

04 April 2023

## Smarttech247 Group PLC

("Smarttech247", the "Group" or the "Company")

### Principal subsidiary's results for the year to 31 July 2022

Smarttech247 (AIM: S247), a multi-award-winning provider of AI-enhanced cybersecurity services providing automated managed detection and response for a portfolio of international clients, today announces the financial results of its principal subsidiary, Zefone Limited (and its subsidiaries) (together, the "Zefone Group" or "Business"), for the year ended 31 July 2022. The Zefone Group was acquired by a new holding company, Smarttech247 Group PLC, and the enlarged group was admitted to trading on AIM, raising £3.7 million on 15 December 2022.

### Financial highlights

Significant growth achieved:

- Revenues increased by 41.2% to €10.2 million (31 July 2021: €7.2 million)
- Gross profit increased by 36.4% to €5.5 million (31 July 2021: €4.0 million)
- EBITDA increased by 20.2% to €2.0 million (31 July 2021: €1.67 million)
- Operating profit increased by 32.2% to €1.76 million (31 July 2021: €1.33 million)

| Year to                  | 31 July 2022<br>€  | 31 July 2021<br>€  | Change<br>% |
|--------------------------|--------------------|--------------------|-------------|
| Revenue                  | 10,205,602         | 7,225,479          | +41.2       |
| Gross profit<br>(margin) | 5,544,577<br>54.3% | 4,066,050<br>56.3% | +36.4       |
| Operating costs          | 3,848,769          | 2,973,253          | +29.4       |
| EBITDA<br>(margin)       | 2,007,869<br>19.7% | 1,670,876<br>19.9% | +20.2       |
| Operating profit         | 1,756,536          | 1,328,374          | +32.2       |
| Profit before tax        | 1,533,962          | 1,297,455          | +18.2       |
| <b>As at</b>             |                    |                    |             |
| Cash                     | 2,358,082          | 3,214,851          |             |
| Net assets               | 4,533,445          | 3,132,370          |             |

### Operating highlights

- During the period, the Business focused on the continued growth of its customer base in the UK, Europe and the United States, as well as the expansion of its team to deliver the proprietary technologies of VisionX, Threathub and NoPhish.
- A significant number of new contracts were won during the period that will drive revenue, including:
  - a new VisionX MDR deal with a leading hospital in Ireland;
  - a three-year VisionX MDR deal with a major fintech organisation;
  - a contract extended with a major global food and manufacturing organisation to include 10 new locations under the scope of the security management; and
  - a publicly US listed pharmaceutical company.

- The platform was expanded, and headcount increased by over 75% to provide capacity for growth, whilst margins have been maintained.
- Successful launch of new proprietary technology products in 2022, including the automated VisionX MDR platform.

#### **Post year-end**

- The Zefone Group was acquired by a new holding company, Smarttech247 Group PLC, and the enlarged group was admitted to trading on AIM, raising £3.7 million in December 2022. Since listing the Company's share price has increased by 11%.
- H1 2023 trading is ahead of budget, with interim results for the newly quoted Smarttech247 Group PLC for the period ended 31 January 2023 due to be announced in April 2023.

#### **Raluca Saceanu, Chief Executive Officer of Smarttech247, commented:**

"The last financial year was transformational for the Business which won a significant number of new contracts to deliver its Managed Detection and Response capabilities for global customers.

"With the Zefone Group being acquired by Smarttech247, and subsequently being admitted to trading on AIM in December 2022, the Company has the platform in place to gain further momentum, accelerate its revenue growth and deliver our technology to all existing and new partners.

"As the threat landscape grows in complexity and sophistication, particularly given the continuous geopolitical challenges that have influenced this in the past two years, Smarttech247 is well-positioned to expand its Managed Detection and Response capabilities and we look forward to another year of exciting growth for the Business."

- Ends -

#### **For further information please contact:**

##### **Smarttech247 Group PLC**

Tel: +353 21 206 6033

Ronan Murphy, Executive Chairman

Raluca Saceanu, Chief Executive Officer

Nicholas Lee, Finance Director

##### **SPARK Advisory Partners Limited - Nominated Adviser**

Tel: + 44 (0) 20 3368 3550

Mark Brady / Adam Dawes

##### **Shard Capital - Broker**

Tel: +44 (0) 20 7186 9900

Damon Heath

##### **Fortified Securities - equity adviser**

Tel: +44 (0) 7493 989014

Guy Wheatley, CFA

##### **Yellow Jersey PR**

Tel: +44 (0) 20 3004 9512

Sarah Hollins / Annabelle Wills / Bessie Elliot

#### **About Smarttech247**

Smarttech247 is a multi-award winning automated MDR (Managed Detection & Response) company. Its platform is trusted by international organisations and provides threat intelligence with managed detection and response to provide actionable insights, 24/7 threat detection, investigation and response.

The Company's services are geared towards proactive prevention, and it achieves this by utilising the latest in cloud, big data analytics and machine learning, along with an experienced incident response team.

Smarttech247's offices are located in Ireland, United Kingdom, Romania, Poland and the USA. The Company was admitted to trading on AIM on 15 December 2022.

For further information please visit [www.smarttech247.com](http://www.smarttech247.com)

## **Chairman's Statement**

2022 was a transformational year. The Business grew significantly, building out its platform and headcount to service demand whilst, at the same time, maintaining margins. Then, post period end, in December 2022, after the acquisition by a new holding company Smarttech247 Group PLC, the enlarged group was admitted to trading on AIM of the London Stock Exchange.

The Group now has the platform in place to support and accelerate its revenue growth going forward. We have also launched new proprietary products and secured new contracts from major international companies and institutions. These initial contracts are important as they provide validation of the service that Smarttech247 can provide and clear reference points for new customers. We are often competing with larger global companies to win new business, and despite this competition, we continue to succeed in growing our business with high-quality international companies.

Cyber-attacks continue to increase with dire implications for the companies concerned. There is no simple solution to defend an organisation against everything it can be exposed to. The Group's combination of artificial intelligence-led managed detection and response capabilities can help to significantly reduce the impact and manage the situation. We, therefore, see clear opportunities for future growth using the platform established by the Smarttech247 team.

We firmly believe that our AIM quote will continue to give Smarttech247 greater visibility and credibility in overseas geographies, including the USA and Europe, and will support our growth plans in the short and long term.

I am extremely proud of the team that we now have in place and would like to thank them for their hard work and dedication throughout the period.

## **Chief Executive's Statement**

During the year under review, the Business made significant progress. It has focused on building out its platform and launching new products and is now extremely well-placed to grow revenue. As we embark on a new era at Smarttech247, we are pleased with this continued growth and the strategic advances that we are making.

To support its extensive capabilities for Managed Detection and Response ("MDR"), the Business launched its VisionX technology in 2022. The technology, together with our award-winning capabilities and expertise, enables the full VisionX platform, an automated security operations centre platform providing 24/7 proactive threat detection and response, using cloud data analytics, machine learning and an incident response capability.

VisionX MDR has won a number of multi-year contracts with prestigious organisations. These contract wins include a three-year contract with a total sales value of US\$800,000 with a Fortune 150 leading automotive retailer in the USA with annual revenues of over US\$20 billion. This was followed by a three-year agreement with a large US tech company headquartered in Massachusetts and a two-year agreement with a prestigious university in Ireland worth c.US\$400,000 and US\$450,000 respectively over the length of these contracts.

The Business is also continuing to develop its threat and vulnerability software called Threathub. Threathub allows organisations to manage their risk in a continuous way by providing them with automated threat modelling and dynamic risk governance capabilities.

Combining the VisionX MDR platform with the managed services offering creates competitive differentiation for the Business. Major new customers have highlighted factors like this as the reason for selecting Smarttech247.

Smarttech247 currently has multiple contracts with leading global organisations. The majority of our contracts are multi-year thereby providing certainty of revenue. Also, with contracts now in place with such prestigious organisations, we have an excellent source of reference for new business.

The Business also works with several leading industry players whose products can be incorporated within its

The Business also works with several leading industry players whose products can be incorporated within its MDR platform as required. Such partners include Microsoft, IBM and CrowdStrike.

During 2022, the Business was able to increase its headcount significantly, by circa 75% across all locations, in order to provide the capacity for future revenue growth. This is a significant achievement given the demand for suitably qualified high-quality personnel. This has also been implemented against the background of tight control over costs to maintain existing margins.

One of our key areas of focus is to build out our sales strategy and operations and we are now making significant investment and progress in this area which will support our revenue growth.

## Financial Summary

In terms of financial performance, the revenue of the Business increased by over 41% over the prior year as a result of winning several new contracts during FY2022. Gross profit margins were broadly maintained, and gross profit increased by over 36%.

Operating costs increased, principally as a result of a growth in headcount as part of the build out of the Business's platform. The growth in operating EBITDA was offset slightly by higher other income in FY2021 compared to FY2022, which principally comprises of government grants. Operating profit increased by 34% compared to FY2021. Finance costs increased in FY2022 as a result of the full year impact of the interest charge from the convertible loan funding put in place late in FY2021. This funding was used to fund growth prior to the raising of new funds at the IPO. This convertible loan was fully converted on IPO, post the period end, in December 2022.

Cash raised at the end of FY2021 from the issue of the convertible loan was used to invest in new products and to build out the operating platform. As a result, the net asset position of the Business has grown to reflect this investment. Cash and net assets have further increased substantially post the period end reflecting the conversion of the convertible loan and the new funds raised at the IPO. Therefore, the enlarged Smarttech247, post-IPO in December 2022, is very well positioned to fund growth going forward.

FY2023 started well with trading ahead of budget. The interim results for the newly quoted Smarttech247 Group PLC for the period ended 31 January 2023 are due to be announced in April 2023.

The following financial statements are for the Zefone Group which represents Smarttech247 Group PLC's principal trading subsidiary and its subsidiaries.

## Consolidated statement of total comprehensive income

|   | Unaudited<br>2022<br>€ | Audited<br>2021<br>€ |
|---|------------------------|----------------------|
| <b>Continuing operations</b>  |                        |                      |
| Revenue   | 10,205,602             | 7,225,479            |
| Cost of sales   | (4,661,025)            | (3,159,429)          |
| <b>Gross profit</b>   | 5,544,577              | 4,066,050            |
| Administrative expenses   | (3,848,768)            | (2,973,253)          |
| Other operating income  | 60,727                 | 235,577              |
| <b>Operating profit</b>   | 1,756,536              | 1,328,374            |
| Investment income   | 1,929                  | 1,512                |
| Other gains and losses  | (8,462)                | 25,244               |
| Finance costs   | (216,041)              | (57,675)             |
| <b>Profit before taxation</b>   | 1,533,962              | 1,297,455            |
| Income tax  | (155,737)              | (155,262)            |
| <b>Profit for the year from continuing operations</b>                                       | 1,378,225              | 1,142,193            |
| <b>Total profit for the year attributable to equity holders of the parent</b>               |                        |                      |
| Other comprehensive income  | (548)                  | 4,377                |
| <b>Total comprehensive profit for the year attributable to equity holders of the parent</b> | 1,377,677              | 1,146,570            |

## Consolidated statement of financial position

|  | Unaudited<br>2022<br>€ | Audited<br>2021<br>€ |
|--|------------------------|----------------------|
| <b>Non-current assets</b>                          |                        |                      |
| Intangible assets                                  | 1,739,279              | 416,336              |
| Property, plant and equipment                      | 97,449                 | 94,506               |
| Right-of-use asset                                 | 63,541                 | 43,157               |
| Financial assets                                   | 1,160,548              | 1,169,010            |
| <b>Total non-current assets</b>                    | <b>3,060,817</b>       | <b>1,723,009</b>     |
| <b>Current assets</b>                              |                        |                      |
| Trade and other receivables                        | 6,153,306              | 4,533,672            |
| Cash and cash equivalents                          | 2,358,082              | 3,214,851            |
| <b>Total current assets</b>                        | <b>8,511,388</b>       | <b>7,748,523</b>     |
| <b>TOTAL ASSETS</b>                                | <b>11,572,205</b>      | <b>9,471,532</b>     |
| <b>Equity attributable to owners of the parent</b> |                        |                      |
| Called up share capital                            | 2                      | 2                    |
| Foreign exchange reserve                           | 34,269                 | 34,817               |
| Merger reserve                                     | 23,430                 | -                    |
| Retained earnings                                  | 4,475,744              | 3,097,551            |
| <b>Total equity</b>                                | <b>4,533,445</b>       | <b>3,132,370</b>     |
| <b>Non-current liabilities</b>                     |                        |                      |
| Borrowings   | 2,341,807              | 2,262,786            |
| Lease liability                                    | 3,645                  | 56                   |
| <b>Total non-current liabilities</b>               | <b>2,345,452</b>       | <b>2,262,842</b>     |
| <b>Current liabilities</b>                         |                        |                      |
| Trade and other payables                           | 4,628,658              | 4,018,449            |
| Lease liability                                    | 64,650                 | 57,871               |
| <b>Total current liabilities</b>                   | <b>4,693,308</b>       | <b>4,076,320</b>     |
| <b>Total liabilities</b>                           | <b>7,038,760</b>       | <b>6,339,162</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | <b>11,572,205</b>      | <b>9,471,532</b>     |

### Consolidated statement of cashflows

|   | Notes | Unaudited<br>2022<br>€ | Audited<br>2021<br>€ |
|---|-------|------------------------|----------------------|
| <b>Cash flow from operating activities</b>        |       |                        |                      |
| Profit for the financial year                     |       | 1,377,677              | 1,142,193            |
| <i>Adjustments for:</i>                           |       |                        |                      |
| Interest payable                                  |       | 602                    | 49,194               |
| Finance costs                                     |       | 215,439                | 8,481                |
| Impact of foreign exchange                        |       | (269,510)              | 6,249                |
| Taxation  |       | 155,737                | -                    |
| Depreciation and amortisation                     |       | 227,935                | 372,502              |
| Fair value Loss / (gain) on investments           |       | 8,462                  | (25,244)             |
| <i>Changes in working capital:</i>                |       |                        |                      |
| Increase in trade and other receivables           |       | (1,619,634)            | (2,042,299)          |
| Increase in trade and other payables              |       | 610,210                | 2,563,167            |
| <b>Net cash inflow from operating activities</b>  |       | <b>706,918</b>         | <b>2,074,243</b>     |
| <b>Cash flow from investing activities</b>        |       |                        |                      |
| Cash acquired on acquisition                      |       | 12,765                 | -                    |
| Purchase of intangible fixed assets               |       | (1,434,727)            | (550,797)            |
| Purchase of tangible fixed assets                 |       | (39,141)               | (21,780)             |
| Purchase of financial assets                      |       | (2,111)                | (1,038,673)          |
| <b>Net cash outflow from investing activities</b> |       | <b>(1,463,214)</b>     | <b>(1,611,250)</b>   |
| <b>Cash flows from financing activities</b>       |       |                        |                      |
| Proceeds from borrowings                          |       | -                      | 1,954,112            |
| Repayment of borrowings                           |       | -                      | (91,387)             |
| Repayment of lease liabilities                    |       | (100,716)              | (61,056)             |

|   |                  |                  |
|---|------------------|------------------|
| Net cash (outflow) / inflow from financing activities         | (100,716)        | 1,801,669        |
| <b>Net (decrease) / increase in cash and cash equivalents</b> | <b>(857,012)</b> | <b>2,264,662</b> |
| Cash and cash equivalents at beginning of period              | 3,214,851        | 950,568          |
| Foreign exchange impact on cash                               | 243              | (379)            |
| <b>Cash and cash equivalents at the end of the period</b>     | <b>2,358,082</b> | <b>3,214,851</b> |

**Notes:**

1. Smarttech247 Group PLC, a newly incorporated company, acquired 100% of the issued share capital of Zefone Limited on 18 November 2022 as part of the AIM IPO process and so the Company did not own Zefone Limited during the period under review.
2. This financial information represents the consolidated results for the Company's principal subsidiary Zefone Limited and its subsidiaries, prepared under the same standards as applied in the preparation of the Historic Financial Information included within the Admission Document of the Company ("the Admission Document"), which can be found on the Company's website.

The financial information is prepared under UK adopted international accounting standards, with the exception of *IAS 1 Presentation of Financial Statements*, as the financial information has been prepared in an abbreviated format and no accounting policies or supporting notes included.

The accounting policies adopted are the same as those adopted in the Historic Financial Information in the Admission Document.

3. The financial information does not represent the consolidated results of the Company as Zefone Limited had not been acquired during the period and are presented for information only.

The financial information has been reviewed by PKF under International Standard on Review Engagements 2400 (Revised).

4. Zefone Limited is incorporated in Ireland and its company level financial statements have been audited for local statutory purposes, prepared in accordance with FRS102 and will be filed at Companies House in Ireland.

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