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VerifyMe, Inc. (OTCQB: VRME) Technology / Identity Protection and Security

January 2018

Company Statistics

(as of 01/10/18)

Stock Price:	\$0.38
52 Week Range:	\$0.04-\$0.43
Market Capitalization:*	\$18.86M
Avg. Daily Vol. (3m):	73,460
Shares Outstanding:*	49.65M

*For additional information please reference capitalization chart on page 6.

Company Description

VerifyMe, Inc., is a high-tech solutions company that markets a broad patent portfolio that includes patents in the field of authenticating products and people. VerifyMe's physical technology authenticates packaging, labels & documents with a suite of proprietary security inks and pigments. The company's digital technologies authenticate people by performing strong, multi-factor verification via its patented digital software platforms. To learn more, visit www.verifyme.com.

Key Company News

On September 6, 2017, VerifyMe Inc. announced a significant company event whereby it signed a global contract with HP for secure digital press ink technology.

"The integration of VerifyMe's technology with HP's industry leading ElectroInk creates a powerful combination that delivers high quality commercial digital printing with robust fraud prevention, authentication and brand security," stated Patrick White, President and Chief Executive Officer of VerifyMe.

VerifyMe Reports Third Quarter Fiscal Year 2017 Results

Company makes operational strides during quarter with management appointments and signing contract with HP

Third Quarter Net Loss Reduced 78% versus 2016

Quarterly Highlights

- Entered into major, global 5-year contract with HP Indigo in September 2017, which will have its worldwide machines loaded with VerifyMe's RainbowSecure™ inks enabling approximately 4,500 HP Indigo digital presses around the world to seamlessly incorporate authentication measures;
- Restructuring and recapitalization plan implemented with cash invested by newly appointed board members, and appointment of Patrick White as President and Chief Executive Officer and Keith Goldstein as Chief Operating Officer;
- Q3 operating expenses lower by 15.3% compared to same quarter last year;
- Net loss was (\$385,000) versus (\$1.8 million) loss in Q3 2016 a 78% improvement;
- Cash balance at the end of September 2017 was \$0.8 million compared to \$23,000 at the end of the prior fiscal year.

The Company recently provided an overview of the restructuring and go forward strategy for VerifyMe at the Lytham Partners Virtual Investor Conference. Please click here to listen to the presentation: [VerifyMe Presentation](#). Or visit the VerifyMe investor page: www.verifyme.com/investor.

Mr. Patrick White, President and Chief Executive Officer of VerifyMe stated: "While we still have lots more to do, we are off to a great start and a lot has been accomplished in a short amount of time. The HP Indigo contract completion has the company now positioned for profitability. I am also pleased with our progress in our digital biometric development and believe the Company has a viable future ahead in the biometric "people verification" segment. We are in the midst of filling our sales pipeline with deal flow, which is at various stages – both on the physical and digital/biometrics sides of the business."

Company Overview- Authentication of Goods and People

VerifyMe, Inc. (OTCQB: VRME) is a technology pioneer in the anti-counterfeiting industry. This broad market encompasses counterfeiting of physical and material goods and products, as well as counterfeiting of identities in digital transactions. VerifyMe has the ability to deliver security solutions for identification and authentication of people, products and packaging in a variety of applications in the security field for both digital and physical transactions. The company's products can be used to manage and issue secure credentials, including national identifications, passports, driver licenses and access control credentials, as well as comprehensive authentication security software to secure physical and logical access to facilities, computer networks, internet sites and mobile applications.

Physical

The identification or authentication of physical goods, which can include people, products or packaging.

Digital & Biometric

The identification or authentication of any transaction that is done via digital technologies.

The challenges associated with digital access control and identity theft are problems that are highly relevant in the world today. Consumers, citizens, employees, governments and employers demand comprehensive solutions that are reliable but not intrusive. The current widespread use of passwords and personal identification numbers, or PINs for authentication has proven to be unsecure and inadequate. Individuals increasingly expect anywhere-anytime experiences—whether they are making purchases, crossing borders, accessing services or logging into online accounts or corporate resources.

In the areas of authentication and serialization of physical goods, VerifyMe offers clients the following products as anti-counterfeit systems:

Physical Identification/ Authentication



RainbowSecure™



SecureLight™



SecureLight+™

RainbowSecure™ technology was the company's first technology to be patented. It combines an invisible ink with a proprietary tuned laser to enable counterfeit products to be exposed. It has been widely accepted in the gaming industry, where the technology has been used by casinos to protect their chips, dice, and playing cards from fraud. The technology also features a unique double layer of security which remains entirely covert at all times and provides licensees with additional protection. RainbowSecure™ is particularly well-suited to closed and controlled environments, such as casinos that want to verify transactions within a specific area, and are not interested in outside public verification by consumers. The technology is also appropriate for anti-counterfeit protection of tags and labels in the apparel industry, where it can be applied to a variety of different materials in the form of dyes.

SecureLight™ technology was developed as a result of the company's investment in new proprietary color shifting inks that could penetrate broader markets and result in far greater revenues. During the past nine years, VerifyMe has refined the technologies and its applications, and now have one of the easiest, most cost effective and efficient authentication technologies available in the world today. This technology, known as SecureLight™, takes advantage of the new ubiquitous energy efficient fluorescent lighting to change the color of ink, resulting in hundreds of new applications ranging from credit cards to driver's licenses, passports, stock certificates, clothing labels, currency, ID cards, and tax stamps. The technologies can also be used to protect apparel, pharmaceuticals, and virtually any other physical product.

SecureLight+™ technology combines the covert characteristics of RainbowSecure and the overt characteristics of SecureLight. This provides a solution which can be authenticated in two different ways - by proprietary tuned laser devices, and also by anyone with fluorescent lighting including end consumers.

Contract with HP

On September 6, 2017 VerifyMe and the Indigo Division of HP Inc., a global printing technology leader, signed a five-year global contract whereby the companies will incorporate VerifyMe's pigment products with HP Indigo's ElectroInk to be used for packaging, label authentication, anti-counterfeiting and covert item level serialization for supply chain and distribution security.

- Signed Sept. 2017
- Contract to Use VerifyMe RainbowSecure™ Technology in HP Digital Presses
- HP Indigo press owners or brand owners pay a per click charge to VerifyMe
- 5 Year Contract
- Global Coverage
- Potential value of more than \$25 million per year
- 70%+ Margin
- Sales cycle to add new customers: 4-12 months

The solution will be marketed as RainbowSecure™ powered by HP Indigo and sold globally by VerifyMe to HP Indigo customers. The solution includes a security ElectroInk as well as VerifyMe's readers and authentication tools that can be used in conjunction with the security ElectroInk. Both companies will provide support to HP Indigo customers that use the RainbowSecure™ solution on HP Indigo's digital printing presses.

The HP Security Electroink containing RainbowSecure™ is in an ink canister that is mounted into the Digital Indigo press along with the other ink stations, making it a very simple and seamless process to incorporate highly effective authentication to any label, packaging or document. Since the HP Indigo is a digital press, the technology can easily print numbers, codes or images either fixed or variable.

Leveraging HP Customer Base



Digital Authentication via Biometrics

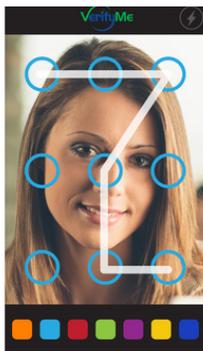
The accurate identification of human beings in electronic transactions, also known as Digital Identity Management, will continue to be a large and rapidly growing market. As more electronic transactions incorporate the exchange of value and money, the verification of the unique identity of human beings participating in those transactions becomes more important. In general, every electronic transaction has a least two actors – a subject and a relying party. The relying party has a business need to eliminate or reduce risk associated with the identification of the subject.

VerifyMe’s digital technologies involve the utilization of multiple authentication mechanisms, some of which the company owns. These mechanisms include biometric factors, knowledge factors, possession factors and location factors. Biometric factors include facial recognition with liveness detection, finger print and voice recognition. Knowledge factors include a personal gesture swipe and a safe and panic color choice. Possession factor includes devices that the user has in their possession such as a smartphone, smart watch, and other wearable computing devices. The location factor geo-locates the user during a secure login. VerifyMe then surrounds these authentication mechanisms with proprietary systems that improve the usability and the security of the solutions.

VerifyMe’s solutions allow the assessment and quantification of risk using a sophisticated heuristic scoring mechanism and incorporate a specialized systems that perform ‘liveness’ detection to insure the subject of authentication is in fact a live human being.

VerifyMe ID Services- Simple & Secure

- VerifyMe™ ID Services replaces passwords and PINs with intuitive, user-friendly, multi—factor authentication.
- Authenticates unique, live user identity, incorporating biometrics, GPS and other patented authentication methodologies.
- Protects your customers privacy and the integrity of your brand.



Swipe pattern recognition & personal color selection



Facial recognition, fingerprint, voice, & retina scanning



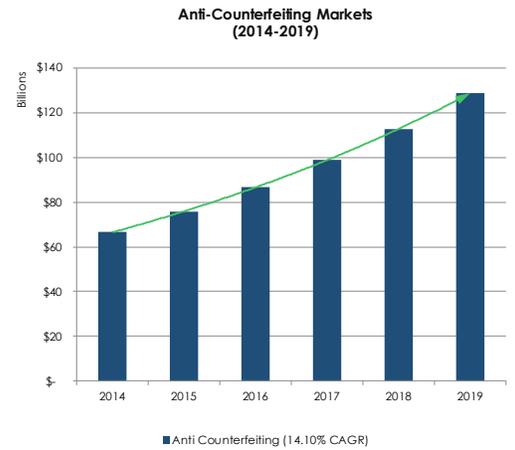
Highly accurate location detection & verification

Historically, stronger authentication solutions, such as biometric, two-factor and multi-factor solutions have been difficult to use and expensive to deploy and operate. The extraordinary proliferation of smart phones and tablets provide an infrastructure for disruptive solutions that leverage the mobile nature of these devices and the multi-sensor computing capabilities.

A strong authentication market has emerged, initially led by two-factor authentication solutions. Two-factor authentication solutions combine a password with a second factor, which typically involves proving possession of some object, which may include a one-time password token that generates rotating secret codes, a telephone via a callback or a SMS message, or an email address via emailing a secret code.

Large and Rapidly Growing Addressable Markets

Counterfeiting, product diversion, piracy, forgery, identity theft, and unauthorized intrusion into websites, physical locations and databases create significant and growing problems to companies in a wide range of industries as well as governments and individuals worldwide. Counterfeiting is a global problem, and it is a problem that appears to be increasing. According to the International Anti-counterfeiting Coalition the number of Intellectual Property Rights (“IPR”) – related seizures in 2014 were 23,140. Direct and indirect U.S. jobs supported by Intellectual Property (“IP”) – intensive industries in 2013 was 55.7 million. The total value of IPR-infringing goods seized, originating from China in 2014 (including Hong Kong) was \$1.08 billion. The total value of IPR-related seizures based on the Manufacturers’ Suggested Retail Price (“MSRP”) in 2014 was \$1.22 billion. The projected value of global trade in counterfeit and pirated goods in 2015 was \$1.77 trillion. On April 18, 2016, the Organisation for Economic Cooperation and Development reported that imports of counterfeit and pirated goods were worth nearly \$500 billion per year, or around 2.5% of global imports, with the US, Italian and French brands hit the hardest.

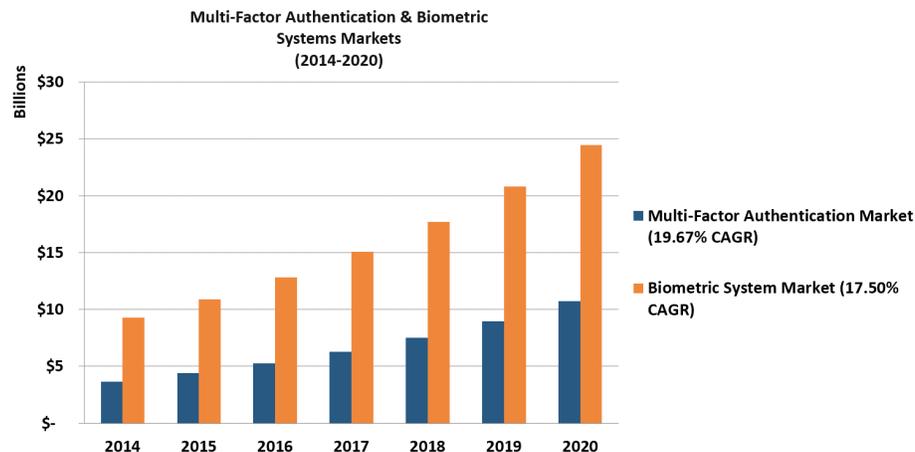


The global anti-counterfeit packaging market is estimated at \$107.26 Billion in 2016 and is projected to reach \$206.57 Billion by 2021, at a compound annual growth rate of 14.0%, according to a report by marketsandmarkets.com.

Electronic financial theft and electronic theft of private information make headlines almost every day - according to a 2015 Identity Fraud Study released by Javelin Strategy & Research, in 2014, \$16 billion was stolen from 12.7 million U.S. consumers. The majority of this harm can be traced to weak authentication systems, such as Username/Password, yet these weak systems continue to be used in most of the world’s transactional systems.

The global multifactor authentication (“MFA”) market was valued at \$3.6 billion in 2014 and is predicted to reach more than \$9.6 billion by 2020 as three-, four- and five-factor authentication systems gain prominence. Part of this growth can be attributed to the rise of biometric security services, such as fingerprint, retina and facial scanning. A recent report found that all authentication methods using more than two factors included some form of biometric scanning.

Currently, 90% of the MFA market belongs to two-factor authentication. These “standard” methods include passwords, hardware tokens and PINs, although some systems do employ a secondary biometric scan. With a predicated compound annual growth rate of 19.67 percent over the next three years, however, it’s clear that the other 10 percent — and the biometric technology needed to support them — will play a large role. As it stands, three-factor authentication is mostly used in bank lockers and immigration, while four- and five-step methods only make an appearance in high-level government operations. But this trend is about to change with the roll-out of things like full facial recognition and/or installation of fingerprint scanners into smartphones.



Capitalization Chart

	Outstanding	Current Common Share Equivalent	Percent of Fully Diluted Outstanding
Common Shares	49,297,957	49,297,957	40.2%
Preferred A	344,778	6,895,569	5.6%
Preferred B	1	7,821,749	6.4%
Stock Options	22,013,530	22,013,530	17.9%
Warrants- average strike of \$0.12	36,694,498	36,694,498	29.9%
Total fully diluted		122,723,303	100.0%

Includes Oct 1 private sale of 1,430,000 shares and warrants

Management Team



Norman Gardner
Chairman of the Board and Founder

- Chief Inventor of Company's core technologies



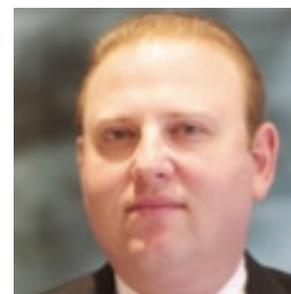
Patrick White
Chief Executive Officer

- CEO/Founder of Document Security Systems (NYSE: DSS)
- Former member of the U.S. Secret Services, Document Security Alliance
- Holder of 3 U.S. patents for digital security technologies



Keith Goldstein
Chief Operating Officer

- 25-year industry veteran
- Recently served as CEO of ABnote North America, a major division of American Banknote Corp.



Sandy Fliderman
Chief Technology Officer

- Software management veteran with 22-years industry experience
- Previously was CIO at VEEDIMS, LLC, an Internet of Things technology company

Board of Directors

Norman Gardner
Chairman of the Board
 Founder of VerifyMe & holder of several key patents

Claudio Ballard
U.S IP Patent Monetization Expert
 Key Inventor of VRME's Digital Technology
 2010 Inventor of the Year by U.S. Business and Industry Council

Laurence Blickman*
Senior Managing Director,
 Institutional Investments at Cushman & Wakefield

Marshall Geller*
Founder SCF Investments LLC

Howard Goldberg*
Private Investor

Paul Klapper*
Silicon Valley investor

Larry Schafran
Noted specialist in mergers and acquisitions

Patrick White*
President and CEO of VerifyMe

*Denotes board members appointed August 2017 as part of recapitalization plan, of which all participated and in aggregate invested \$1.5 million towards the plan.

Safe Harbor Statement

This document contains forward-looking statements regarding future opportunities and building the company performance, which involve uncertainty and risk. 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 company's ability to work with larger partners in selling its technologies to large businesses, its ability to raise sufficient capital to support its operations, the condition of the equity markets in general and for microcap companies in particular and issues which may affect its patents including potential litigation. Further information on our risk factors is contained in our filings with the SEC, including the Form 10-k for the year ended December 31, 2016. Any forward-looking statement made by us herein speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

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