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, 2021

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 000-54545

Ipsidy Inc.
(Exact name of registrant as specified in its charter)

Delaware	46-2069547
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Not applicable.		

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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 ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒
	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. ☐

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 April 30, 2021
Common Stock, par value $0.0001	604,308,061 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, 2020 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 and history of losses,
- our ability to continue as a going concern,
- our ability to raise additional working capital as necessary,
- our ability to satisfy our obligations as they become due,
- the failure to successfully commercialize our product or sustain market acceptance,
- the reliance on third party agreements and relationships for development of our business,
- our operations in foreign markets,
- breaches of network or information technology services,
- the control exercised by our management,
- the impact of government regulation on our business,
- our ability to effectively compete,
- the possible inability to effectively protect our intellectual property,
- the lack of a public market for our securities and the impact of the penny stock rules on trading in our common stock should a public market ever be established, and
- the impact of the Covid-19 Pandemic.

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 “Ipsidy,” the “Company,” “we,” “our,” “us,” and similar terms refer to Ipsidy Inc., a Delaware corporation and its subsidiaries.

The information which appears on our website www.ipsidy.com is not part of this report.

PART I – FINANCIAL INFORMATION

IPSIDY INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

		March 31, 2021 (unaudited)		December 31, 2020
ASSETS				
Current Assets:				
Cash	$	2,618,078	$	3,765,277
Accounts receivable, net		618,586		72,986
Current portion of net investment in direct financing lease		74,645		72,682
Inventory, net		123,495		254,951
Other current assets		301,351		237,769
Total current assets		3,736,155		4,403,665
Property and Equipment, net		88,135		97,829
Other Assets		221,378		240,223
Intangible Assets, net		4,233,805		4,527,476
Goodwill		4,183,232		4,183,232
Net investment in direct financing lease, net of current portion		402,608		422,021
Total assets	$	12,865,313	$	13,874,446
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable and accrued expenses	$	2,537,461	$	2,665,132
Notes payable, current portion		6,098		5,947
Convertible debt, net of discounts		5,812,650		-
Finance lease obligation, current portion		40,421		39,232
Contract liabilities		556,882		237,690
Total current liabilities		8,953,512		2,948,001
Finance lease obligation, net of current portion		-		10,562
Notes payable, net of current portion		971,520		487,339
Convertible debt, net of discounts		-		5,800,976
Other liabilities		59,506		47,809
Total liabilities		9,984,538		9,294,687
Commitments and Contingencies (Note 12)				
Stockholders' Equity:				
Common stock, $0.0001 par value, 1,000,000,000 shares authorized; 603,486,888 and 589,272,023 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively		60,348		58,927
Additional paid in capital		103,343,579		102,594,341
Accumulated deficit		(100,724,150)		(98,234,151)
Accumulated comprehensive income		200,998		160,642
Total stockholders' equity		2,880,775		4,579,759
Total liabilities and stockholders' equity	$	12,865,313	$	13,874,446

See notes to condensed consolidated financial statements.

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenues:		
Products and services	$ 575,913	$ 778,938
Lease income	13,086	14,851
Total revenues, net	588,999	793,789
Operating Expenses:		
Cost of sales	216,144	355,723
General and administrative	1,927,926	1,504,255
Research and development	322,010	430,401
Impairment loss	-	871,807
Depreciation and amortization	309,829	304,211
Total operating expenses	2,775,909	3,466,397
Loss from operations	(2,186,910)	(2,672,608)
Other Expense:		
Other income, net	1,537	9,953
Debt extinguishment	-	(985,842)
Interest expense, net	(297,438)	(179,050)
Other expense, net	(295,901)	(1,154,939)
Loss before income taxes	(2,482,811)	(3,827,547)
Income Tax Expense	(7,188)	(8,874)
Net loss	$ (2,489,999)	$ (3,836,421)
Net Loss Per Share - Basic and Diluted	$ (0.00)	$ (0.01)
Weighted Average Shares Outstanding - Basic and Diluted	592,768,709	519,436,402

See notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2021	2020
Net Loss	$ (2,489,999)	$ (3,836,421)
Foreign currency translation gain (loss)	40,356	(116,264)
Comprehensive loss	$ (2,449,643)	$ (3,952,685)

See notes to condensed consolidated financial statements.

IPSIDY INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Deficit	Income	Total
Balances, December 31, 2020	589,272,023	$ 58,927	$ 102,594,341	$ (98,234,151)	$ 160,642	$ 4,579,759
Stock-based compensation	-	-	626,579	-	-	626,579
Convertible note and accrued interest converted to common stock	988,500	99	123,981	-	-	124,080
Cashless stock option exercises	5,343,599	534	(534)	-	-	-
Cashless warrant exercises	7,882,766	788	(788)	-	-	-
Net loss	-	-	-	(2,489,999)	-	(2,489,999)
Foreign currency translation	-	-	-	-	40,356	40,356
Balances, March 31, 2021	603,486,888	$ 60,348	$ 103,343,579	$ (100,724,150)	$ 200,998	$ 2,880,775
Balances, December 31, 2019	518,125,454	$ 51,812	$ 94,982,167	$ (86,935,593)	$ 177,385	$ 8,275,771
Modification of warrants issued with debt	-	-	95,223	-	-	95,223
Stock-based compensation	4,500,000	450	168,660	-	-	169,110
Issuance of common stock to settle accounts payable	106,192	11	8,259	-	-	8,270
Net loss	-	-	-	(3,836,421)	-	(3,836,421)
Foreign currency translation	-	-	-	-	(116,264)	(116,264)
Balances, March 31, 2020	522,731,646	$ 52,273	$ 95,254,309	$ (90,772,014)	$ 61,121	$ 4,595,689

See notes to condensed consolidated financial statements.

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,489,999)	$ (3,836,421)
Adjustments to reconcile net loss with cash flows from operations:		
Depreciation and amortization expense	309,829	304,211
Stock-based compensation	626,579	169,110
Extinguishment of note payable	-	985,842
Amortization of debt discounts and issuance costs	131,674	95,948
Impairment losses	-	871,807
Changes in operating assets and liabilities:		
Accounts receivable	(543,955)	(450,291)
Net investment in direct financing lease	17,450	15,686
Other current assets	(63,582)	355,880
Inventory	129,863	37,714
Accounts payable and accrued expenses	(124,665)	156,085
Contract liabilities	319,192	121,719
Other liabilities	11,697	-
Net cash flows from operating activities	(1,675,917)	(1,172,710)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(2,394)
Purchase of intangible assets	(4,424)	-
Decrease (increase) in other assets	18,845	(128,676)
Net cash flows from investing activities	14,421	(131,070)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible note payable	-	1,510,000
Payment of debt issuance costs	-	(104,800)
Proceeds from Paycheck Protection Program Loan	485,760	-
Principal payments on finance lease obligation and notes payable	(10,801)	(9,600)
Net cash flows from financing activities	474,959	1,395,600
Effect of Foreign Currencies	39,338	(96,653)
Net Change in Cash	(1,147,199)	(4,833)
Cash, Beginning of the Period	3,765,277	567,081
Cash, End of the Period	$ 2,618,078	$ 562,248
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 8,779	$ 2,792
Cash paid for income taxes	$ 7,188	$ 8,874
Modification of warrants issued with convertible debt	$ -	$ 95,223
Exchange of notes payable and accrued interest for convertible notes payable	$ -	$ 2,662,000
Settlement of accounts payable with issuance of common stock	$ -	$ 8,270
Conversion of convertible note payable and accrued interest to common stock	$ 124,080	$ -
Equity reclassification due to cashless option and warrant exercises	$ 1,322	$ -

See notes to condensed consolidated financial statements.

IPSIDY 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, 2020. The results of operations for the three months ended March 31, 2021 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 Ipsidy Inc. and its wholly-owned subsidiaries MultiPay S.A.S., ID Global LATAM, IDGS S.A.S., ID Solutions, Inc., FIN Holdings Inc., Ipsidy Enterprises Limited, Cards Plus Pty Ltd. and Ipsidy Peru S.A.C. (collectively the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

Going Concern

As of March 31, 2021, the Company had an accumulated deficit of approximately $100.7 million. For the three months ended March 31, 2021 the Company earned revenue of approximately $0.6 million and incurred a loss from operations of approximately $2.2 million.

The reports of our independent registered public accounting firm on our consolidated financial statements for the years ended December 31, 2020 and 2019 contained an explanatory paragraph regarding our ability to continue as a going concern based upon our net losses.

These unaudited condensed consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to meet its obligations and continue its operations for the next fiscal year. The continuation of the Company as a going concern is dependent upon financial support from the Company's current shareholders, the ability of the Company to obtain additional 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.

On October 30, 2020 and on November 6, 2020, the Company entered into Securities Purchase Agreements with several accredited investors (the "October 2020 Accredited Investors") pursuant to which the October 2020 Accredited Investors agreed to purchase an aggregate of 52,435,000 shares of the Company's common stock together with Warrants to acquire 26,217,500 shares of common stock for a term of five years at an exercise price of $0.15 per share for an aggregate purchase price of approximately $5.24 million. In January 2021, the Company received a second loan of approximately $486,000 under the Paycheck Protection Program ("PPP") of the U.S. Small Business Association ("USSBA") related to its U.S. operations.

There is no assurance that the Company will ever be profitable or be able to secure funding or generate sufficient revenues to sustain operations. As such, there is substantial doubt about the Company's ability to continue as a going concern. 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.

Covid-19

A novel strain of coronavirus ("Covid-19") emerged globally in December 2019 and has been declared a pandemic. The extent to which Covid-19 will impact our customers, business, results and financial condition will depend on current and future developments, which are highly uncertain and cannot be predicted at this time. The Company's day-to-day operations beginning March 2020 have been impacted differently depending on geographic location and services that are being performed. The Cards Plus business located in South Africa did not have any operations in April 2020 and has had limitations on its operations thereafter as the Company is following the guidance and requirements of the South African government. Our operations in the United States and Colombia have suffered less immediate impact as most staff can work remotely and can continue to develop our product offerings.

That said we have seen our business opportunities develop more slowly as business partners and potential customers are dealing with Covid-19 issues, working remotely and these issues are causing delays in decision making and finalization of negotiations and agreements.

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, 2021 and 2020 because their effect was antidilutive:

Security	2021	2020
Convertible notes payable	34,047,500	35,476,705
Warrants	42,339,235	47,453,227
Stock options	162,305,394	109,823,340
	238,692,129	192,753,272

Inventories

Inventory of plastic/ID cards, digital printing material, which are held by Cards Plus Pty Ltd., are at the lower of cost (using the average method) or market. The Plastic/ID cards and digital printing material are used to provide plastic loyal ID and other types of cards. Inventories of kiosks held by IDGS S.A.S are stated at the lower of cost (using the first-in, first-out method) or net realizable value

Inventories at March 31, 2021 and December 31, 2020 consist of cards inventory. As of March 31, 2021 and December 31, 2020, the Company recorded an inventory valuation allowance of approximately $18,000 to reflect net realizable value of the cards inventory.

Any adjustments to reduce the cost of inventories to their net realizable value are recognized in earnings in the current period.

Revenue Recognition

Cards Plus – The Company recognizes revenue for the design and production of cards at the point in time when products are shipped, or services have been performed due to the short term nature of the contracts. Additionally, the cards produced by the Company have no alternative use and the Company has an enforceable right to payment for work performed should the contract be cancelled. As of March 31, 2021 and December 31, 2020, Cards Plus had approximately $24,000 and $88,000, respectively, of contract liability from payments received in advance that will be earned in future periods.

Payment Processing – The Company recognizes revenue for variable fees generated for payment processing solutions that are earned on a usage fee over time based on monthly transaction volumes or on a monthly flat fee rate. Additionally, the Company also sells certain equipment from time to time for which revenue is recognized upon delivery to the customer.

Identity Solutions Software – The Company recognizes revenue based on the identified performance obligations over the performance period for fixed consideration and for variable fees generated that are earned on a usage fee based over time based on monthly transaction volumes or on a monthly flat fee rate. The Company had a contract liability of approximately $530,000 and $150,000 as of March 31, 2021 and December 31, 2020 certain revenue that will be earned in future periods. The majority of the $150,000 of deferred revenue contract liability as of December 31, 2020 was earned in the first quarter of fiscal year 2021. As of March 31, 2021, the majority of the deferred revenue contract liability of $533,000 will be recognized in the ensuing four quarters. We have allocated the selling price in the contract to one customer; the contract has multiple performance obligations based on the contract selling price that we believe represents a standalone selling price for the service rendered.

All contracts are reviewed for their respective performance obligations and related revenue and expense recognition implications. Certain of the revenues are derived from identity services that could include multiple performance obligations. A performance obligation is defined as a promise to provide a “distinct” good or service to a customer. The Company has determined that one possible treatment under U.S. GAAP is that these services will represent a stand-ready series of distinct daily services that are substantially the same, with the same pattern of transfer to the customer. Further, the Company has determined that the performance obligation to provide account access and facilitate transactions should meet the criteria for the “as invoiced” practical expedient, in that the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Company’s performance completed to date. As a result, the Company anticipates it may recognize revenue in the amount to which the Company has a right to invoice, based on completed performance at the relevant date. Additionally, the contracts could include implementation services, or support on an “as needed” basis and we will review each contract and determine whether such performance obligations are separate and distinct and apply the new standard accordingly to the revenue and expense derived from or related to each such service.

Revenue related to direct financing leases is outside the scope of Topic 606 and is recognized over the term of the lease using the effective interest method.

NOTE 2 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Property and equipment	$ 297,839	$ 297,839
Equipment under finance lease (see Note 10)	163,407	163,407
	461,246	461,246
Less Accumulated depreciation	(373,111)	(363,417)
Property and equipment, net	$ 88,135	$ 97,829

Depreciation expense totaled $11,734 and $14,525 for the three months ended March 31, 2021 and 2020, respectively.

NOTE 3 – OTHER ASSETS

Other assets consisted of the following at March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Operating lease right of use assets	$ 44,489	$ 49,856
Other	176,889	190,367
	$ 221,378	$ 240,223

NOTE 4 – INTANGIBLE ASSETS, NET (OTHER THAN GOODWILL)

The Company's intangible assets consist of intellectual property acquired from MultiPay and FIN and are 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, 2021:

	Customer Relationships	Acquired and Developed Software	Intellectual Property	Patents	Total
Useful Lives	10 Years	5 Years	10 Years	**N/A**	
Carrying Value at December 31, 2020	$ 811,303	$ 3,171,394	$ 416,471	$ 128,308	$ 4,527,476
Additions	-	-	-	4,424	4,424
Amortization	(41,196)	(233,220)	(20,351)	(3,328)	(298,095)
Carrying Value at March 31, 2021	**$ 770,107**	**$ 2,938,174**	**$ 396,120**	**$ 129,404**	**$ 4,233,805**

The following is a summary of intangible assets as of March 31, 2021

	Customer Relationships	Acquired and Developed Software	Intellectual Property	Patents	Total
Cost	$ 1,587,159	$ 4,476,271	$ 828,580	$ 136,022	$ 7,028,032
Accumulated amortization	(817,052)	(1,538,097)	(432,460)	(6,618)	(2,794,227)
Carrying Value at March 31, 2021	**$ 770,107**	**$ 2,938,174**	**$ 396,120**	**$ 129,404**	**$ 4,233,805**

Amortization expense totaled $298,095 and $289,686 for the three months ended March 31, 2021 and 2020, respectively.

Future expected amortization of intangible assets is as follows:

Fiscal Year Ending December 31,	
Remainder of 2021	$ 1,162,977
2022	1,092,977
2023	1,007,995
2024	662,007
2025	246,454
Thereafter	61,395
	$ 4,233,805

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Trade payables	$ 183,450	$ 311,024
Accrued interest	704,624	554,755
Accrued payroll and related obligations	799,377	891,790
Current portion of operating lease liabilities	52,858	117,414
Other*	797,152	790,149
Total	$ 2,537,461	$ 2,665,132

* Included in Other expenses is accrued non-employee Directors' Compensation of approximately $392,000 and $349,000 as of March 31, 2021 and December 31, 2020, respectively. In May 2021, the Non-employee Directors were compensated for their service through a grant of stock options. See Note 9.

NOTE 6 - NOTES PAYABLE, NET

The following is a summary of notes payable as of March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Paycheck Protection Program Loans	$ 971,520	485,760
Installment loan payable related to a vehicle acquisition payable in monthly payments of $539 per month at an interest rate of 10.8% per annum payable for 36 months	6,098	7,526
Notes Payable, Net	$ 977,618	$ 493,286
Notes Payable, current portion,	$ 6,098	$ 5,947
Notes Payable, net of current portion	971,520	487,339
	$ 977,618	$ 493,286

Paycheck Protection Program Loans

In May 2020, the Company received a loan of approximately $486,000 under the Paycheck Protection Program ("PPP") as part of the CARES Act which is administered by the U.S. Small Business Association ("USSBA") related to its U.S. Operations. The Company anticipates subject to approval by the Small Business Administration, if certain requirements are met, the loan proceeds may be forgiven. Any amounts not forgiven will be required to be repaid. The loan bears interest at an annual rate 1% per annum and matures on May 5, 2022.

In January 2021, the Company received a second loan of approximately $486,000 under the PPP related to its U.S. Operations. The Company anticipates subject to approval by USSBA, if certain requirements are met the second loan will be forgiven. Any amounts not forgiven will be required to be repaid. The loan bears interest at an annual rate 1% per annum and matures on January 31, 2023.

If the USSBA determines that either PPP loan was not properly obtained and/or expenditures supporting forgiveness were not appropriate, the Company would need to repay some or all of the PPP loans and record additional expense which could have a material adverse effect on the Company's financial condition and results of operations in a future period.

NOTE 7 – CONVERTIBLE NOTES PAYABLE

On December 13, 2019, the Company entered into Securities Purchase Agreements with several accredited investors (the "8% Note Investors") providing for the sale by the Company to the 8% Note Investors of 8% Convertible Notes in the aggregate amount of $428,000 (the "8% Notes"). The 8% Notes were to mature on November 30, 2021 and were a general unsecured obligation of the Company. The Company can prepay all or a portion of the 8% Notes at any time. The Company shall pay any interest on the 8% Notes at the rate of 8.0% per annum payable at the earlier of the maturity date or conversion date, in cash or, at the holder's option, shares of common stock of the Company. At the option of the 8% Note investors, all or a portion of the 8% Notes may be converted into shares of common stock of the Company at a conversion price of $0.08 per share. If the holders of the 8% Notes owning outstanding 8.0% Notes representing in excess of half of the aggregate outstanding principal amount of all 8% Notes provide notice to the Company of their intent to convert their 8% Notes, then all 8% Notes plus unpaid interest and other amounts owing to each of the holders shall be automatically converted.

In February 2020, the Company and the holders of the 8% Notes entered into an amendment agreement pursuant to which the principal and interest due under the 8% Notes will remain due and payable on the same terms as exist in the 8% Notes prior to modification, that the maturity shall be extended to the same maturity date as the 2020 Notes, namely February 28, 2022, and the 8% Notes became a secured obligation of the Company.

On February 14, 2020 the Company, entered into Securities Purchase Agreements with several accredited investors (the "2020 Note Investors") providing for the sale by the Company to the 2020 Note Investors of 15% Senior Secured Convertible Notes in the aggregate amount of $1,510,000 (the "2020 Notes"). Philip D. Beck, Chief Executive Officer and Chairman of the Board, invested $50,000 in consideration of a 2020 Note in the principal amount of $50,000 paid by a deduction from his salary. Theodore Stern, a director of the Company, invested $50,000 in consideration of a 2020 Note in the principal amount of $50,000. Herbert Selzer, a director of the Company invested $100,000 in consideration of a 2020 Note in the principal amount of $100,000. Mr. Selzer provided $50,000 on the closing date and provided the balance of the funding in April 2020.

The 2020 Notes mature February 28, 2022 and are a secured obligation of the Company. The Company can prepay all or a portion of the 2020 Notes at any time provided that such amount prepaid shall be equal to 150% of the principal due. The Company shall pay interest on the 2020 Notes at the rate of 15% per annum payable at the earlier of the maturity date or conversion date, in cash or, at the investor's option, shares of common stock of the Company.

At the option of the 2020 Note Investors, they may at any time convert the 2020 Notes. The number of shares delivered shall be equal to 150% of the amount of the principal converted divided by the conversion price of $0.20 per share. The Company may require that the 2020 Note Investors convert all or a portion of the 2020 Notes, if the Company's volume weighted average price for any preceding 20-day period is equal to or greater than $0.30.

The 2020 Note Investors are entitled to nominate, and the Company will not unreasonably reject the appointment of a new member to the Company's Board of Directors.

The Company and FIN Holdings, Inc. and ID Solutions, Inc., two of the Company's subsidiaries, entered into a security agreement with the 2020 Note Investors ("Security Agreement"), the holders of the 8% Notes and the Stern Trust, which is the holder of the Promissory Note in the principal amount of $2,000,000 (the "Stern Note"). The Security Agreement provides that until the principal and accrued but unpaid interest under the 2020 Notes, 8% Notes and Stern Note is paid in full or converted pursuant to their terms, the Company's obligations under the 2020 Notes, 8% Notes and Stern Note will be secured by a lien on all assets of the Company. The security interest granted to the holders of the 2020 Notes, 8% Notes and Stern Note ranks *pari passu*. The Security Agreement permits sales of assets up to a value of $1,000,000 which proceeds may be used for working capital purposes and the secured parties will take such steps as may be reasonably necessary to release its security interest and enable such sales in such circumstances. Each of the secured parties appointed Mr. Stern and a third-party investor as joint collateral agents. Mr. Stern, a director of the Company, is the trustee of the Stern Trust.

Further, the Company and the Stern Trust entered an Amended and Restated Promissory Note (the "Restated Stern Note") providing that the $2,000,000 principal of the Stern Note will be due and payable on the same terms (bearing interest at 15% per annum) and on the same maturity date as the 2020 Notes. The interest due under the Stern Note as of January 31, 2020 in the amount of $662,000 has been capitalized and will earn interest at 10% per annum, which at the election of the Stern Trust can be paid in shares of common stock at a conversion price of $0.20 and the maturity of such interest shall be extended to the same maturity date as the 2020 Notes.

In connection with this private offering, the Company paid Network 1 Financial Securities, Inc., a registered broker-dealer, a cash fee of approximately $104,800.

During the quarter ended March 31, 2021, convertible notes totaling $120,000 and a portion of their accrued interest at the option of the noteholders were converted into approximately 989,000 shares of common stock of the Company.

The following is a summary of the convertible notes payable outstanding at March 31, 2021:

8% convertible notes payable issued December 2019	$	383,000
15% convertible notes payable issued February 2020		5,190,000
10% convertible notes payable issued February 2020		662,000
Unamortized discount on convertible notes		(376,876)
Unamortized debt issuance costs		(45,474)
	$	5,812,650

Future maturities of convertible notes payable are as follows:

2021	$	-
2022		6,235,000
	$	6,235,000

NOTE 8 – RELATED PARTY TRANSACTIONS

Convertible Notes Payable

Theodore Stern and Philip Beck, members of the board of directors of the Company at that time, invested $50,000 each in consideration of the 2020 Notes. Another director, Herbert Selzer invested $100,000 in consideration of a 2020 Note in the principal amount of $100,000. See Note 7

Further, the Company and the Stern Trust entered the Restated Stern Note providing that the $2,000,000 principal of the Stern Note will be due and payable on the same terms (bearing interest at 15% per annum) and on the same maturity date as the 2020 Notes and subject to the same Security Agreement and that the interest due under the Stern Note as of January 31, 2020 in the amount of $662,000 will remain due and payable on the same terms as exist in the Stern Note prior to modification provided that the maturity of such interest shall be extended to the same maturity date as the 2020 Notes. The Restated Stern Note includes a 50% repayment premium. Mr. Stern, the Trustee of the Stern Trust also entered into the Security Agreement as one of the joint collateral agents.

Issuance of Common Stock

During the quarter ended March 31, 2020, the Company granted 1,500,000 shares of Restricted Common Stock to each of Phillip Kumnick and Philip Broenniman, new members of our Board of Directors, in connection with their compensation for service as Board Members. The restricted stock vests upon the achievement of certain performance criteria. The performance criteria have not been met as of March 31, 2020.

Other

In connection with the offering of the 2020 Notes, the Company paid Network 1 Financial Securities, Inc., a registered broker-dealer ("Network 1"), a cash fee of approximately $104,800. A former member of the Company's Board of Directors maintains a partnership with a principal of Network 1.

NOTE 9 – STOCKHOLDER'S EQUITY

Common Stock

During the quarter ended March 31, 2021, shares of common stock were issued as a result of the following non-cash transactions:

- Convertible notes totaling $120,000 and a portion of their accrued interest at the option of the noteholders were converted into approximately 989,000 shares of common stock of the Company.

- Certain warrant and stock option holders exercised their respective warrants and stock options by means of the cashless exercise feature and were issued approximately 13,226,000 common shares of the Company.

During the quarter ended March 31, 2020, shares of common stock were issued as a result of the following transactions:

- The Company granted 4,500,000 shares of Restricted Common Stock of which 3,000,000 shares were granted to two new members of our Board of Directors in connection with their compensation for service as Board Members and 1,500,000 shares to an employee in connection with his employment compensation. The shares were valued at the fair market value at the date of grant. The restricted stock vests upon the achievement of certain performance criteria.

- The Company issued approximately 106,000 shares of common stock to a third-party provider of services in lieu of cash compensation.

Warrants

The following is a summary of the Company's warrant activity for the three months ended March 31, 2021:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life
Outstanding at December 31, 2020	54,697,021	$ 0.14	3.4 Years
Exercised/cancelled	(12,357,786)	0.10	-
Outstanding at March 31, 2021	42,339,235	$ 0.15	4.0 Years

Stock Options

The Company did not grant any stock options in the first quarter of 2021.

Activity related to stock options for the three months ended March 31, 2021 is summarized as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term (Yrs.)	Aggregate Intrinsic Value
Outstanding as of December 31, 2020	169,374,061	$ 0.15	7.5	$ 8,283,639
Granted	-	-	-	-
Exercised/cancelled	(7,068,667)	0.05		
Outstanding as of March 31, 2021	162,305,394	0.15	7.2	$ 29,442,247
Exercisable as of March 31, 2021	123,108,727	$ 0.18	6.7	$ 20,362,319

The following table summarizes stock option information as of March 31, 2021:

Exercise Price	Outstanding	Weighted Average Contractual Life (Yrs).	Exercisable
$ 0.0001	3,500,000	5.3	3,500,000
0.05	26,700,006	6.2	23,950,006
0.06	1,042,054	9.2	1,042,054
0.07	50,000,000	9.2	26,000,000
0.09	11,630,000	9.5	-
0.10	27,200,000	6.3	27,200,000
0.12	933,334	8.5	616,667
0.13	250,000	7.4	250,000
0.15	2,800,000	5.4	2,800,000
0.22	2,583,333	7.6	2,083,333
0.25	2,500,000	7.4	2,500,000
0.26	166,667	7.9	166,667
0.29	1,000,000	6.9	1,000,000
0.40	1,000,000	5.7	1,000,000
0.45	31,000,000	5.4	31,000,000
	162,305,394	7.2	123,108,727

During the three months ended March 31, 2021, the Company recognized approximately $614,000 of stock option based compensation expense of which approximately $452,000 relates to performance-based awards of director/officers. As of March 31, 2021, there was approximately $1,154,000 of unrecognized compensation costs related to stock options outstanding that will be expensed through 2023. Additionally, the Company recorded approximately $13,000 for restricted stock expense.

At the Annual Meeting of Stockholders held on March 22, 2021, the stockholders approved and ratified an increase of 75,000,000 shares of common stock allocated to the Company's 2017 Incentive Stock Plan.

Subsequent event

On May 5, 2021, the Company granted options to acquire shares of common stock ("Stock Options") at an exercise price equivalent to fair market value on the date of grant with an exercise period of ten years, as follows:

- 17,500,000 Stock Options to each of Mr. Kumnick and Mr. Broenniman subject to tranche vesting upon achieving certain corporate performance measures.
- 11,500,000 Stock Options to certain officers and employees that vest over a three-year period, subject to continued service.
- Approximately 2,700,000 fully vested Stock Options for present and former non-employees Directors compensation for services from 2019 through April 30, 2021.
- Approximately 1,300,000 Stock Options to two present non-employee Director that vest over a twelve-month period.

See Note 5 for additional information regarding accrued Directors' compensation.

NOTE 10 – DIRECT FINANCING LEASE

The Company and an entity in Colombia entered into a rental contract for the rental of 78 kiosks to provide cash collection and fare services at transportation stations. The lease term began in May 2016 when the kiosk was installed and operational and when the lease commenced. The term of the rental contract is ten years at an approximate monthly rental of $11,900. The lease has the option at the end of the lease term to purchase each unit for approximately $40. The term of the lease approximates the expected economic life of the kiosks. The lease was accounted for as a direct financing lease.

The Company has recorded the transaction as its net investment in the lease and will receive monthly payments of $11,856 before estimated executory costs, or $142,272, annually, to reduce investment in the lease and record income associated with the related amount due. Executory costs are estimated to be $1,677 per month and initial direct costs are not considered significant. The transaction resulted in incremental revenue in the quarter ended March 31, 2021 of approximately $13,000.

The equipment is subject to a direct lease valued at approximately $748,000. At the inception of the lease term, the aggregate minimum future lease payments to be received is approximately $1,422,000 before executory cost. Unearned income recorded at the inception of this lease was approximately $474,000 and will be recorded over the term of the lease using the effective income rate method. Future minimum lease payments to be received under the lease for the next five years and thereafter are as follows:

Year ending December 31		
Remainder of 2021		91,611
2022		122,148
2023		122,148
2024		122,148
2025		122,148
Thereafter		40,716
Sub-total		620,919
Less deferred revenue		(143,666)
Net investment in lease	$	477,253

NOTE 11 – LEASE OBLIGATION PAYABLE

The Company entered into a lease in March 2017 for the rental of its printer for its secured plastic and credential card products business under an arrangement that is classified as a finance lease. The leased equipment is amortized on a straight-line basis over its lease term including the last payment (61 payments) which would transfer ownership to the Company. The cost basis of the lease equipment is $163,407 and the accumulated amortization as of March 31, 2021 is $131,261. The following is a schedule showing the future minimum lease payments under finance lease by year and the present value of the minimum lease payments as of March 31, 2021. The interest rate related to the lease obligation is 12% and the maturity date is March 31, 2022.

Year ending December 31		
2021	$	32,322
2022		10,774
Total minimum lease payments		43,096
Less: Amount representing interest		(2,675)
Present value of minimum lease payments	$	40,421

NOTE 12 – 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 the outcome of such proceedings will have a material adverse effect on the financial condition or results of operations of the Company.

Leases

For the three months ended March 31, 2021, lease expense was approximately $63,000 inclusive of short-term leases.

The lease related balances included in the Condensed Consolidated Balance Sheet as of March 31, 2021 were as follows:

Assets:

Current portion of operating lease ROU assets - included in other current assets	$	63,325
Operating lease ROU assets – included in Other Assets	$	44,489
Total operating lease assets	$	107,814

Liabilities:

Current portion of ROU liabilities – included in Accounts payable and accrued expenses	$	52,858
Long-term portion of ROU liabilities – included in Other liabilities		59,506
Total operating lease liabilities	$	112,364

The weighted average lease term is 1.8 years and weighted average discount rate used in the calculations were 13.55%.

The following table presents the maturity of the Company's operating lease liabilities as of March 31, 2021:

Remainder of 2021	$	72,455
2022		49,716
Total operating lease payments		122,171
Less: Imputed interest		(9,807)
Total operating lease liabilities	$	112,364

The Company rents office space in Long Beach, New York at a monthly cost of $2,500. The agreement is month to month and can be terminated on 30 days' notice. The agreement is between the Company and Bridgeworks LLC, an entity principally owned by Mr. Beck, our former CEO and Board Member along with his family.

The Company leases an office location in Bogota, Colombia. In April 2017, MultiPay S.A.S. entered an office lease beginning April 22, 2017. The lease cost is approximately $8,500 per month with an inflation adjustment after one year. The lease is automatically extended for one additional year unless written notice to the contrary is provided at least six months in advance. Multipay extended the lease through April 2021. In April 2021, Multipay entered into a six-month lease for a monthly rental of approximately $1,375.

The Company also leases space for its operation in South Africa. The current lease is through June 30, 2022 and the approximate monthly rent is $8,000.

NOTE 13 – IMPAIRMENT LOSS

Goodwill is recorded when the purchase price paid for an acquisition exceeds the fair value of net identified tangible and intangible assets acquired. The Company performs an annual impairment test of goodwill and further periodic tests to the extent indicators of impairment develop between annual impairment tests. The Company's impairment review process compares the fair value of the reporting unit to its carrying value, including the goodwill related to the reporting unit utilizing qualitative considerations. To determine the fair value of the reporting unit, the Company may use various approaches including an asset or cost approach, market approach or income approach or any combination thereof. These approaches may require the Company to make certain estimates and assumptions including future cash flows, revenue and expenses. These estimates and assumptions are reviewed each time the Company tests goodwill for impairment and are typically developed as part of the Company's routine business planning and forecasting process. While the Company believes its estimates and assumptions are reasonable, variations from those estimates could produce materially different results.

During the quarter ended March 31, 2020, the Company recorded an impairment loss of approximately $0.9 million, associated with goodwill at Cards Plus as the carrying value may not be recovered as revenue assumptions and related profitability were revised downward. The Company reviews its projections as a result of the current pandemic and its potential impact on future results. The fair value of the reporting unit was determined using a discounted cash flow analysis.

NOTE 14 – SEGMENT INFORMATION

General information

The segment and geographic information provided in the table below is being reported consistent with the Company's method of internal reporting. Operating segments are defined as components of an enterprise for which separate financial information is available and which is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The CODM regularly reviews net revenue and gross profit by geographic regions. The Company's products and services operate in two reportable segments; identity management and payment processing.

Information about revenue, profit/loss and assets

The CODM evaluates performance and allocates resources based on net revenue and operating results of the geographic region as the current operations of each geography are either primarily identity management or payment processing. Identity management revenue is generated in North America and Africa and payment processing revenue is earned in South America which are the three geographic regions of the Company. We have included the lease income in payment processing as the leases are related to unattended ticketing kiosks.

Long lived assets are in North America, South America and Africa. Most assets are intangible assets recorded from the acquisition of MultiPay (South America) in 2015 and FIN Holdings (North America and Africa) in 2016. Assets for North America, South America and Africa amounted to approximately $7.3 million, $0.7 million and $1.3 million.

Analysis of revenue by segment and geographic region and reconciliation to consolidated revenue, gross profit, and net loss are provided below. The Company has included in the schedule below an allocation of corporate overhead based on management's estimate of resource requirements.

	(unaudited) Three Months Ended	
	March 31, 2021	March 31, 2020
Net Revenues:		
North America	$ 148,060	$ 133,554
South America	96,183	113,624
Africa	344,756	546,611
	588,999	793,789
Identity Management	492,816	680,165
Payment Processing	96,183	113,624
	588,999	793,789
Loss From Operations:		
North America	(1,270,403)	(407,392)
South America	(731,688)	(1,212,152)
Africa	(184,819)	(1,053,064)
	(2,186,910)	(2,672,608)
Identity Management	(1,455,222)	(1,460,456)
Payment Processing	(731,688)	(1,212,152)
	(2,186,910)	(2,672,608)
Interest Expense	(297,438)	(179,050)
Other income/(expense)	1,537	(975,889)
Loss before income taxes	(2,482,811)	(3,827,547)
Income tax expense	(7,188)	(8,874)
Net loss	$ (2,489,999)	$ (3,836,421)

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

Going concern

As of March 31, 2021, the Company had an accumulated deficit of approximately $100.7 million. For the three months ended March 31, 2021 the Company earned revenue of approximately $0.6 million and incurred a loss from operations of approximately $2.2 million.

The reports of our independent registered public accounting firm on our consolidated financial statements for the years ended December 31, 2020 and 2019 contained an explanatory paragraph regarding our ability to continue as a going concern based upon our net losses.

These unaudited condensed consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to meet its obligations and continue its operations for the next fiscal year. The continuation of the Company as a going concern is dependent upon financial support from the Company's current shareholders, the ability of the Company to obtain additional 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.

On October 30, 2020 and on November 6, 2020, the Company entered into Securities Purchase Agreements with several accredited investors (the "October 2020 Accredited Investors") pursuant to which the October 2020 Accredited Investors agreed to purchase an aggregate of 52,435,000 shares of the Company's common stock together Warrants to acquire 26,217,500 shares of common stock for a term of five years at an exercise price of $0.15 per share for an aggregate purchase price of approximately $5.24 million. In January 2021, the Company received a second loan of approximately $486,000 under the PPP of the USSBA related to its U.S. operations.

There is no assurance that the Company will ever be profitable or be able to secure funding or generate sufficient revenues to sustain operations. As such, there is substantial doubt about the Company's ability to continue as a going concern. 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.

Overview

Ipsidy Inc. (together with its subsidiaries, the "Company", "we" or "our") is a leading provider of an Identity as a Service (IDaaS) platform delivering a suite of secure, mobile, biometric identity verification solutions. In a world that is increasingly digital and mobile, our mission is to help our customers know with biometric certainty the identity of the people with whom they are engaging. We provide solutions to everyday problems: Who is applying for a loan? Who is accessing the computer system? Who is sending money? Who is requesting an account change?

Ipsidy provides secure, biometric identification, identity verification and electronic transaction authentication and processing services. We have developed an IDaaS platform for our customers, be they businesses, governments, or other organizations, to enable their users to verify and authenticate their identity more easily through a mobile phone or portable device of their choosing (as opposed to dedicated hardware). Our system enables participants to consent to transactions using their biometric information with a digitally signed authentication response, including the underlying transaction data. In this way our systems can provide pre-transaction authentication of identity as well as embed each user's identity attributes, within every electronic transaction message processed through our platform, or other electronic systems.

We believe that it is essential that businesses and consumers know who is on the other side of an electronic transaction and have an audit trail, proving that the identity of the other party was duly authenticated. Our solutions are intended to provide our customers with the next level of transaction security, control and certainty. Our platform uses biometric and multi-factor identity solutions, which are intended to verify and authenticate identity during a wide variety of electronic transactions. We define "electronic transactions" in the broadest sense to include not only financial transactions (i.e. exchanges of value in all of their forms), and legal transactions (e.g. approving the release of personal or other confidential data), but also access control to both digital environments (e.g. accessing financial accounts, voting systems, email systems, healthcare records and controlling data network log-ins) and physical environments (e.g. entrances to offices, public buildings, data centers and other sensitive locations).

The Company's products focus on the broad requirement for identity verification and multi-factor authentication. Organizations of all descriptions require cost-effective and secure means of mitigating identity fraud - whether that fraud takes place during a new account onboarding, or an attempt to takeover an existing account by the misuse of the account holder's personal information, or access credentials. We aim to offer our customers solutions that can be easily integrated into each customer's business and organizational operations in order to facilitate their use and enhance the end user customer experience.

Proof™ our mobile identity onboarding and verification application, establishes the trusted identity of users based on a variety of ground truth sources, such as chip based electronic machine readable travel documents, or eMRTDs, national IDs, drivers licenses, as well as by means of direct verification by national ID databases in Peru and in the future, South Africa. The application uses these sources to obtain trusted demographic information and the reference facial biometric images that are matched against the user's captured live selfie. Proof enables the remote onboarding of people in services associated with fintech, telecom, healthcare, government services or benefits and other online industries.

Our identity authentication solution, Verified by Ipsidy, can be delivered seamlessly via mobile web browser, by Ipsidy's mobile application or into a customer's mobile app, using our SDK's. Verified helps our customers gain identity certainty of their users (customers and employees) who can conveniently and securely consent to a variety of electronic transactions, using their biometrics.

In 2020 we added a FIDO2 strong authentication solution, AuthentifID™. AuthentifID by Ipsidy delivers trusted FIDO2 strong authentication for passwordless login and transaction authentication tied to a trusted identity. During user registration, AuthentifID leverages Ipsidy's seamless biometric identity verification service to scan an identity document and take a selfie, to establish a digital chain of trust between biometrically verified individuals, their accounts, and their devices. For example, an international financial bank entered into an agreement with us to use AuthentifID in order to provide added security to users of its banking systems.

The Company's solutions for fingerprint-based identity management and electronic payment transaction processing have been in the market for several years. For example, in December 2017, we won an international competitive tender to provide our Search™ Automated Fingerprint Identification de-duplication system (AFIS) to the Zimbabwe Electoral Commission, for them to ensure that no duplicate entries existed in the voter roll for the 2018 election. The AFIS system was delivered under tight deadlines and within budget, in order to enable the voter roll to be published and the election to occur as planned.

Management believes that some of the advantages of the Company's IDaaS Platform approach are the ability to leverage the platform to support a variety of vertical markets including the identity solutions and transaction processing sectors and the adaptability of the platform to the requirements of new markets and new products requiring low cost, secure, and configurable mobile solutions. These vertical markets include but are not limited to banking and payment transactions, elections, schools, public transportation, government and enterprise security. At its core, the Company's offering, combining its proprietary biometric technologies, with those acquired is intended to facilitate the processing of diverse electronic transactions, be they payments, votes, or digital access, all of which can include identity verification, authentication and identity transaction recording. The Company continues to invest in developing, patenting and acquiring the various elements necessary to enhance the platform, which is intended to allow us to achieve our goals.

The Company was incorporated in the State of Delaware on September 21, 2011 and changed its name to Ipsidy Inc. on February 1, 2017, and our common stock is traded on the OTCQB U.S. Market under the trading symbol "IDTY". Our corporate headquarters is located at 670 Long Beach Blvd., Long Beach, NY 11561 and our main phone number is (516) 274-8700. We maintain a website at www.ipsidy.com. The contents of our website are not incorporated into, or otherwise to be regarded as part of, this Quarterly Report on Form 10-Q

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, (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.

Other items included the following in the quarter ended March 31, 2020:

- Extinguishment of debt of $1.0 million

- Impairment loss of $0.9 million

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. Additionally, we will continue to use Adjusted EBITDA in connection with our executive performance-based compensation in 2021.

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 Net Loss to Adjusted EBITDA

	For the Quarter Ended	
	March 31, 2021	March 31, 2020
Net loss	$ (2,489,999)	$ (3,836,421)
Add Back:		
Interest Expense	297,438	179,050
Debt extinguishment	-	985,842
Other expense/(income)	(1,537)	(9,953)
Depreciation and amortization	309,829	325,344
Taxes	7,188	8,874
Impairment loss	-	871,807
Stock compensation	626,579	169,110
Adjusted EBITDA (Non-GAAP)	$ (1,250,502)	$ (1,306,347)

Adjusted EBITDA loss for the quarter ended March 31, 2021 decreased approximately $0.1 million due to a decrease in overall spending while focusing costs on key products.

Three Months Ended March 31, 2021 and March 31, 2020

Revenues, net

During the three months ended March 31, 2021, the Company had revenues of approximately $589,000 compared to $794,000 in the three months ended March 31, 2020. The decrease in revenue is principally related to a reduction in revenue at Cards Plus and our Colombian business due to the impact of Covid-19 offset by higher income at Ipsidy resulting from adding new customers for identity services.

Cost of sales

During the three months ended March 31, 2021, cost of sales was less than the cost of sales in the three months ended March 31, 2020 principally due to lower margin revenue at Cards Plus.

General and administrative expenses

During the three-month period ended March 31, 2021 compared to March 31, 2020, general and administrative expense increased by approximately $0.4 million principally due to higher non-cash stock compensation charges.

Research and development expenses

During the three-month period ended March 31, 2021 compared to March 31, 2020, research and development expenses decreased by approximately $0.1 million as the Company reduced overall spend including lower staff levels while focusing its resources on key products initiatives.

Impairment loss

During the three months ended March 31, 2020, the Company recorded an impairment loss of approximately $872,000 associated with goodwill of one of its reporting units.

As a result of the current pandemic and its potential impact on future results, the Company updated its reporting unit projections, and it indicated a goodwill impairment as the carrying value was in excess of its estimated recoverable value. The fair value of the reporting unit was determined using a discounted cash flow analysis.

Depreciation and amortization expense

During the three-month period ended March 31, 2021 compared to March 31, 2020, depreciation and amortization expense was approximately the same in both periods.

Other Income (Expense)

During the three-month period ended March 31, 2020, the Company recorded a charge of approximately $986,000 related to an extinguishment of a note payable.

Interest expense

Interest expense increased during the three-month period ended March 31, 2021 compared to March 31, 2020, principally due to the convertible debt offerings in February 2020 and the increased amount of debt discount.

Liquidity and Capital Resources

The Company has approximately $2.6 million of cash on hand and has a deficiency in working capital of approximately $5.2 million as its convertible debt has been reclassified to a current liability as it is due in February 2022.

Cash used in operating activities was approximately $1.7 million and $1.2 million in the three months ended March 31, 2021 and March 31, 2020, respectively.

In January 2021, the Company received a second loan of approximately $486,000 under the Paycheck Protection Program of the U.S. Small Business Association ("USSBA") related to its U.S. operations. The Company anticipates, subject to approval by the USSBA, if certain requirements are met, the loan will be forgiven. Any amount not forgiven will be required to be repaid.

In 2021, the Company will continue to be opportunistic as well as judicious in raising additional funds to support its operations and investments as it creates a sustainable organization. There is no guarantee that such financing will be available or available on acceptable terms. In order to implement and grow our operations through December 31, 2022, achieve an expected revenue stream from our products and repay our outstanding convertible debt obligations (to the extent that the same are not converted to common stock), we expect that we will need to raise approximately $12.5 to $15.0 million. There is no guarantee that our current business plan will not change and, as a result of such change, that we will need additional capital to implement such business plan.

Covid 19

A novel strain of coronavirus ("Covid-19") emerged globally in December 2019 and has been declared a pandemic. The extent to which Covid-19 will impact our customers, business, results and financial condition will depend on current and future developments, which are highly uncertain and cannot be predicted at this time. The Company's day-to-day operations beginning March 2020 have been impacted differently depending on geographic location and services that are being performed. The Cards Plus business located in South Africa did not have any operations in April 2020 and has had limitations on its operations thereafter as the Company is following the guidance and requirements of the South African government. Our operations in the United States and Colombia have suffered less immediate impact as most staff can work remotely and can continue to develop our product offerings.

That said we have seen our business opportunities develop more slowly as business partners and potential customers are dealing with Covid-19 issues, working remotely and these issues are causing delays in decision making and finalization of negotiations and agreements.

See above – Impairment loss and Note 13 to the unaudited financial statements.

Subsequent Event

On May 5, 2021, the Company granted options to acquire shares of common stock ("Stock Options") at an exercise price equivalent to fair market value on the date of grant with an exercise period of ten years, as follows:

- 17,500,000 Stock Options to each of Mr. Kumnick and Mr. Broenniman subject to tranche vesting upon achieving certain corporate performance measures.
- 11,500,000 Stock Options to certain officers and employees that vest over a three-year period, subject to continued service.
- Approximately 2,700,000 fully vested Stock Options for present and former non-employees Directors compensation for services from 2019 through April 30, 2021.
- Approximately 1,300,000 Stock Options to two present non-employee Director that vest over a twelve-month period.

See Note 5 for additional information regarding accrued Directors' compensation.

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.

In August the FASB issued a new standard (ASU 2020-06) to reduce the complexity of accounting for convertible debt and other equity-linked instruments. For certain convertible debt instruments with a cash conversion feature, the changes are a trade-off between simplifications in the accounting model (no separation of an "equity" component to impute a market interest rate, and simpler analysis of embedded equity features) and a potentially adverse impact to diluted EPS by requiring the use of the if-converted method. The new standard will also impact other financial instruments commonly issued by both public and private companies. For example, the separation model for beneficial conversion features is eliminated simplifying the analysis for issuers of convertible debt and convertible preferred stock. Also, certain specific requirements to achieve equity classification and/ or qualify for the derivative scope exception for contracts indexed to an entity's own equity are removed, enabling more freestanding instruments and embedded features to avoid mark-to-market accounting. The new standard is effective for companies that are SEC filers (except for Smaller Reporting Companies) for fiscal years beginning after December 15, 2021 and interim periods within that year, and two years later for other companies. Companies can early adopt the standard at the start of a fiscal year beginning after December 15, 2020. The standard can either be adopted on a modified retrospective or a full retrospective basis. The Company is currently reviewing the newly issued standard and does not believe it will materially impact the Company.

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, 2021, 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, 2021 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, 2020. 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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable to our operations.

ITEM 5. OTHER INFORMATION

At the Annual Meeting of stockholders of the Company held on March 22, 2021, in addition to the re-election of all the directors and the ratification of the appointment of Cherry Bekaert, LLP as the auditors of the Company for the year ended 2020, the stockholders approved a number of additional resolutions, summarized as follows:

- Approved an amendment to our certificate of incorporation to effect a reverse stock split at a ratio not less than 1-for-2 and not greater than 1-for-50, with the exact ratio to be set within that range at the discretion of our board of directors before December 31, 2021.

- Approved the adoption of an amended and restated certificate of incorporation, which has since been duly filed with the Secretary of State of Delaware.

- Approved and ratified an increase in the shares allocated to the 2017 Incentive Stock Plan by an additional 75 million shares of common stock.

ITEM 6. EXHIBITS

Exhibit Number		Description
2.1	(1)	Agreement and Plan of Reorganization
3.1	(25)	Amended & Restated Certificate of Incorporation
3.2	(23)	Amended & Restated By-laws
4.1	(4)	Stock Option dated September 25, 2015 issued to Herbert M. Seltzer
4.2	(5)	Stock Option issued to Thomas Szoke dated September 25, 2015
4.3	(6)	Stock Option issued to Parity Labs, LLC
4.4	(7)	Stock Option Agreement entered between the Company and Stuart P. Stoller dated January 31, 2017
4.5	(3)	Stock Option Agreement entered between the Company and Philip D. Beck dated January 31 2017
4.6	(15)	Letter Agreement between Ipsidy Inc. and Theodore Stern Revocable Trust dated April 30, 2018.
4.7	(16)	Form of Subscription Agreement by and between Ipsidy Inc. and the August 2018 Accredited Investors
4.8	(17)	Form of Subscription Agreement by and between Ipsidy Inc. and the June 2019 Accredited Investors
4.9	(18)	Letter Agreement between The Theodore Stern Revocable Trust and Ipsidy Inc. dated December 13, 2019
4.10	(18)	Form of Securities Purchase Agreement entered between Ipsidy Inc. and the 8% Note Investors
4.11	(18)	Form of 8% Convertible Note
4.12	(19)	Form of 15.0% Convertible Note
4.13	(19)	Amended and Restated Promissory Note issued to The Theodore Stern Revocable Trust
4.14	(21)	Paycheck Protection Program Term Note dated May 6, 2020
4.15*		Paycheck Protection Program Term Note dated February 1, 2021
10.1	(8)	Assignment of Patents
10.2	(8)	Assignment of Patents
10.3	(8)	Assignment of Patents

10.4	(9)	The ID Global Solutions Corporation Equity Compensation Plan
10.5	(10)	Share Purchase Agreement by and between ID Global Solutions Corporation and the Multipay S.A. Shareholders
10.6	(11)	Director Agreement by and between ID Global Solutions Corporation and Herbert M. Seltzer dated September 25, 2015
10.7	(12)	Share Exchange Agreement by and between ID Global Solutions Corporation, Fin Holdings, Inc. and the Fin Holdings, Inc. shareholders
10.8	(7)	Executive Retention Agreement entered between the Company and Stuart P. Stoller dated January 31, 2017
10.9	(3)	Indemnification Agreement entered between the Company and Stuart P. Stoller dated January 31, 2017
10.10	(3)	Executive Retention Agreement entered between the Company and Philip D. Beck dated January 31 2017
10.11	(3)	Executive Retention Agreement entered between the Company and Thomas Szoke dated January 31 2017
10.12	(3)	Executive Retention Agreement entered between the Company and Douglas Solomon dated January 31, 2017
10.13	(3)	Form of Conversion Agreement dated January 31, 2017
10.14	(3)	Stand-Off Agreement dated January 31, 2017 entered between Philip Beck, Stuart Stoller, Thomas Szoke, Douglas Solomon, Herbert Selzer, Ricky Solomon and the Company
10.15	(3)	Form of Indemnity Agreement
10.16	(13)	Restricted Stock Agreement dated September 29, 2017 between Stuart P. Stoller and Ipsidy Inc.
10.17	(15)	2017 Incentive Stock Plan
10.18	(15)	Letter from Ipsidy Inc. to Philip Beck dated May 3, 2018
10.19	(15)	Letter from Ipsidy Inc. to Stuart Stoller dated May 3, 2018
10.20	(15)	Letter from Ipsidy Inc. to Thomas Szoke dated May 3, 2018
10.21	(18)	Letter Agreement between Phillip L. Kumnick and Ipsidy Inc.
10.22	(19)	Form of Securities Purchase Agreement – 2020 Notes
10.23	(19)	Form of Security Agreement – 2020 Notes
10.24	(19)	Form of Letter Agreement between Ipsidy Inc. and the 8% Convertible Note Holders
10.25	(20)	Letter Agreement between Phillip R. Broenniman and Ipsidy Inc.
10.26	(22)	Letter Agreement between Philip D. Beck and Ipsidy Inc. dated May 22, 2020
10.27	(22)	Offer Letter between Ipsidy Inc. and Phillip K. Kumnick dated December 31, 2020
10.28	(24)	Offer Letter between Ipsidy inc. and Philip R. Broenniman dated December 31, 2020

14.1	(14)	Code of Ethics
21.1	(14)	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
101.INS		XBRL Instance Document *
101.SCH		XBRL Taxonomy Extension Schema Document *
101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document *
101.DEF		XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB		XBRL Taxonomy Extension Label Linkbase Document *
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document *

* Filed herewith

(1) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on August 13, 2013.

(2) Incorporated by reference to the Form 10-12G Registration Statement filed with the Securities Exchange Commission on November 9, 2011.

(3) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on February 6, 2017.

(4) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on October 1, 2015.

(5) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on October 1, 2015.

(6) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on August 16, 2016.

(7) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on February 1, 2017.

(8) Incorporated by reference to the Form S-1 Registration Statement filed with the Securities Exchange Commission on February 13, 2014.

(9) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on November 28, 2014.

(10) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on March 12, 2015.

(11) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on October 1, 2015.

(12) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on February 12, 2016.

(13) Incorporated by reference to the Form 10-Q Quarterly Report filed with the Securities Exchange Commission on November 13, 2017.

(14) Incorporated by reference to the Form 10-K Annual Report filed with the Securities Exchange Commission on July 12, 2017.

(15) Incorporated by reference to the Form 10-Q Quarterly Report filed with the Securities Exchange Commission on May 4, 2018.

(16) Incorporated by reference to the Form 10-K Annual Report filed with the Securities Exchange Commission on August 17, 2018.

(17) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on June 21, 2019.

(18) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on December 16, 2019.

(19) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on February 18, 2020.

(20) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on March 10, 2020.

(21) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on May 13, 2020.

(22) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on May 29, 2020.

(23) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on January 22, 2021.

(24) Incorporated by reference to the Form 10-K Annual Report filed with the Securities Exchange Commission on March 8, 2021.

(25) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on March 23, 2021.

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.

IPSIDY INC.

By: /s/ Phillip Kumnick
Phillip Kumnick, Chairman of the Board of Directors
and Chief Executive Officer
Principal Executive Officer

By: /s/ Stuart Stoller
Chief Financial Officer,
Principal Financial and Accounting Officer

Dated: May 6, 2021

BANK OF AMERICA

Second Draw PPP Loan
Promissory Note

Date	**Loan Amount**	**Interest Rate**
February 1, 2021	USD 485,762.00	1.00% fixed per annum

This Promissory Note ("Note") sets forth and confirms the terms and conditions of a term loan to Ipsidy Inc. (whether one or more than one, "Borrower") from Bank of America, N.A., a national banking association having an address of P.O. Box 15220, Wilmington, DE 19886-5220 (together with its agents, affiliates, successors and assigns, the "Bank") for the Loan Amount and at the Interest Rate stated above (the "Loan"). The Loan constitutes a Second Draw PPP Loan made pursuant to Section 7(a)(37) of the Small Business Act (15 U.S.C. 636(a)(37)), as amended from time to time (the "Second Draw PPP Legislation") and applicable provisions of the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act ((a) as amended by each of (i) the Paycheck Protection Program and Health Care Enhancement Act, (ii) the Paycheck Protection Program Flexibility Act of 2020, and (iii) the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and (b) as otherwise amended from time to time, the "CARES Act PPP Provisions" and, together with the Second Draw PPP Legislation, collectively, "PPP Legislation"; the PPP Legislation, together with all rules, regulations and guidance issued by the SBA with respect thereto from time to time, is referred to herein as the "PPP Guidance"). The funding of the Loan is conditioned upon Bank's receiving confirmation from the SBA that Bank may proceed with the Loan. The date on which the funding of the Loan takes place is referred to as the "Funding Date". The "Deferment Period" commences on the Funding Date and ends on the earliest to occur of (i) the date on which the amount of forgiveness as determined under the PPP Guidance is remitted to the Bank (the "Forgiveness Remittance Date"), (ii) the date on which Bank provides notice to Borrower that Bank has determined Borrower is not entitled to forgiveness, (iii) the date on which SBA provides notice to Bank that SBA has determined that Borrower is not entitled to forgiveness and (iv) if the Borrower fails to apply for forgiveness on or before the date that occurs ten months after the last day of the forgiveness period, such date (the "Deferment Period Outside Date") . Borrower shall apply to Bank for loan forgiveness no later than the date required under applicable PPP Guidance. If the SBA confirms full and complete forgiveness of the unpaid balance of the Loan, and reimburses Bank for the total outstanding balance, including principal thereof and interest thereon, Borrower's obligations under the Loan will be deemed fully satisfied and paid in full. If the SBA does not confirm forgiveness of the Loan, or only partly confirms forgiveness of the Loan, Borrower will be obligated to repay to the Bank the total outstanding balance remaining due under the Loan, including principal and interest (the "Loan Balance"), and in such case, Bank will establish the terms for repayment of the Loan Balance in a separate letter to be provided to Borrower, which letter will set forth the Loan Balance, the amount of each monthly payment, the interest rate, and the applicable maturity date; provided, however, that if SBA requires that Borrower repay all or a portion of the outstanding principal amount of the Loan for any reason, such amount, together with all accrued and unpaid interest thereon, shall become due and payable immediately upon the date indicated by SBA. The applicable maturity date will be the maturity date as established by the SBA. If the SBA establishes a range of allowable maturity dates, the lowest term in the range will apply (unless extended by the Bank in its discretion); and if the SBA does not establish a maturity date or range of allowable maturity dates, the maturity date will be five (5) years. No principal or interest payments will be due prior to the end of the Deferment Period, though interest will accrue during the Deferment Period. Borrower promises, covenants and agrees with Bank to repay the Loan in accordance with the terms for repayment, including the maturity date as determined in accordance with the procedures described above, as set forth in that letter (the "Repayment Letter"). Payments greater than the monthly payment or additional payments may be made at any time without a prepayment penalty but shall not relieve the Borrower of its obligations to pay the remaining monthly payments when due. THIS IS NOT A NEGOTIABLE INSTRUMENT.

In consideration of the Loan received by Borrower from Bank, Borrower agrees as follows:

1. DEPOSIT ACCOUNT/USE OF LOAN PROCEEDS: Borrower shall maintain, or shall cause to be maintained, the deposit account with Bank of America, N.A. (the "Deposit Account") that the Loan proceeds were deposited into, as directed by Borrower in their Paycheck Protection Program Application Form 2483-SD (the "Application"), until the Loan is either forgiven in full or the Loan is fully paid by Borrower. Borrower acknowledges and agrees that the proceeds of the Loan shall be deposited by Bank into the Deposit Account. The Loan proceeds are to not be used by Borrower (or any other person) for any illegal purpose and Borrower represents to the Bank that it will derive material benefit, directly and indirectly, from the making of the Loan.

2. DIRECT DEBIT. If all or any portion of the Loan is not forgiven and a Loan Balance remains after the last day of the Deferment Period, Borrower agrees that on the due date of any amount due as set forth in the Repayment Letter, Bank will debit the amount due from the Deposit Account designated by Borrower in connection with this Loan. Should there be insufficient funds in the Deposit Account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower. If Borrower is not the owner of the Deposit Account, Borrower will cause an authorized signer on the Deposit Account to execute such documents as reasonably required by Bank to permit Bank to debit the Deposit Account in accordance with this Section.

3. INTEREST RATE: Bank shall charge interest on the unpaid principal balance of the Loan at the interest rate set forth above under "Interest Rate" from the Funding Date until the date that the Loan is paid in full. All computations of interest shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed, calculated on a non-compounding, non-adjustable basis. For the avoidance of doubt, any interest that accrued but is not repaid by the SBA in connection with remittance of the forgiven amount of the Loan shall be payable by you in accordance with the Repayment Letter.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS. (1) Borrower represents and warrants to Bank, and covenants and agrees with Bank, that: (i) Borrower has read the statements included in the Application, including the Statements Required by Law and Executive Orders, and Borrower understands them. (ii) Borrower was and remains eligible to receive a loan under the PPP Guidance in effect at the time Borrower submitted to Bank its Application. (iii) Borrower together with its affiliates (if applicable), (a) is an independent contractor, self-employed individual, or sole proprietor with no employees; and (b) (1) employs no more than 300 employees; or (2) if NAICS 72, employs no more than 300 employees per physical location; (3) if a news organization that is majority owned or controlled by a NAICS code 511110 or 5151 business or a nonprofit public broadcasting entity with a trade or business under NAICS code 511110 or 5151, employs no more than 300 employees per location. (iv) Borrower will comply whenever applicable, with the civil rights and other limitations in the Application. (v) The proceeds of the Loan will be used to retain workers and maintain payroll; or make payments for mortgage interest, rent, utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures as specified under the PPP Guidance. (vi) Borrower acknowledges that SBA encourages the purchase, to the extent feasible, of American-made equipment and products. (vii) Borrower is not engaged in any activity that is illegal under federal, state or local law. (viii) Not more than 40% of loan proceeds may be used for non-payroll costs. (ix) The Borrower was "in operation" (as defined under PPP Guidance) on February 15, 2020, has not permanently closed, and was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees, or had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC. (x) Current economic uncertainty makes this loan request necessary to support the ongoing operations of Borrower (as such representation is further explained in applicable PPP Guidance). (xi) All proceeds of the Loan will be used for business-related purposes as specified in the Application and consistent with PPP Guidance, including the prohibition on using loan proceeds for lobbying activities and expenditures (and if Borrower is a news organization that became eligible for a loan under Section 317 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, proceeds of the Loan will be used to support expenses at the component of the business concern that produces or distributes locally focused or emergency information) and Borrower acknowledges that if the funds are knowingly used for unauthorized purposes, the federal government may hold Borrower and/or Borrower's authorized representative legally liable, such as for charges of fraud. (xii) If Borrower has employees, Borrower has provided Bank true, correct and complete information demonstrating that Borrower had employees for whom Borrower paid salaries and payroll taxes on or around February 15, 2020, and if Borrower is an Individual Applicant without employees, Borrower has provided Bank true, correct and complete information demonstrating that Borrower was "in operation" (as defined under PPP Guidance) on February 15, 2020. (xiii) Borrower has provided to Bank as of the date of the Application all documentation available to Borrower on a reasonable basis verifying information and amounts required to be verified by Bank in accordance with applicable PPP Guidance. (xiv) Borrower will promptly provide to Bank any additional documentation that Bank requests in order to process its Application, any forgiveness application or otherwise at any time and from time to time, including all such documentation required under or reasonably requested based upon applicable PPP Guidance. (xv) Borrower acknowledges that forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, covered utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures, and not more than 40% of the forgiven amount may be for non-payroll costs. If required, Borrower will provide to Bank and/or SBA documentation verifying (a) the number of full-time equivalent employees on Borrower's payroll, (b) the dollar amounts of eligible expenses for the covered period following this Loan and (c) if not provided with its Application, revenue reduction. (xvi) Borrower has not and will not receive any other loan under the Second Draw PPP Legislation. (xvii) Borrower certifies that the information provided in the Application, this Note and the information provided in all supporting documents and forms is true and accurate in all material respects. Borrower understands that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to $250,000; under 15 U.S.C. 645 by imprisonment of not more than two years and/or a fine of not more than $5,000; and, if submitted to a federally insured institution, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than $1,000,000. (xviii) Borrower understands, acknowledges and agrees that Bank can share any tax information received from Borrower or any Owner (as defined below) with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with PPP Guidance and all SBA reviews. (xix) Neither Borrower nor any Owner, is presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy. (xx) Borrower has not and will not receive a Shuttered Venue Operator grant from SBA. (xxi) The President, the Vice President, the head of an Executive department, or a Member of Congress, or the spouse of such person as determined under applicable common law, does not directly or indirectly hold a controlling interest in Borrower, with such terms having the meanings provided in section 322 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act. (xxii) Unless otherwise expressly permitted under PPP Guidance, Borrower is not an issuer, the securities of which are listed on an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f). (xxiii) [Reserved]. (xxiv) Neither Borrower, nor any Owner, nor any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government. (xxv) Neither Borrower, nor any Owner, is an owner of any other business or has common management (including a management agreement) with any other business, except as disclosed to the Bank in connection with the Borrower's Application. (xxvi) [Reserved]. (xxvii) Neither Borrower (if an individual), nor any individual owning 20% or more of the equity of Borrower (each, an "Owner"), is presently incarcerated or, for any felony, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction. (xxviii) Within the last five years, for any felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance, or within the last year, for any other felony, neither Borrower (if an individual), nor any Owner, has (a) been convicted; (b) pleaded guilty; (c) pleaded nolo contendere; or (d) commenced any form of parole or probation (including probation before judgment). (xxix) The United States is the principal place of residence for all employees of Borrower included in Borrower's payroll calculation included in the Application used to calculate the PPP loan amount Borrower requested. (xxx) The Borrower correctly indicated on its Application whether it is a franchise that is listed in the SBA's franchise directory. (xxxi) If Borrower is claiming an exemption from all SBA affiliation rules applicable to Paycheck Protection Program loan eligibility under the religious exemption to the affiliation rules, Borrower has made a reasonable, good faith determination that it qualifies for such religious exemption under 13 C.F.R. 121.103(b)(10), which provides that "[t]he relationship of a faith-based organization to another organization is not considered an affiliation with the other organization…if the relationship is based on a religious teaching or belief or otherwise constitutes a part of the exercise of religion." (xxxii) Borrower will inform itself of and comply with all rules, regulations and standard operating procedures applicable to 7(a) loans under the Small Business Act if and to the extent such rules, regulations and standard operating procedures also apply to this Loan and acknowledges that if and to the extent such rules, regulations and standard operating procedures apply, they constitute PPP Guidance hereunder. (xxxiii) Borrower will promptly notify the Bank in writing of any event of default under this Note, or any event which, with notice or lapse of time or both, would constitute an event of default. (xxxiv) Borrower has realized a reduction in gross receipts in excess of 25% relative to the relevant comparison time period. If the Loan is greater than $150,000, Borrower has provided documentation to Bank substantiating the decline in gross receipts. If the Loan is equal to or less than $150,000, Borrower will provide documentation substantiating the decline in gross receipts upon or before seeking forgiveness for this Loan or upon SBA request. (xxxv) Borrower received a loan under Section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) (a "First Draw PPP Loan") and, before this Loan is disbursed, will have used the full loan amount (including any increase) of the First Draw PPP Loan only for eligible expenses in accordance with applicable PPP Guidance. (xxxvi) Borrower is not a business concern or entity (a) for which an entity created in or organized under the laws of the People's Republic of China or the Special Administrative Region of Hong Kong, or that has significant operations in the People's Republic of China or the Special Administrative Region of Hong Kong, owns or holds, directly or indirectly, not less than 20% of the economic interest of the business concern or entity, including as equity shares or a capital or profit interest in a limited liability company or

partnership; or (b) that retains, as a member of the board of directors of the business concern, a person who is a resident of the People's Republic of China. (xxxvii) Borrower is not required to submit a registration statement under section 2 of the Foreign Agents Registration Act of 1938 (22 U.S.C. 612). (xxxviii) Borrower is not a business concern or entity primarily engaged in political or lobbying activities, including any entity that is organized for research or for engaging in advocacy in areas such as public policy or political strategy or otherwise describes itself as a think tank in any public documents. (xxxix) The sum of the principal amount of this Loan plus the principal amount of each other Second Draw PPP Loan borrowed by each other member of Borrower's "corporate group" (as defined in PPP Guidance), if any, does not exceed $4,000,000 in the aggregate.

(2) At all times during the term the of the Loan, Borrower represents and warrants to the Bank, that (i) if Borrower is anything other than a natural person, it is duly formed and existing under the laws of the state or other jurisdiction where organized; (ii) this Note, and any instrument or agreement required under this Note, are within Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers; (iii) the information included in the Beneficial Ownership Certification most recently provided to the Bank, if applicable, is true and correct in all respects; and (iv) in each state in which Borrower does business, it is properly licensed, in good standing, and, where required, in compliance with fictitious name (e.g. trade name or d/b/a) statutes. **IF THE FUNDING DATE IS AFTER THE DATE OF THIS NOTE, BORROWER AGREES THAT BORROWER SHALL BE DEEMED TO HAVE REPEATED AND REISSUED, IMMEDIATELY PRIOR TO THE FUNDING ON THE FUNDING DATE, THE REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS SET FORTH ABOVE IN THIS PARAGRAPH.**

5. EVENTS OF DEFAULT: (1) At any time on and after the execution and delivery by Borrower of this Note the occurrence and continuation of any of the following events shall constitute a default hereunder: (i) SBA demands repayment in full by Borrower of the Loan prior to the maturity date hereof for any reason, including, without limitation, as a result of an SBA determination that Borrower was ineligible for this Loan for any reason, including as a result of an improper necessity certification, eligibility certification or other certification in the Application for the Loan; (ii) Borrower does not disclose, or anyone acting on its behalf does not disclose, any material fact to Bank or SBA; (iii) the making to Bank or SBA of any false or materially misleading representation, certification or statement herein, on any application or any supporting documentation for the Loan or for any or all other loans made by Bank to Borrower; (iv) any reorganization, merger, consolidation, or other changes ownership or business structure shall occur with respect to Borrower, including, without limitation, any merger, sale or disposition of any equity interests in the Borrower or any sale or disposition of all or a material portion of the assets of the Borrower without Borrower first having obtained (A) SBA consent, if applicable (or Borrower shall have provided evidence satisfactory to Bank that Borrower has satisfied all SBA requirements necessary to avoid having to obtain any SBA consent) and (B) subject to obtaining SBA consent, if required, or Bank's satisfaction in its sole discretion that no SBA consent is required, consent of Bank; (v) permanent cessation of Borrower's business operations; (vi) Borrower, if an individual, dies, or becomes disabled, and such disability prevents the Borrower from continuing to operate its business; (vii) Bank receives notification or is otherwise made aware that Borrower, or any affiliate of Borrower, is listed as or appears on any lists of known or suspected terrorists or terrorist organizations provided to Bank by the U.S. government under the USA Patriot Act of 2001; (viii) Borrower fails to repay the Loan in full, including all accrued and unpaid interest thereon, on the Maturity Date; (ix) Borrower fails to comply in any material respect with PPP Guidelines or any other law, rule or regulation applicable to Borrower, Borrower's business or assets and/or to this Loan; (x) Borrower fails to pay any taxes when due; (xi) the occurrence of any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note; and/or (xii) Borrower becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

(2) If all or any portion of the Loan is not forgiven and a Loan Balance remains after the first to occur of the Forgiveness Remittance Date and the Deferment Period Outside Date, then from the date the Repayment Letter is sent to Borrower until the Loan Balance is fully paid, the occurrence and continuation of any of the following events shall constitute a default hereunder: (i) failure to make any payment when due (other than payment in full on the Maturity Date, which is subject to Section 5(1)(viii) above) under the Loan or any or all other loans made by Bank to Borrower, and such failure continues for ten (10) days after it first became due; (ii) failure to provide current financial information promptly upon request by Bank; (iii) Borrower under or in connection with the Loan or any or all other loans made by Bank to Borrower fails to timely and properly observe, keep or perform any term, covenant, agreement, or condition herein or therein; (iv) Bank in good faith believes that the SBA guaranty has been or could reasonably be expected to be terminated or the guaranteed amount materially reduced for any reason; and/or (v) insolvency, bankruptcy, dissolution, issuance of an attachment or garnishment against Borrower, including any receiver or liquidator being appointed for any part of its business or property, or Borrower makes an assignment for the benefit of creditors.

6. REMEDIES: Upon the occurrence of a default described in Section 5 above, all or any portion of the entire amount owing on the Loan, and any and all other loans made by Bank to Borrower, shall, at Bank's option, become immediately due and payable without demand or notice. Upon a default, Bank may exercise any other right or remedy available to it at law or in equity. All persons included in the term "Borrower" are jointly and severally liable for repayment, regardless of to whom any advance of credit was made. Without notice and without Borrower consent, Bank may incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other related document. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Bank incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance of this Note. Borrower shall pay any such costs and expenses Bank may incur, including without limitation reasonable attorney's fees and court costs should the Loan and/or any and all other loans made by Bank to Borrower be referred to an attorney for collection to the extent permitted under applicable state law. Bank may exercise any of its rights separately or together, as many times and in any order it chooses. Bank may delay or forgo enforcing any of its rights without giving up any of them. EACH PERSON INCLUDED IN THE TERM BORROWER WAIVES ALL SURETYSHIP AND OTHER SIMILAR DEFENSES TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW.

7. CREDIT INVESTIGATION: Borrower authorizes Bank and any of its affiliates at any time to make whatever credit investigation Bank deems is proper to evaluate Borrower's credit, financial standing and employment and Borrower authorizes Bank to exchange Borrower's credit experience with credit bureaus and other creditors Bank reasonably believes are doing business with Borrower. Borrower also agrees to furnish Bank with any financial statements Bank may request at any time and in such detail as Bank may require.

8. NOTICES: Borrower's request for Loan forgiveness, and the documentation that must accompany that request, shall be submitted to Bank by transmitting the communication to the electronic address, website, or other electronic transmission portal provided by Bank to Borrower. Otherwise, all notices required under this Note shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, to the addresses/fax numbers provided in connection with your Loan, or to such other addresses as the Bank and the Borrower may specify from time to time in writing (any such notice a "Written Notice"). Written Notices shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (ii) if telecopied, when transmitted, or (iii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered. In lieu of a Written Notice, notices and/or communications from the Bank to the Borrower may, to the extent permitted by law, be delivered electronically (i) by transmitting the communication to the electronic address provided by the Borrower or to such other electronic address as the Borrower may specify from time to time in writing, or (ii) by posting the communication on a website and sending the Borrower a notice to the Borrower's postal address or electronic address telling the Borrower that the communication has been posted, its location, and providing instructions on how to view it (any such notice, an "Electronic Notice"). Electronic Notices shall be effective when presented to the Borrower, or is sent to the Borrower's electronic address or is posted to the Bank's website.

9. CHOICE OF LAW; JURISDICTION; VENUE. (1) At all times that Bank is the holder of this Note, except to the extent that any law of the United States may apply, this Note shall be governed and interpreted according to the internal laws of the state of Borrower's principal place of business (the "Governing Law State"), without regard to any choice of law, rules or principles to the contrary. However, the charging and calculating of interest on the obligations under this Note shall be governed by, construed and enforced in accordance with the laws of the state of North Carolina and applicable federal law. Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of Bank under federal law. Borrower and Bank agree and consent to be subject to the personal jurisdiction of any state or federal court located in the Governing Law State so that trial shall only be conducted by a court in that state. (2) Notwithstanding the foregoing, when SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Bank or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

10. MISCELLANEOUS. The Loan may be sold or assigned by Bank without notice to Borrower. Borrower may not assign the Loan or its rights hereunder to anyone without Bank's prior written consent. If any provision of this Note is contrary to applicable law or is found unenforceable, such provision shall be severed from this Note without invalidating the other provisions thereof. Bank may delay enforcing any of its rights under this Note without losing them, and no failure or delay on the part of Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. Bank, by its acceptance hereof, and the making of the Loan and Borrower understand and agree that this Note constitutes the complete understanding between them. This Note shall be binding upon Borrower, and its successors and assigns, and inure to the benefit of Bank and its successors and assigns. Borrower may not use an oral statement of Bank or SBA to contradict or alter the written terms of this Note. This Note automatically may be amended from time to time to comply with any express requirements under any amendment of any applicable PPP Guidance or otherwise applicable to all 7(a) loans under the Small Business Act in each case to the extent applicable to this Note and without the requirement of any consent of or notice to Borrower.

11. BORROWING AUTHORIZED. The signer for Borrower represents, covenants and warrants to Bank that he or she is certified to borrow for the Borrower and is signing this Note as the duly authorized sole proprietor, owner, sole shareholder, officer, member, managing member, partner, trustee, principal, agent or representative of Borrower, and further acknowledges and confirms to Bank that by said signature he or she has read and understands all of the terms and provisions contained in this Note and agrees and consents on behalf of Borrower to Borrower being bound by them. This Note and any instrument or agreement required herein, are within the Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers. The individuals signing this Agreement on behalf of each Borrower are authorized to sign such documents on behalf of such entities. For purposes of this Note only, the Bank may rely upon and accept the authority of only one signer on behalf of the Borrower, and for this Note, this resolution supersedes and replaces any prior and existing contrary resolution provided by Borrower to Bank.

12. ELECTRONIC COMMUNICATIONS AND SIGNATURES. This Note and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Note (each a "Communication"),including Communications required to be in writing, may, if agreed by the Bank, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. The Borrower agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) on or associated with any Communication shall be valid and binding on the Borrower to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered to the Bank. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Bank may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of the Bank's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Bank is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Bank has agreed to accept such Electronic Signature, the Bank shall be entitled to rely on any such Electronic Signature without further verification and (b) upon the request of the Bank any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 U.S.C. 7006, as it may be amended from time to time.

13. CONVERSION TO PAPER ORIGINAL. At the Bank's discretion the authoritative electronic copy of this Note ("Authoritative Copy") may be converted to paper and marked as the original by the Bank (the "Paper Original"). Unless and until the Bank creates a Paper Original, the Authoritative Copy of this Agreement: (1) shall at all times reside in a document management system designated by the Bank for the storage of authoritative copies of electronic records, and (2) is held in the ordinary course of business. In the event the Authoritative Copy is converted to a Paper Original, the parties hereto acknowledge and agree that: (i) the electronic signing of this Agreement also constitutes issuance and delivery of the Paper Original, (ii) the electronic signature(s) associated with this Agreement, when affixed to the Paper Original, constitutes legally valid and binding signatures on the Paper Original, and (iii) the Borrower's obligations will be evidenced by the Paper Original after such conversion.

14. BORROWER ATTESTATION. Borrower attests and certifies to Bank that it has not provided false or misleading information or statements to the SBA or the Bank in its application for the Loan, and that the certifications, representations, warranties, and covenants made to the Bank in this Note and elsewhere relating to the Loan are true, accurate, and correct. Borrower further attests and certifies to Bank that it is has read, understands, and acknowledges that the Loan is being made in accordance with PPP Guidance, and any use of the proceeds of the Loan other than as permitted by PPP Guidance, or any false or misleading information or statements provided to the Bank in its application for the Loan or in this Note may subject the Borrower to criminal and civil liability under applicable state and federal laws and regulations, including but not limited to, the False Claims Act, 31 U.S.C. 3729, et. seq. Borrower further acknowledges and understands that this Note is not valid and effective until and unless Bank receives confirmation from the SBA that Bank may proceed with the Loan.

IN WITNESS WHEREOF, I, the authorized representative of the Borrower, hereto have caused this Promissory Note to be duly executed as of the date set forth below.

Borrower: Ipsidy Inc.

/s/ Stuart Stoller
Signature of Authorized Representative of Borrower

Stuart Stoller
Print Name

CFO
Title

Street Address: 670 Long Beach Blvd

City/State/Zipcode: Long Beach, NY, 115612237

Electronic Mail Address: stuartstoller@ipsidy.com

Exhibit 31.1

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

I, Philip Kumnick, Chief Executive Officer certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ipsidy 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 material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 6, 2021

/s/ Phillip Kumnick
Phillip Kumnick
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Stuart Stoller Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ipsidy 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 material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 6, 2021

/s/ Stuart Stoller
Stuart Stoller
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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 Ipsidy Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2021 as filed with the Securities and Exchange Commission (the "Report"), I, Philip Kumnick, Chairman of the Board of Directors, Chief Executive Officer and President of the Company, and, Stuart Stoller, 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.

/s/ Philip Kumnick

Phillip Kumnick,
Chief Executive Officer and President
(Principal Executive Officer)

May 6, 2021

/s/ Stuart Stoller

Stuart Stoller, Chief Financial Officer
(Principal Financial and Accounting Officer)