budgeted operations through 2023
- Participants include existing and new investors, and a majority of the Board and Senior Management team who invested over \$1.5M



**WE ARE
DIGITAL IDENTITY®**

Q&A



Biometric Authentication Is Driving The New Way

92%

Of retail banks are increasing budget for digital transformation
Roland Berger.³

80%

Of businesses have a customer recognition strategy in place
(+26% vs pre-COVID)
Experian⁴

22.7%

Projected CAGR Biometrics as a Service market 2021 to 2026
Mordor Intelligence⁵