

SL: [TRADE ALERT] VerifyMe: A High Upside Microcap Investment Opportunity

****Trade Idea: VerifyMe (NASDAQ: VRME)****

Price At Alert: \$1.80

Buy Limit: \$2.00

Stop Limit: \$1.26

Hey it's Alex here with your next Breakout Wealth trade idea.

This time, we're looking at **VerifyMe Inc. (NASDAQ: VRME)**. VerifyMe operates a number of digital identity and authentication software solutions.

With a market cap of just \$16 million, this company is definitely a microcap. So, of course, always do your own due diligence before investing. And don't risk any more money than you're willing to lose.

With that being said, let's see how the company fulfills my TEN-X filter.

1. Total Addressable Market (TAM)

Understanding the Total Addressable Market (TAM) is crucial for investors, as it helps to identify the potential size of the market that a company can target.

VerifyMe operates in the rapidly growing digital identity verification and authentication market. The increased demand for secure

transactions, privacy concerns, and the prevalence of online platforms has resulted in a surge in the need for reliable verification services.

The global identity verification market is projected to reach \$18.8 billion by 2026, growing at a Compound Annual Growth Rate (CAGR) of 16% from 2021.

VerifyMe's target market includes a wide range of industries, such as banking and financial services, healthcare, e-commerce, education, and government services. Each of these industries requires secure identity verification solutions to prevent fraud, enhance security, and comply with ever-evolving regulations.

The growing digitalization of these industries, coupled with a surge in online transactions and the increasing prevalence of remote work, has accelerated the demand for VerifyMe's services. As the company expands its presence in these markets, it stands to benefit from the considerable growth opportunities that the TAM presents.

2. Earnings Per Share (EPS)

Earnings Per Share (EPS) is a key metric for investors, as it represents the portion of a company's profit allocated to each outstanding share of common stock.

As a microcap company, VerifyMe has been investing in growth and expanding its market share. According to their latest 8-K report, VerifyMe posted an EPS of \$0.05 in the most recent quarter.

It is worth noting that the EPS for VerifyMe has shown consistent improvement over the past few years, signaling that the company is on an upward trajectory. As the demand for identity verification solutions continues to rise, VerifyMe's ability to capitalize on this trend and increase its earnings will be critical in driving shareholder value.

3. Gross Profit Margin

Gross Profit Margin is a vital financial metric that measures the percentage of revenue that exceeds the cost of goods sold (COGS). A higher gross profit margin indicates that a company is more efficient in managing its production costs and generating profit from its operations.

Q4 represented a major leap forward for VeriyMe in terms of revenue. YoY growth in Q4 was \$9.7 million. This was a 3,705% increase from 2021. So, massive growth. But how did the margin hold up?

Quite well, actually. The latest Q4 margin came in at 29%. This is still solid, but the more important thing is that I believe this margin will be much higher in upcoming quarters. VerifyMe acquired logistics company Periship in April for \$10.5 million, and the funds ended up settling in Q4.

This drove down the margin from VerifyMe's typical 67-72% range.

This strong Gross Profit Margin highlights the company's ability to maintain low production costs while delivering high-quality products and services. The margin also suggests that VerifyMe has the potential to scale its operations and increase its market share without compromising on profitability.

As the company continues to grow, its ability to maintain or improve its Gross Profit Margin will be crucial in ensuring sustainable and long-term growth for investors.

Moreover, a healthy gross profit margin enables VerifyMe to invest in research and development, which is critical for staying ahead of the competition and meeting the ever-evolving needs of its customers.

This investment in innovation not only drives future growth but also reinforces the company's position as a market leader in the identity verification space.

4. VerifyMe's X-Factor

The unique X-Factor that sets VerifyMe apart from its competitors is its proprietary technology, which offers unparalleled security and scalability. The company's cutting-edge, multi-layered verification solutions encompass biometrics, device fingerprinting, and artificial intelligence.

This enables VerifyMe to deliver fast, accurate, and frictionless identity verification that is compliant with regulatory requirements.

One of VerifyMe's flagship products is its patented "Invisible Barcode" technology, which is designed to combat counterfeiting and fraud in various industries, including pharmaceuticals, consumer goods, and luxury products.

This technology not only provides a secure and reliable means of authentication but also offers real-time tracking and analytics to help businesses make informed decisions.

Not only that, but VerifyMe has inked a number of long-term deal that will help it grow its business over the coming years. The first one is with HP, the printer company. VerifyMe entered into a 5-year agreement with HP's Indigo division to provide VerifyMe's secure ink technology to HP printing canisters.

The other deal was signed in January 2023 with The Agrarian Group. VerifyMe will layer it's verification technology on food products shipped by the Agrarian Group. So, a consumer will be able to scan the label with their smart food, and see information such as where the food came from, it's ecological impact, and other information, such as sales the company might be hosting.

Conclusion

In conclusion, VerifyMe is well-positioned to capitalize on the growing need for digital verification and authentication as we continue to race towards a digitized economy,

It hits each of the four factors of my TEN-X filter, so I'm bullish on this company.

Also, as an interesting aside, one of the Board Members is Chris Gardner — the man who was portrayed in the Will Smith movie *The Pursuit of Happiness*.

Just an interesting note. But we're adding VerifyMe Inc. to the model portfolio.

Until next time,

Alex Reid
Founder, Breakout Wealth