



# VerifyMe<sup>®</sup>

Protect your brand. Grow your business.

Third Quarter 2022  
Investor Conference Call  
November 10, 2022

NASDAQ:VRME

# Agenda



- Welcome & Introductions
- Operations Update
- Financial Review
- Q&A
- Closing Remarks

# FORWARD-LOOKING STATEMENTS

In addition to historical information, this presentation contains statements relating to the acquisition of PeriShip, LLC by VerifyMe, Inc. and integration of the two companies, anticipated synergies of the acquisition, revenue opportunities, anticipated revenue, profitability of the combined company, future business, financial performance, future catalysts and future events or developments, strategy, projected costs, prospects, plans, objectives of management and future operations, future revenue, and expected market growth of VerifyMe, Inc. together with its wholly owned subsidiary PeriShip Global LLC (“VerifyMe,” the “Company,” “we,” or “us”) that may constitute “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. The words “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “could,” “target,” “potential,” “is likely,” “will,” “expect” and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. Important factors that could cause actual results to differ from those in the forward-looking statements include the impact of the COVID-19 pandemic, the impact of inflation and reduced discretionary spending in a recessionary environment, intellectual property litigation, the successful development of our sales and marketing capabilities, our ability to retain key management personnel, our ability to work with partners in selling our technologies to businesses, production difficulties, our inability to enter into contracts and arrangements with future partners, issues which may affect the reluctance of large companies to change their purchasing of products, acceptance of our technologies and the efficiency of our authenticators in the field.

More detailed information about these factors may be found in the Company’s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2021 and subsequent Quarterly Reports on Form 10-Q. The statements made herein speak only as of the date of this presentation. The Company’s actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update or revise its forward-looking statements to reflect events or circumstances after the date of this presentation, except as required by law.

Market data and industry information used herein are based on our management’s knowledge of the industry and the good faith estimates of management. We also relied, to the extent available, upon managements review of independent industry surveys, forecasts and publications and other publicly available information prepared by a number of third-party sources. All of the market data and industry information used herein involves a number of assumptions and limitations which we believe to be reasonable, and you are cautioned not to give undue weight to such estimates. Although we believe that these sources are reliable, we cannot guarantee the accuracy or completeness of this information, and we have not independently verified this information. Projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are subject to a high degree of uncertainty and risk due to a variety of factors, including those described, above. These and other factors could cause results to differ materially from those expressed in our estimates and beliefs and in the estimates prepared by independent parties.

## Non-GAAP Financial Measures

This presentation includes non-GAAP financial information. This non-GAAP information is in addition to, not a substitute for or superior to, measures of financial performance or liquidity determined in accordance with GAAP. The Securities and Exchange Commission’s Regulation G applies to any public disclosure or release of material information that includes a non-GAAP financial measure and requires: (i) the presentation of the most directly comparable financial measure calculated and presented in accordance with GAAP and (ii) a reconciliation of the differences between the non-GAAP financial measure presented and the most directly comparable financial measure calculated and presented in accordance with GAAP. The required presentations and reconciliations are contained in this presentation and can also be found at our website at [www.verifyme.com](http://www.verifyme.com).

# Welcome Remarks

Scott Greenberg  
Executive Chairman

- **Remarks**
- **Future Outlook**

# Financial and Equity Snapshot

Exchange/Ticker: NASDAQ: **VRME**

Stock Price (11/2/22): **\$1.23**

Shares Outstanding (11/2/22) **9.0 million**

Market Cap: **\$ 11.1 million**

Cash Balance: **\$3.7 million as of September 30, 2022**

Debt: **\$2.0 million as of September 30, 2022**

Revenues (TTM as of 9/30/22):  
**\$10.1 million**<sup>(1)</sup>

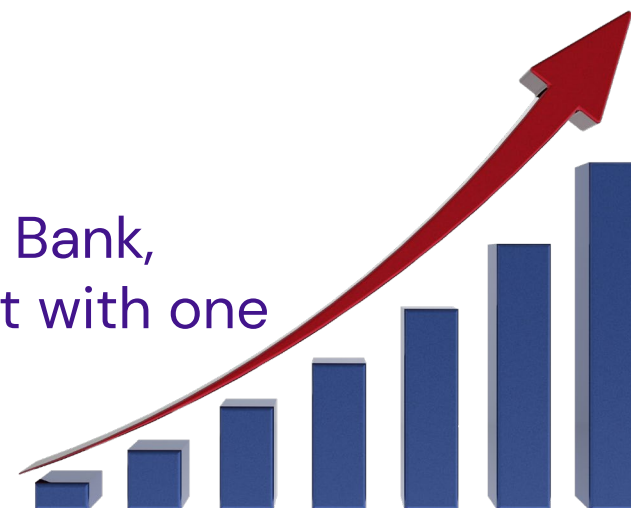
Insider Beneficial Ownership: **Approximately 20%**

Share Repurchase Program: **Approximately \$1.4 million remaining under the plan as of September 30, 2022**



# Q3 Highlights

- ✓ Revenue of \$5.2 million<sup>(1)</sup> for the quarter
- ✓ Gross Profit of \$1.8 million or 36% for the quarter
- ✓ Net Loss of \$0.6 million in Q3 2022, compared to Net Income of \$7.2 million in Q3 2021 (inclusive of unrealized gain on SPAC of \$8.2 million in 2021)
- ✓ Adjusted EBITDA improvement of 35% compared to Q2 2022
- ✓ Cash of \$3.7 million as of September 30, 2022
- ✓ Debt facility of \$2.0 million with a 4-year term, with PNC Bank, National Association and \$1 million revolving line of credit with one year term



# Q3 Business Highlights

- ✓ Entered into multi-year contract extension with our strategic partner and largest customer of PeriShip Global
- ✓ Rolled out social media campaign focused on increased visibility and engagement for proactive customers
- ✓ New PeriShip Global customers signed in Q3, which we believe will positively impact revenue in Q4 and forward
- ✓ New contract providing brand protection for international luxury apparel company

# PeriShip Highlights

## Experienced

- We have serviced the logistics industry for more than 20 years.
- We have partnered exclusively with one strategic partner
- We are actively providing services to over 400+ customers.

## Trusted

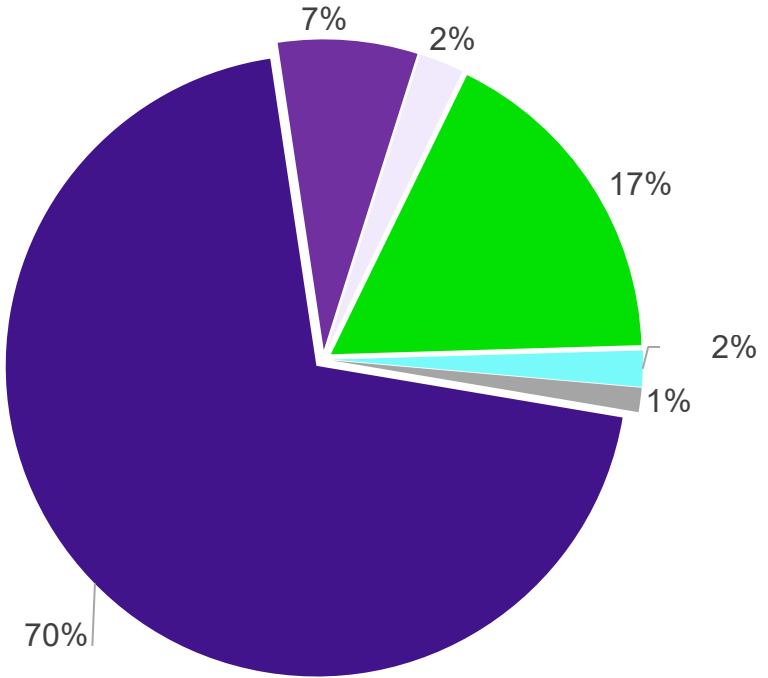
- We have over 80% customer retention rate
- In addition to being our largest customer, we provide outsourced vendor services to our partner in support of their premiere healthcare customers
- We have managed the distribution of flu vaccines for the largest vaccine manufacturer and have reduced “re-ships” year over year for past 4 years

## Outlook

- Fourth quarter is consistently our strongest
- Cross-selling opportunities present “add-on” sales with several major customers given the adjacency to our core service offerings
- Expansion into non-perishables market and opportunities to diversify to multi-provider offerings are being considered
- Working with our strategic partner to address small and medium size market



# Revenue by Market Sector for the Quarter



■ Pharma ■ Agriculture ■ Apparel ■ Food & Beverage ■ Health & Beauty ■ Other



# Outlook

- ✓ Adjusted EBITDA in Q3 of \$(198) thousand approaching break even
- ✓ Due to seasonality of the business and the addition of new customers, Q4 of 2022 is expected to show improvement in both Revenue and Adjusted EBITDA
- ✓ While the legacy technology of VerifyMe is gaining traction it is now projected to grow at least 50% per annum in 2022 and 2023 as opposed to prior estimates of 100%
- ✓ The company will review forecasts of revenue for 2023 after the completion of the fourth quarter of 2022

# Financials

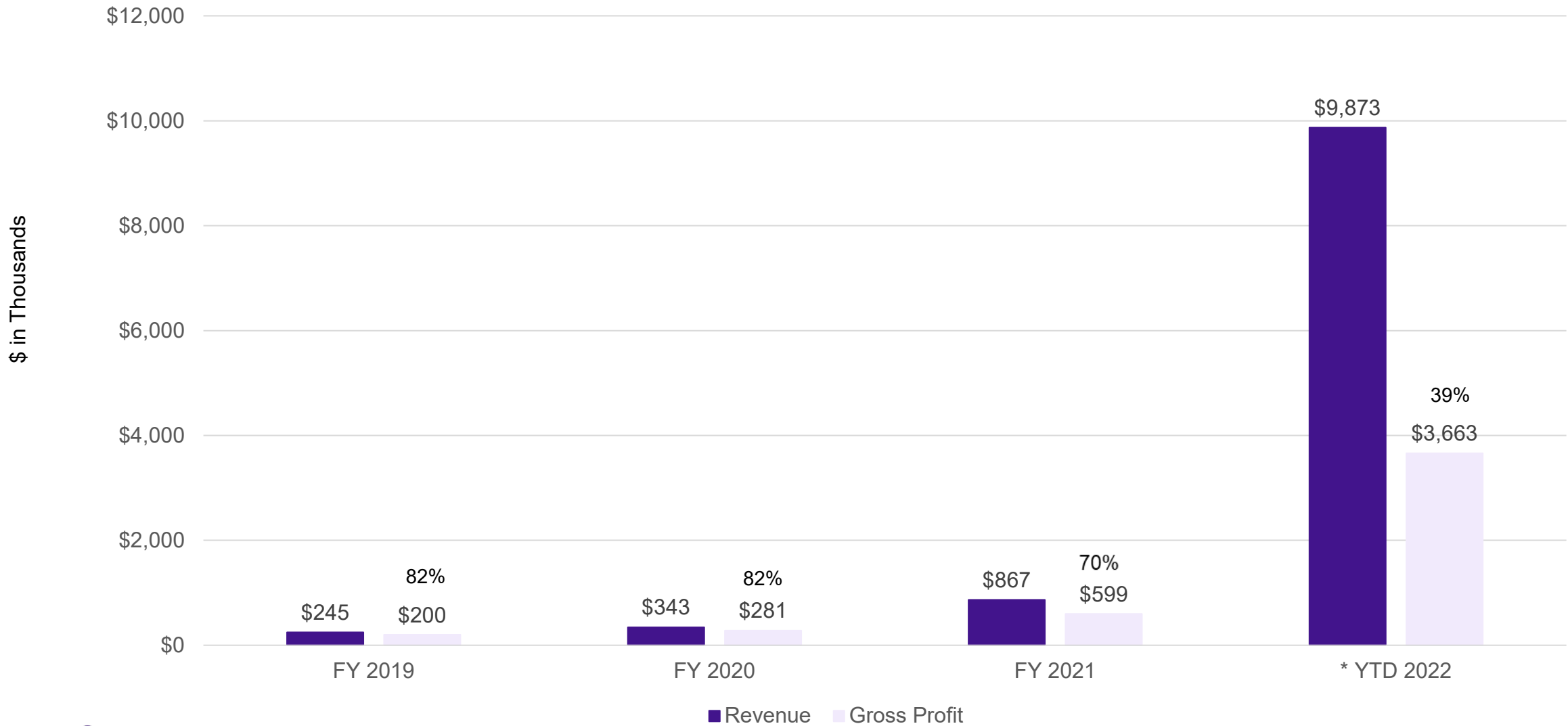
# 2022 Selected Financial Highlights

	Q1 2022	Q2 2022	Q3 2022	YTD 2022
Revenue	161	4,497	5,215	9,873
Gross profit	123	1,685	1,855	3,663
Gross margin	76%	37%	36%	37%
General and administrative expenses	1,465	2,535	2,213	6,213
Sales and marketing expenses	299	447	478	1,224
Net Loss	(1,394)	(12,555) *	(557)	(14,506)
Adjusted EBITDA <sup>(1)</sup>	(1,058)	(303)	(198)	(1,559)

\* Includes \$11.0 million write off related to the SPAC

(1) The term Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization) is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results. For a reconciliation of this non-GAAP financial measure to the most comparable GAAP equivalents, see the Non-GAAP Reconciliation along with related footnotes, in the Appendices to this report.

# Revenue and Gross Profit



YTD 2022 Revenue and Gross Profit includes PeriShip Global results beginning April 22, 2022

# Balance Sheet

## Key Highlights

- Cash of \$3.7 M as of September 30, 2022 (\$7.5M paid in April for acquisition of PeriShip)
- \$10.5 M Intangible assets and goodwill related to the acquisition of PeriShip
- Debt \$2.0 M, 4-year term loan with PNC as of September 30, 2022
- \$1 M revolving line of credit available

(\$ in thousands)	September 30, 2022 (unaudited)	June 30, 2022 (unaudited)	December 31, 2021
<b>Assets</b>			
Cash and cash equivalents	\$3,694	\$3,751	\$9,422
Accounts receivable and unbilled revenue	1,883	2,360	297
Equity Investment	–	–	10,964
Intangible assets & Goodwill	10,513	10,609	–
Other assets	1,332	1,375	1,005
<b>Total Assets</b>	<b>\$17,422</b>	<b>\$18,095</b>	<b>\$21,688</b>
<b>Current Liabilities</b>			
Accounts payable, accrued exp and current lease	\$1,822	\$2,089	\$450
Current portion of debt	500	500	–
<b>Non-Current Liabilities</b>			
Long term portion of debt	1,500	1,500	–
Other long term liabilities	387	416	71
<b>Total Liabilities</b>	<b>\$4,209</b>	<b>\$4,505</b>	<b>\$521</b>
<b>Total Stockholders' Equity</b>	<b>\$13,213</b>	<b>\$13,590</b>	<b>\$21,167</b>
<b>Total Liabilities and Stockholders'</b>	<b>\$17,422</b>	<b>\$18,095</b>	<b>\$21,688</b>



# Q & A

# Appendices



# Non-GAAP Reconciliation – Adjusted EBITDA<sup>(1)</sup>

ADJUSTED EBITDA (Non-GAAP)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net (loss) income	\$ (557)	\$ 7,189	\$ (14,506)	\$ 4,616
Interest expense (income), net	32	(1)	54	(1)
Gain on extinguishment of debt	(326)	-	(326)	-
Payroll Protection Program Debt Forgiveness	-	-	-	(70)
Amortization and depreciation	261	29	504	84
<b>Total EBITDA (Non-GAAP)</b>	<b>\$ (590)</b>	<b>\$ 7,217</b>	<b>\$ (14,274)</b>	<b>\$ 4,629</b>
<b>Adjustments:</b>				
Stock based compensation	31	21	123	44
Fair value of options issued in exchange for services	-	-	-	85
Fair value of restricted stock and restricted stock units issued in exchange for services	322	351	972	1,250
Loss (unrealized gain) on equity investments	1	(8,214)	10,959	(8,214)
Professional expenses for acquisitions	38	-	661	-
<b>Total Adjusted EBITDA (Non-GAAP)</b>	<b>\$ (198)</b>	<b>\$ (625)</b>	<b>\$ (1,559)</b>	<b>\$ (2,206)</b>

(1) Adjusted earnings before interest, income taxes, depreciation and amortization (Adjusted EBITDA) is a widely used non-GAAP financial measure of operating performance. It is presented as supplemental information that the Company believes is useful to investors to evaluate its results because it excludes certain items that are not directly related to the Company's core operating performance. In particular, with regard to our comparison of the third quarter 2022 Adjusted EBITDA to third quarter 2021 Adjusted EBITDA, we believe that certain charges in the third quarter make a quarter to quarter comparison of net income less useful to investors than a comparison of Adjusted EBITDA in understanding the results of operations. Adjusted EBITDA is calculated by adding back to net income interest expense, gain on extinguishment of debt, payroll protection program debt forgiveness, depreciation and amortization, non-cash stock compensation expense, loss on equity investment and professional expenses for the acquisition. Adjusted EBITDA should not be considered as a substitute either for net income, as an indicator of the Company's operating performance, or for cash flow, as a measure of the Company's liquidity. In addition, because Adjusted EBITDA may not be calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies.



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