



# VerifyMe<sup>®</sup>

Protect your brand. Grow your business.

Fourth Quarter 2022  
Investor Conference Call  
March 28, 2023

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 acquisitions of PeriShip, LLC and Trust Codes Limited, by VerifyMe, Inc. and integration of the companies, anticipated synergies of the acquisitions, 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 subsidiaries PeriShip Global LLC and Trust Codes Global Limited, ("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 our engagement in future acquisitions or strategic partnerships that increase our capital requirements or cause us to incur debt or assume contingent liabilities, the successful integration of our acquisitions (including the assets of PeriShip Global and Trust Codes Global), our reliance on one key strategic partner for shipping services in our PeriShip Global Solutions segment, competition including by our key strategic partner, seasonal trends in our business, severe climate conditions, the highly competitive nature of the industry in which we operate, our brand image and corporate reputation, impairments related to our goodwill and other intangible assets, economic and other factors such as recessions, downturns in the economy, inflation, global uncertainty and instability, the effects of pandemics, changes in United States social, political, and regulatory conditions and/or a disruption of financial markets, reduced freight volumes due to economic conditions, reduced discretionary spending in a recessionary environment, global supply-chain delays or shortages, fluctuations in labor costs, raw materials, and changes in the availability of key suppliers, our history of losses, our ability to use our net operating losses to offset future taxable income, the confusion of our name brand with other brands, the ability of our technology to work as anticipated and to successfully provide analytics logistics management, our ability to manage our growth effectively, the small number of customers that account for our revenue, our ability to successfully develop and expand our sales and marketing capabilities, risks related to doing business outside of the U.S., intellectual property litigation, our ability to successfully develop, implement, maintain, upgrade, enhance, and protect our information technology systems, our reliance on third-party information technology service providers, our ability to respond to evolving laws related to information technology such as privacy laws, risks related to deriving revenue from some clients in the cannabis industry, 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, our ability to acquire new customers, 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, our ability to comply with the continued listing standards of the Nasdaq Capital Market, and our ability to timely pay amounts due and comply with the covenants under our debt facilities.

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, 2022 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  
Interim Chief Executive Officer and  
Executive Chairman

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

# Financial and Equity Snapshot

Exchange/Ticker: NASDAQ: **VRME**

Stock Price (3/23/23): **\$1.50**

Shares Outstanding (3/23/23) **9.4 million**

Market Cap: **\$14.1 million**

Cash Balance: **\$3.4 million as of December 31, 2022**

Debt: **\$1.9 million as of December 31, 2022**

Revenues (Fiscal 2022):  
**\$19.6 million<sup>(1)</sup>**

Insider Beneficial Ownership: **Approximately 17%**



# Business Update

- ✓ Record Revenue Quarter
- ✓ Purchased assets of Trust Codes Global making us an end-to-end software driven company ensuring a secure supply chain
- ✓ Entered into a five-year extension and expansion of our agreement with ink taggant partner HP Indigo Ltd.
- ✓ New Sales and Marketing initiatives to drive new business and promote a unified product offering
- ✓ Reported effectiveness of internal controls over financial reporting

# Expected Benefits from Trust Codes Acquisition

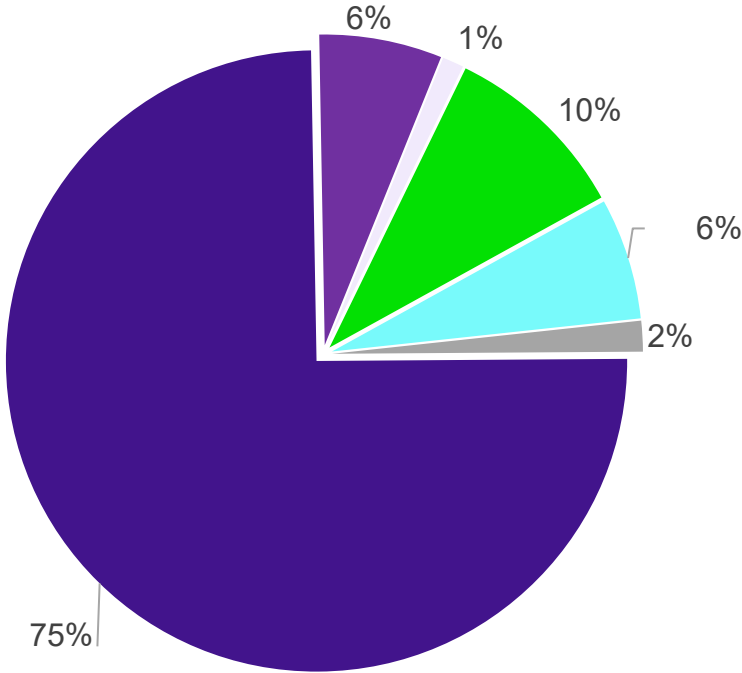
- ✓ Enhances our capabilities and reduces product costs
- ✓ A highly scalable traceability platform to secure supply chains and allow brands to connect with consumers
- ✓ Proprietary software that is written with the same languages and tools as PeriShip's proprietary software solution
- ✓ Existing customer base predominately in the Agri Food space; a natural tie into PeriShip's core competencies and 400+ customer base
- ✓ Access to Australasia and China markets leveraging Trust Codes' customers and infrastructure
- ✓ Ability to expand U.S. and European customers leveraging our infrastructure with best-in-class traceability and engagement platform

# Sales and Marketing Initiatives

- ✓ Rebranding with new logo, website, unified messaging to encompass blended service offerings
- ✓ Refocus strategic selling proposition to include all aspects of the enterprise
- ✓ Digital marketing campaign to include social media, paid search, email marketing, content marketing and development
- ✓ Engaged with third party lead generation organization to cast wider net
- ✓ Development of mobile app to provide end-to-end visibility to account activity
- ✓ Pursuing "up selling" opportunities across entire customer landscape including multi-carrier strategy



# Revenue by Market Sector for the Quarter



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



# 2023 Outlook

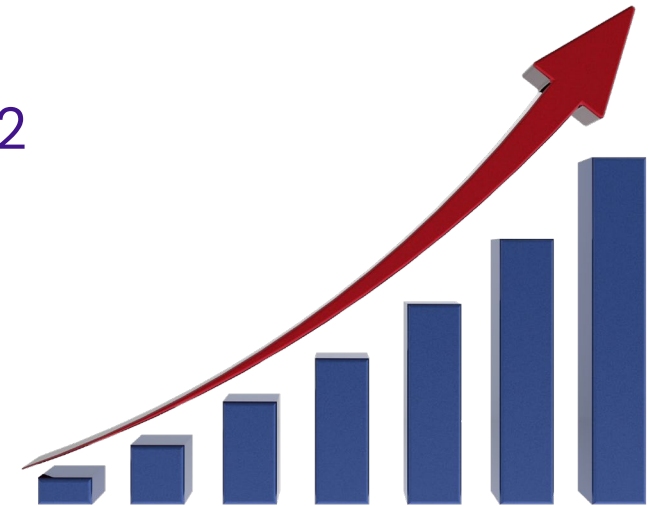
- ✓ Consolidated Revenue projected to be in excess of \$28M
- ✓ Gross Margin % to be consistent or better than 2022
- ✓ Positive Adjusted EBITDA<sup>(1)</sup>

(1)Adjusted EBITDA is a non-GAAP measure. The Company defines EBITDA as net income before income tax expense (benefit), interest expense, gain on extinguishment of debt, payroll protection program debt forgiveness and depreciation and amortization. Adjusted EBITDA represents EBITDA plus non-cash stock compensation expense and the fair value of options, restricted stock awards, restricted stock units, and warrants issued in exchange for services, loss (gain) on equity investment, unrealized gain on equity investment, and professional expenses for the acquisition of PeriShip

# Financials

# Q4 Highlights

- ✓ Record Revenue of \$9.7 million for the quarter
- ✓ Gross Profit of \$2.8 million or 29% for the quarter
- ✓ Net Income of \$0.1 million in Q4 2022, compared to Net Loss of \$1.0 million in Q4 2021
- ✓ Adjusted EBITDA improvement each quarter of 2022



# 2022 Selected Financial Highlights

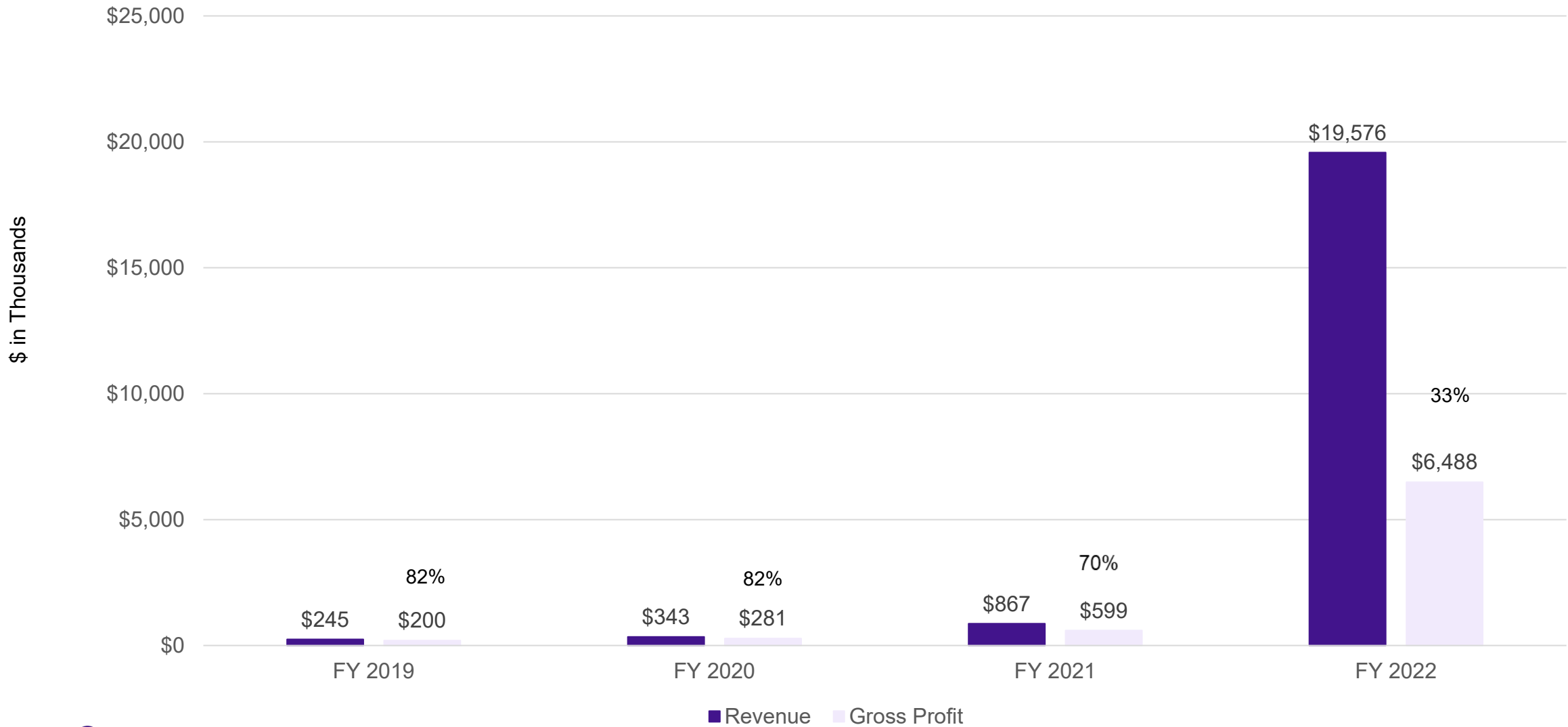
	Q1 2022	Q2 2022	Q3 2022	Q4 2022	YTD 2022
Revenue	161	4,497	5,215	9,703	19,576
Gross profit	123	1,685	1,855	2,825	6,488
Gross margin	76%	37%	36%	29%	33%
General and administrative expenses	1,465	2,535	2,213	2,215	8,428
Sales and marketing expenses	299	447	478	494	1,718
Net Income (Loss)	(1,394)	(12,555) *	(557)	108	(14,398)
Adjusted EBITDA <sup>(1)</sup>	(1,058)	(303)	(198)	742	(817)

- ✓ PeriShip Global segment is 93% of revenue in 2023
- ✓ VerifyMe revenue increased 60% YOY
- ✓ Gross Margin decrease in Q4 due to seasonal shift in product mix between PeriShip Global proactive and premium revenue streams
- ✓ Consistent improvement in Adjusted EBITDA

\* 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



# Balance Sheet

(\$ in thousands)

	December 31, 2022	December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	\$3,411	\$9,422
Accounts receivable and unbilled revenue		
Equity Investment	5,633	297
Intangible assets & Goodwill	10,400	10,964
Other assets	1,308	1,005
<b>Total Assets</b>	<b>\$20,752</b>	<b>\$21,688</b>
<b>Current Liabilities</b>		
Accounts payable, accrued exp and current lease	\$4,929	\$450
Current portion of debt	500	-
<b>Non-Current Liabilities</b>		
Long term portion of debt	1,375	
Other long term liabilities	362	71
<b>Total Liabilities</b>	<b>\$7,166</b>	<b>\$521</b>
<b>Total Stockholders' Equity</b>	<b>\$13,586</b>	<b>\$21,167</b>
<b>Total Liabilities and Stockholders'</b>	<b>\$20,752</b>	<b>\$21,688</b>

## Key Highlights

- Cash of \$3.4 M as of December 31, 2022 (\$7.5M paid in April for acquisition of PeriShip)
- \$4.0 M working capital
- \$10.4 M Intangible assets and goodwill related to the acquisition of PeriShip
- Debt \$1.9 M, 4-year term loan with PNC as of December 31, 2022
- \$1 M revolving line of credit available





# Q & A



# Appendices

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

ADJUSTED EBITDA (Non-GAAP)	Three Months Ended December 31,		Years Ended December 31,	
	2022	2021	2022	2021
Net income (loss)	\$ 108	\$ (1,004)	\$ (14,398)	\$ 3,612
Interest expense (income), net	34	(1)	88	(2)
Gain on extinguishment of debt	-	-	(326)	-
Payroll Protection Program Debt Forgiveness	-	-	-	(70)
Amortization and depreciation	266	33	770	117
<b>Total EBITDA (Non-GAAP)</b>	<b>\$ 408</b>	<b>\$ (972)</b>	<b>\$ (13,866)</b>	<b>\$ 3,657</b>
<b>Adjustments:</b>				
Stock based compensation	22	107	145	151
Fair value of options issued in exchange for services	-	-	-	85
Fair value of restricted stock and restricted stock units issued in exchange for services	351	230	1,323	1,480
Loss (gain) on equity investments	(27)	-	10,932	-
Unrealized gain on equity investment	(12)	(157)	(12)	(8,371)
Professional expenses for acquisitions	-	-	661	-
<b>Total Adjusted EBITDA (Non-GAAP)</b>	<b>\$ 742</b>	<b>\$ (792)</b>	<b>\$ (817)</b>	<b>\$ (2,998)</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 fourth quarter 2022 Adjusted EBITDA to fourth quarter 2021 Adjusted EBITDA, we believe that certain charges in the fourth 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: income tax expense(benefit), interest expense, gain on extinguishment of debt, payroll protection program debt forgiveness, depreciation and amortization, non-cash stock compensation expense, loss (gain) on equity investment, unrealized gain 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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