



VerifyMe[®]

Protect your brand. Grow your business.

First Quarter 2023
Investor Conference Call
May 11, 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.

Welcome Remarks

Scott Greenberg
Interim Chief Executive Officer and
Executive Chairman

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

Financial and Equity Snapshot

Exchange/Ticker: NASDAQ: **VRME**

Stock Price (5/4/23): **\$1.86**

Shares Outstanding (5/4/23) **approximately 9.4 million**

Market Cap: **\$17.5 million**

Cash Balance: **\$3.1 million as of March 31, 2023**

Debt: **\$2.3 million as of March 31, 2023 (including RLOC)**

Revenues (First Quarter 2023):
\$5.7 million

Insider Beneficial Ownership: **Approximately 16%**



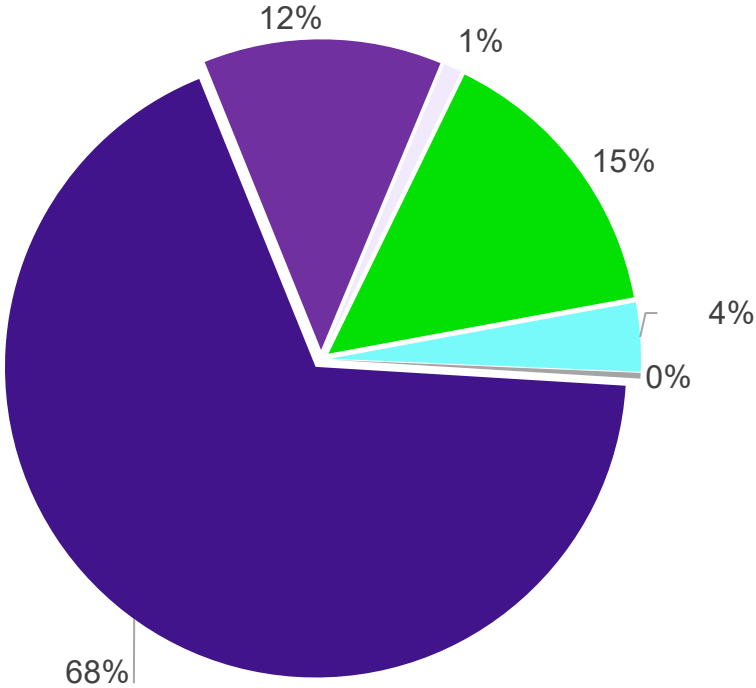
Business Update

- ✓ Positioning the business as a software driven logistics company providing end-to-end supply chain assurance and trust
- ✓ Enhanced focus on food and beverage markets
- ✓ GS1 certification; Sunrise 2027
- ✓ Made significant strides towards deploying a multi-carrier strategy

Sales and Marketing Initiatives

- ✓ Integrating salesforce and marketing campaigns to promote combined service offering
- ✓ Rebranded PeriShip website and messaging expected to roll-out end of Q2
- ✓ Blending sales approach to offer end to end information logistics solutions capability believed to be unique to the industry
- ✓ Beginning to see quality opportunities from new marketing efforts
- ✓ Attending in person tradeshow and industry specific conferences

Revenue by Market Sector for the Quarter

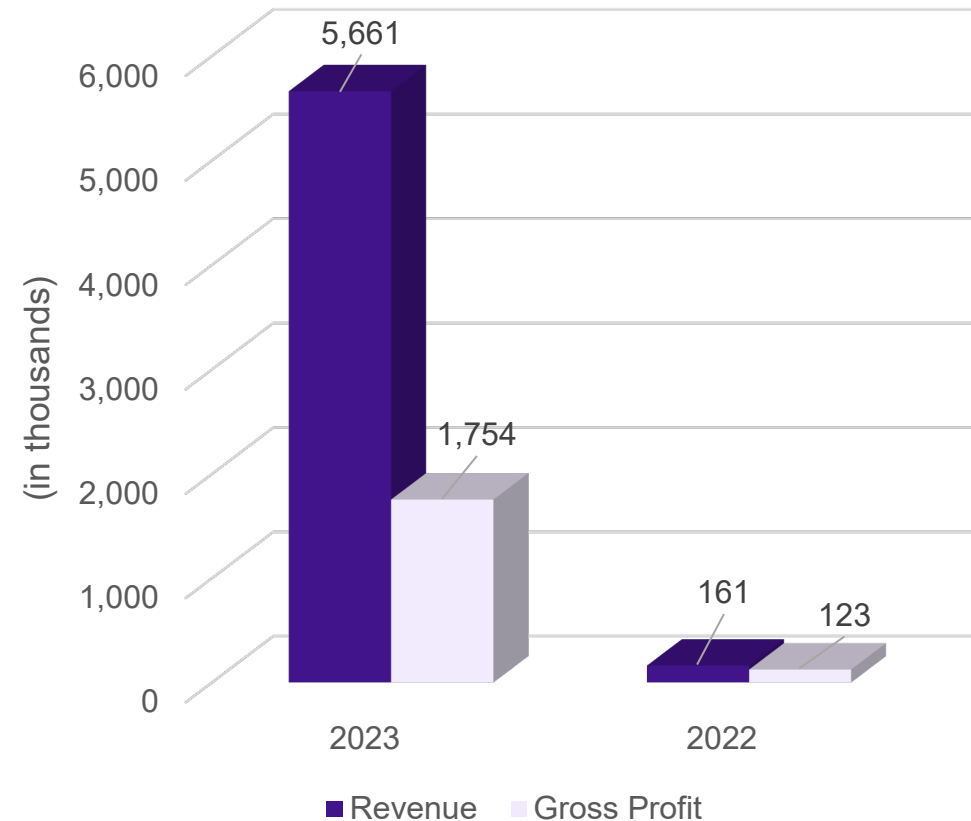


■ Healthcare ■ Agriculture ■ Apparel ■ Food & Beverage ■ Health & Beauty ■ Other



Financials

Q1 Highlights



- ✓ Revenue of \$5.7 million in Q1 2023 vs \$0.2 million in Q1 2022
 - 96% of revenue related to PeriShip Global business acquired during Q2 2022
- ✓ Gross Profit of \$1.8 million or 31% in Q1, 2023 vs \$0.1 million in Q1 2022

2023 Selected Financial Highlights

(in thousands)

	Q1 2023	Q1 2022
Revenue	5,661	161
Gross profit	1,754	123
Gross margin percentage	31%	76%
General and administrative expenses	2,756	1,465
Sales and marketing expenses	494	299
Net loss	(1,580)	(1,394)
Adjusted EBITDA ⁽¹⁾	(469)	(1,058)

- ✓ G&A expenses increased by \$1.3 million in Q1 2023 compared to Q1 2022
 - ✓ Primarily relates to IT and operations salaries from acquisition of PeriShip Global business
 - ✓ Deal costs for the acquisition of Trust Codes Global
 - ✓ Severance Expense
 - ✓ Increased amortization and depreciation expense
- ✓ Sales & Marketing expenses increased by \$0.2 million in Q1 2023 compared to Q1 2022
 - ✓ Primarily related to salaries from acquisition of PeriShip Global

(1) The term Adjusted EBITDA is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results. Adjusted EBITDA represents EBITDA (earnings before interest, income taxes, and depreciation and amortization) plus non-cash stock compensation expense, severance expense, unrealized loss (gain) on equity investment and one-time professional expenses for acquisitions. For a reconciliation of this non-GAAP financial measure to the most comparable GAAP equivalent, net income (loss), see the Non-GAAP Reconciliation along with related footnotes, in the Appendix to this report.

Balance Sheet

(\$ in thousands)

Key Highlights

- Cash of \$3.1 M as of March 31, 2023 (\$0.6M paid in March for acquisition of Trust Codes and deal costs)
- \$2.1 M working capital
- \$12.5 M Intangible assets and goodwill related to acquisitions
- Debt \$2.3 M, 4-year term loan and RLOC as of March 31, 2023
- \$1.1 M Contingent liability related to Trust Codes acquisition

	March 31, 2023 (Unaudited)	December 31, 2022
Assets		
Cash and cash equivalents	\$3,085	\$3,411
Accounts receivable and unbilled revenue	2,400	5,633
Intangible assets & Goodwill	12,450	10,400
Other assets	1,476	1,308
Total Assets	\$19,411	\$20,752
Current Liabilities		
Accounts payable, accrued exp, current lease exp and contingent consideration	\$2,809	\$4,929
Current portion of debt	1,000	500
Non-Current Liabilities		
Long term portion of debt	1,250	1,375
Other long term liabilities	1,390	362
Total Liabilities	\$6,449	\$7,166
Total Stockholders' Equity	\$12,962	\$13,586
Total Liabilities and Stockholders'	\$19,411	\$20,752





Q & A

Appendix

Non-GAAP Reconciliation – Adjusted EBITDA⁽¹⁾

	Three Months Ended March 31	
	2023	2022
Net loss (GAAP)	\$ (1,580)	\$ (1,394)
Interest expense (income), net	42	(1)
Amortization and depreciation	282	35
	-	
Total EBITDA (Non-GAAP)	<u>\$ (1,256)</u>	<u>\$ (1,360)</u>
Adjustments:		
Stock based compensation	22	87
Fair value of restricted stock and restricted stock units issued in exchange for services	152	342
Severance expense	303	-
Unrealized loss (gain) on equity investment	32	(252)
One-time professional expenses for acquisitions	278	125
	-	
Total Adjusted EBITDA (Non-GAAP)	<u>\$ (469)</u>	<u>\$ (1,058)</u>

(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 first quarter 2023 Adjusted EBITDA to first quarter 2022 Adjusted EBITDA, we believe that certain charges in the first 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, income tax expense (benefit), depreciation and amortization, non-cash stock compensation expense, severance expense, unrealized loss (gain) on equity investment, and one-time professional expenses for acquisitions. 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.



Protect your brand. Grow your business.

US Headquarters

801 International Parkway

Fifth Floor

Lake Mary, FL 32746

+1 585 736 9400

info@verifyme.com