

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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 7, 2020



Ipsidy Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation)

000-54545

(Commission File Number)
Number)

46-2069547

(IRS Employer Identification

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

516-274-8700
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

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.

Securities registered pursuant to Section 12(b) of the Act: Not applicable.

Title of each class

Trading Symbol

Name of each exchange on which registered

Not applicable.

Item 2.02 Results of Operations and Financial Condition.

On May 11, 2020, Ipsidy Inc. (the “Company”) issued a press release regarding its financial results for the fiscal quarter ended March 31, 2020. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

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

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On May 7, 2020 (the “Funding Date”), the Company received funding under a Paycheck Protection Program Term Note dated as of May 6, 2020 (“PPP Note”) with Bank of America, N.A. under the Paycheck Protection Program (the “Program”) of the recently enacted Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) administered by the U.S. Small Business Administration (“SBA”). The Company received total proceeds of \$485,760 from the PPP Note. In accordance with the requirements of the CARES Act, the Company will use proceeds from the PPP Note primarily for payroll costs. Interest accrues on the PPP Note at the rate per annum of 1.00%. The Company may apply to the bank for forgiveness of the amount due on the PPP Note which shall be an amount equal to the sum of payroll costs, mortgage interest, rent obligations and covered utility payments incurred during the eight weeks following disbursement under the PPP Note, provided that the non-payroll costs shall not exceed 25% of the use of proceeds and subject to certain other adjustments in accordance with regulations issued by the SBA.

During the period from May 7, 2020 through the six-month anniversary of the date of the PPP Note (the “Deferral Expiration Date”), neither principal nor interest shall be due and payable. On the Deferral Expiration Date, the outstanding principal of the PPP Note that is not forgiven under the Program (the “Conversion Balance”) shall convert to an amortizing term loan upon terms to be notified by the bank in a letter setting forth the balance payable, the monthly payments, with the interest rate not to exceed 1% and the maturity date shall be May 7, 2022.

The foregoing description of the PPP Note is qualified in its entirety by reference to Exhibit 4.1 attached to this Current Report on Form 8-K, which is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Index of Exhibits

Exhibit Number	Description
4.1	Paycheck Protection Program Term Note dated May 6, 2020
99.1	Press Release dated May 11, 2020

SIGNATURES

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

Ipsidy Inc.

Date: May 12, 2020

By: /s/ Stuart Stoller

Name: Stuart Stoller

Title: Chief Financial Officer



Promissory Note

Date	Loan Amount	Interest Rate after Deferment Period	Deferment Period
May 6, 2020	\$485,760.00	1.00% fixed per annum	6 months

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, NA, 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 is made pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The funding of the Loan is conditioned upon approval of Borrower’s application for the Loan and 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”. If the Funding Date is later than the date of this Note, the Deferment Period commences on the Funding Date and ends six months from the Funding Date. After sixty (60) days from the date the Loan is funded, but not more than ninety (90) days from the date the Loan is funded, Borrower shall apply to Bank for loan forgiveness. If the SBA confirms full and complete forgiveness of the unpaid balance of the Loan, and reimburses Bank for the total outstanding balance, principal and interest, 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, or Borrower fails to apply for loan forgiveness, 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 (not in excess of a fixed rate of one per cent (1.00%) per annum), the term of the Loan, and the maturity date of two (2) years from the funding date of the Loan. No principal or interest payments will be due prior to the end of the Deferment Period. Borrower promises, covenants and agrees with Bank to repay the Loan in accordance with the terms for repayment 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 Borrower of its obligations to pay the next succeeding monthly payment.

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

- DEPOSIT ACCOUNT/USE OF LOAN PROCEEDS:** Borrower is required to maintain a deposit account with Bank of America, N.A. (the “Deposit Account”) 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 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.
- DIRECT DEBIT.** If the Loan is not forgiven and a Loan Balance remains, 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 established 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 be shall be immediately due and payable by Borrower.
- 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 date the Loan was funded until the Loan is paid in full.

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 rules in effect at the time Borrower submitted to Bank its Paycheck Protection Program Application Form (the "Application") that have been issued by the SBA implementing the Paycheck Protection Program under Division A, Title I of the CARES Act (the "Paycheck Protection Program Rule"). (iii) Borrower (a) is an independent contractor, eligible self-employed individual, or sole proprietor or (b) employs no more than the greater of 500 employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for Borrower's industry. (iv) Borrower will comply whenever applicable, with the civil rights and other limitations in the Application. (v) All proceeds of the Loan will be used only for business-related purposes as specified in the Application and consistent with the Paycheck Protection Program Rule. (vi) To the extent feasible, Borrower will purchase only American-made equipment and products. (vii) Borrower is not engaged in any activity that is illegal under federal, state or local law. (viii) Borrower certifies that any loan received by Borrower under Section 7(b)(2) of the Small Business Act between January 31, 2020 and April 3, 2020 that will remain outstanding after funding of this Loan was for a purpose other than paying payroll costs and other allowable uses loans under the Paycheck Protection Program Rule. (ix) Borrower was in operation on February 15, 2020 and had employees for whom Borrower paid salaries and payroll taxes or paid independent contractors (as reported on Form(s) 1099-MISC). (x) The current economic uncertainty makes the request for the Loan necessary to support the ongoing operations of Borrower. (xi) All proceeds of the Loan will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule 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) 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. (xiii) Borrower has provided to Bank all documentation available to Borrower on a reasonable basis verifying the dollar amounts of average monthly payroll costs for the calendar year 2019, which documentation shall include, as applicable, copies of payroll processor records, payroll tax filings and/or Form 1099-MISC. (xiv) Borrower will promptly provide to Bank (a) any additional documentation that Bank requests in order to verify payroll costs and (b) documentation verifying the number of full-time equivalent employees on payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight week period following the Loan. (xv) Borrower acknowledges that (a) loan forgiveness will be provided by the SBA for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the Forgivable Amount may be for non-payroll costs (xvi) During the period beginning on February 15, 2020 and ending on December 31, 2020, Borrower has not and will not receive any other loan under the Paycheck Protection Program. (xvii) Borrower certifies that the information provided in the Application and the information that Borrower provided in all supporting documents and forms is true and accurate in all material respects. Borrower acknowledges that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 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 USC 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 with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements 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) 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 (xxi) Neither Borrower, nor any Owner, is an owner of any other business or has common management with any other business, except as disclosed to the Bank in connection with the Borrower's Application. (xxii) Borrower did not receive an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020, except as disclosed to the Bank in connection with the Borrower's Application. (xxiii) Neither Borrower (if an individual), nor any individual owning 20% or more of the equity of Borrower (each, an "Owner"), is subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, on probation or parole. (xxiv) Neither Borrower (if an individual), nor any Owner, has within the last 5 years been convicted; pleaded guilty; pleaded nolo contendere; been placed on pretrial diversion; or been placed on any form of parole or probation (including probation before judgment) for any felony. (xxv) The United States is the principal place of residence for all employees of Borrower included in Borrower's payroll calculation included in the Application. (xxvi) The Borrower correctly indicated on its Application whether it is a franchise that is listed in the SBA's franchise directory. (xxvii) 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 "the 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." (2) At all times during the term 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:** If the Loan is not forgiven and a Loan Balance remains, 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) insolvency, bankruptcy, dissolution, issuance of an attachment or garnishment against Borrower; (ii) failure to make any payment when due 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; (iii) failure to provide current financial information promptly upon request by Bank; (iv) the making of any false or materially misleading statement on any application or any financial statement for the Loan or for any or all other loans made by Bank to Borrower; (v) Bank in good faith believes the prospect of payment under the Loan or any or all other loans made by Bank to Borrower is impaired; (vi) 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 therein; (vii) default shall be made with respect to any other indebtedness for borrowed money of Borrower, if the default is a failure to pay at maturity or if the effect of such default is to accelerate the maturity of such indebtedness for borrowed money or to permit the holder or obligee thereof or other party thereto to cause any such indebtedness for borrowed money to become due prior to its stated maturity; (viii) the Bank in its sole discretion determines in good faith that an event has occurred that materially and adversely affects Borrower; (ix) any change shall occur in the ownership of the Borrower; (x) permanent cessation of Borrower's business operations; (xi) Borrower, if an individual, dies, or becomes disabled, and such disability prevents the Borrower from continuing to operate its business; (xii) 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; and (xiii) Borrower fails to maintain the Deposit Account with the Bank.
6. **REMEDIES:** If the Loan is not forgiven and a Loan Balance remains, then from the date the Repayment Letter is sent to Borrower, upon the occurrence of a default, 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. Borrower shall pay any costs 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. **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:** If the Loan is not forgiven and a Loan Balance remains, then from the date the Repayment Letter is sent to Borrower until the Loan Balance is fully paid, 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 2 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 on the signature page of this Note, or sent by facsimile to the fax number(s) listed on the signature page, 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. To retain a copy for your records, please download and print or save a copy to your device.
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. Lender 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.
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 to be 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 USC §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: (1) the electronic signing of this Agreement also constitutes issuance and delivery of the Paper Original, (2) 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 (3) 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 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 under the CARES Act, and any use of the proceeds of the Loan other than as permitted by the CARES Act, 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. Section 3729, et. seq. Borrower further acknowledges and understands that this Note is not valid and effective until and unless Borrower's application for the Loan is approved and Bank's receiving confirmation from the SBA that Bank may proceed with the Loan.

THIS NOTE SUPERSEDES AND REPLACES THAT CERTAIN NOTE DATED MAY 05, 2020 EXECUTED BY Ipsidy Inc IN FAVOR OF BANK OF AMERICA, N.A. IN THE AMOUNT OF \$395,181.00

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

Authorized Representative

Title CFO

STREET ADDRESS: 780 Long Beach Blvd

CITY/STATE/ZIP CODE: Long Beach, NY, 11561-2237



Ipsidy Announces Results for First Quarter Ended March 31, 2020 Building Trusted Identity

LONG BEACH, N.Y., May 11, 2020 (GLOBE NEWSWIRE) — Ipsidy Inc. (www.ipsidy.com) [OTCQB:IDTY] which operates an Identity as a Service (IDaaS) platform that delivers a suite of secure, mobile, biometric identity solutions, available to any vertical, anywhere, today announced its results for the first quarter ended March 31, 2020.

Financial Results for the Three Months Ended March 31, 2020

- Total revenue for the three-month period ended March 31, 2020 was \$0.8 million compared to \$0.7 million for the three-month period ended March 31, 2019.
- Net loss for the three-month period ended March 31, 2020 was \$3.8 million compared to a net loss of \$2.3 million for the three-month period ended March 31, 2019. The increase was primarily due to non-cash charges totaling approximately \$1.8 million relating to the impact of Covid-19 on our South African business and certain borrowings.
- Basic and fully diluted net loss per share for the three-month period ended March 31, 2020 was \$0.01 cents compared to basic and fully diluted net loss per share of \$0.0 cents for the three-month period ended March 31, 2019.
- Adjusted EBITDA loss for three-month period ended March 31, 2020 was \$1.3 million compared to an Adjusted EBITDA loss of \$1.6 million for the three-month period ended March 31, 2019, principally as a result of reduced compensation expense.
- Secured approximately \$1.5 million of convertible debt investment in February 2020

Refer to Table 1 for reconciliation of net income to Adjusted EBITDA (a non-GAAP measure).

Everything starts with trusted identity. Our identity platform offers a suite of mobile biometric identity services that our customers can use to verify identity (Proof™) and authenticate transactions (Verified™) across multiple use cases, thereby creating trusted transactions. Since the beginning of 2020, we continued to make progress in executing our Trusted Identity strategy and enhancing our product suite to meet market demand.

Our development team extended the IDaaS platform to include validation of US, Canadian and Mexican driver's licenses against a trusted database, that supplement our current platform capabilities, providing NFC verification of e-passports as well as biometric verification with trusted national identity registries. Proof by Ipsidy will now seamlessly authenticate a customer's license and prove its possession by the rightful owner, using our facial biometric services with liveness confirmation. With this enhancement North American businesses can benefit from a higher level of identity assurance. We also expect to launch in Q2 2020, the expanded delivery of our identity verification services via a mobile web browser, offering a seamless user experience.

The identity solutions market is rapidly developing and increasing demand for verifying digital identity during remote onboarding and digital transactions can be seen in our expanding pipeline and recent agreements. While remote working and secure access to corporate networks are not new, the impact of the COVID-19 pandemic on the scope and speed at which society is now moving workers to the virtual office, onboarding customers and consummating transactions remotely, is staggering. This trend coupled with growing interest in "touchless" interaction we believe are significant for our business. Our products and services are designed to help those organizations adopting remote working and business operations. We believe Ipsidy's solutions substantially improve how they can confidently grant access only to those who are entitled to such access.

The Company's highlighted activities during the first quarter included the following:

- Signed agreement with Temenos SA (SIX: TEMN), a global banking software provider to over 3000 financial institutions, including 41 of the world's top 50 banks, to integrate with the Temenos banking software system and become a member of the Temenos MarketPlace which provides financial institutions with easy access to innovative fintech solutions from around the world.
- Signed reseller and technology agreement with a provider of North American driver's license authentication and age verification technology.
- Signed a reseller agreement with the Peruvian subsidiary of a major international conglomerate which provides information technology services in 11 European countries and the Latin America Caribbean region. It engages in manufacturing, distribution and systems integration for public and private entities in a wide variety of industry verticals, including the finance, telecommunications, media, and security sectors. The Reseller is offering our identity proofing and authentication services with enhanced citizen identity validation through our integrated connection to the Peruvian National Registry, RENIEC.
- Phillip L. Kumnick, previously SVP Global Acquirer Processing at Visa, an experienced industry executive, who joined our Board of Directors in December 2019 was appointed Deputy Chairman in January 2020.
- Philip R. Broenniman also joined our Board of Directors in March 2020, bringing his experience and skills as an investment manager, entrepreneur and financial analyst.

“Recent developments have only highlighted the expanding need for remote onboarding of users, verifying identity and authenticating transactions everywhere,” said Philip Beck, Chairman and CEO of Ipsidy. *“The Ipsidy team continues to work on closing opportunities in the EMEA, LATAM and US regions, with a focus on the financial, telecommunication and logistics sectors”.*

We continue to carefully watch developments related to COVID-19. 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. Beginning March 2020, the Company’s day-to-day operations have been impacted differently depending on geographic location and services that are being performed. We have seen our business opportunities develop more slowly as business partners and potential customers are dealing with Covid-19 issues and working remotely. These issues have caused delays in decision making and finalization of negotiations and agreements but at the same time we have seen an uptick in interest in our solutions, and we are optimistic that these will start to bear fruit. We appreciate the support of our employees, partners and customers in these difficult times.

Additional analysis of the Company’s performance can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Quarterly Report on Form 10-K for the three months ended March 31, 2020 filed at www.sec.gov and posted on the Company’s investor relations website.

About Ipsidy:

Ipsidy Inc. (OTCQB:IDTY) www.ipsidy.com operates an Identity as a Service (IDaaS) platform that delivers a suite of secure, mobile, biometric identity solutions, available to any vertical, anywhere. 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 at the door? Identity creates trusted transactions. Ipsidy’s solutions embed authenticated identity and event details with a digital signature and participants use their own mobile device to approve everyday transactions. Our platform delivers identity solutions that work great on their own but even better together.

Ipsidy is headquartered in New York and has operating subsidiaries: MultiPay in Colombia, www.multipay.com.co; Cards Plus in South Africa, www.cardsplus.co.za; Ipsidy Enterprises in the U.K. and Ipsidy Perú S.A.C. Further information on Ipsidy can be found at www.ipsidy.com or contact us at sales@ipsidy.com.

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Notice Regarding Forward-Looking Statements.

Information contained in this announcement may include “forward-looking statements.” All statements other than statements of historical facts included herein, including, without limitation, those regarding the financial position, business strategy, plans and objectives of management for future operations of both Ipsidy and its business partners, future service launches with customers, the outcome of pilots and new initiatives and customer pipeline are forward-looking statements. Such forward-looking statements are based on a number of assumptions regarding Ipsidy present and future business strategies, and the environment in which Ipsidy expects to operate in the future, which assumptions may or may not be fulfilled in practice. Implementation of some or all of the new services referred to is subject to regulatory or other third party approvals. Actual results may vary materially from the results anticipated by these forward-looking statements as a result of a variety of risk factors, including the risk that implementation, adoption and offering of the service by customers, consumers and others may take longer than anticipated, or may not occur at all; changes in laws, regulations and practices; changes in domestic and international economic and political conditions, the as yet uncertain impact of the Covid-19 pandemic and others. Additional risks may arise with respect to commencing operations in new countries and regions, of which Ipsidy is not fully aware at this time. See the Company’s Annual Report Form 10-K for the Fiscal Year ended December 31, 2019 filed at www.sec.gov for other risk factors which investors should consider. These forward-looking statements speak only as to the date of this announcement and cannot be relied upon as a guide to future performance. Ipsidy expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in its expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Non-GAAP Financial Information.

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

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

TABLE 1

IPSIDY INC. AND SUBSIDIARIES
Reconciliation of Net Loss to Adjusted EBITDA

	(unaudited)	
	For the Quarter Ended	
	March 31, 2020	March 31, 2019
Net loss	\$ (3,836,421)	\$ (2,262,739)
Add Back:		
Interest expense	179,050	86,890
Other expense (income)	(975,889)	(6,226)
Depreciation and amortization	325,344	160,788
Income tax expense	8,874	13,701
Impairment loss	871,807	-
Stock compensation	169,110	415,379
Adjusted EBITDA (Non-GAAP)	\$ (1,306,347)	\$ (1,592,207)

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

	For the Three Months Ended March 31,	
	2020	2019
Revenues:		
Products and services	\$ 778,938	\$ 723,941
Lease income	14,851	16,437
Total revenues, net	793,789	740,378
Operating Expenses:		
Cost of sales	355,723	176,463
General and administrative	1,483,122	2,140,831
Research and development	430,401	430,670
Impairment loss	871,807	-
Depreciation and amortization	325,344	160,788
Total operating expenses	3,466,397	2,908,752
Loss from operations	(2,672,608)	(2,168,374)
Other Income (Expense):		
Interest expense, net	(179,050)	(86,890)
Other (expense) income	(975,889)	6,226
Other expense, net	(1,154,939)	(80,664)
Loss before income taxes	(3,827,547)	(2,249,038)
Income tax expense	(8,874)	(13,701)
Net loss	\$ (3,836,421)	\$ (2,262,739)
Net loss per share - Basic and diluted	\$ (0.01)	\$ (0.00)
Weighted Average Shares Outstanding - Basic and diluted	519,436,402	478,950,996

See notes to condensed consolidated financial statements.

IPSIDY INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2020 (unaudited)	December 31, 2019
ASSETS		
Current Assets:		
Cash	\$ 562,248	\$ 567,081
Accounts receivable, net	649,697	125,859
Current portion of net investment in direct financing lease	67,128	65,333
Inventory, net	157,445	173,575
Other current assets	397,625	753,505
Total current assets	1,834,143	1,685,353
Property and equipment, net	149,689	161,820
Other assets	506,817	383,066
Intangible assets, net	5,308,851	5,593,612
Goodwill	4,347,054	5,218,861
Net investment in direct financing lease, net of current portion	477,222	494,703
Total assets	\$ 12,623,776	\$ 13,537,415
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,836,034	\$ 2,215,912
Capital lease obligation, current portion	35,871	34,816
Note payable, current portion	5,486	5,341
Deferred revenue	546,995	425,276
Total current liabilities	2,424,386	2,681,345
Notes payable, net of discounts and current portion	6,098	1,970,937
Convertible debt, net of discounts	5,444,818	428,000
Capital lease obligation, net of current portion	40,421	49,794
Operating lease liabilities	112,364	131,568
Total liabilities	8,028,087	5,261,644
Commitments and Contingencies (Note 12)		
Stockholders' Equity:		
Common stock, \$0.0001 par value, 1,000,000,000 shares authorized; 522,731,646 and 518,125,454 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	52,273	51,812
Additional paid in capital	95,254,309	94,982,167
Accumulated deficit	(90,772,014)	(86,935,593)
Accumulated comprehensive income	61,121	177,385
Total stockholders' equity	4,595,689	8,275,771
Total liabilities and stockholders' equity	\$ 12,623,776	\$ 13,537,415

See notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,836,421)	\$ (2,262,739)
Adjustments to reconcile net loss with cash flows from operations:		
Depreciation and amortization expense	304,211	160,788
Stock-based compensation	169,110	415,379
Amortization of debt discounts and issuance costs	95,948	27,441
Extinguishment of note payable	985,481	-
Impairment loss	871,807	-
Changes in operating assets and liabilities:		
Accounts receivable	(450,291)	(557,737)
Net investment in direct financing lease	15,686	14,100
Other current assets	355,880	213,842
Inventory	37,714	(42,424)
Accounts payable and accrued expenses	156,446	(28,964)
Deferred revenue	121,719	315,624
Net cash flows from operating activities	<u>(1,172,710)</u>	<u>(1,744,690)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(2,394)	(14,900)
Investment in other assets	(128,676)	(315,282)
Net cash flows from investing activities	<u>(131,070)</u>	<u>(330,182)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of convertible notes	1,510,000	-
Payment of debt issuance costs	(104,800)	-
Principal payments on notes payable and capital lease obligations	(9,600)	(7,381)
Net cash flows from financing activities	<u>1,395,600</u>	<u>(7,381)</u>
Effect of Foreign Currencies	(96,653)	30,817
Net Change in Cash	(4,833)	(2,051,436)
Cash, Beginning of the Period	567,081	4,972,331
Cash, End of the Period	<u>\$ 562,248</u>	<u>\$ 2,920,895</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 2,792</u>	<u>\$ 4,223</u>
Cash paid for income taxes	<u>\$ 8,874</u>	<u>\$ 13,701</u>
Non-cash Investing and Financing Activities:		
Modification of warrants issued with convertible debt	<u>\$ 95,223</u>	<u>\$ -</u>
Exchange of notes payable and accrued interest for convertible notes payable	<u>\$ 2,662,000</u>	<u>\$ -</u>
Settlement of accounts payable with issuance of common stock	<u>\$ 8,270</u>	<u>\$ -</u>
Purchase of vehicle with note payable	<u>\$ -</u>	<u>\$ 16,510</u>
Recognition of lease right to use assets and liabilities	<u>\$ -</u>	<u>\$ 514,473</u>

See notes to condensed consolidated financial statements.