SL: Breakout Wealth Portfolio Update

Hey it's Alex.

With earnings season here, it's time to take a look at some of the companies in our model portfolio and take stock of our positions.

Let's dive in.

Smartopics Group AS (OTCMKTS: SMOPF)

Smartoptics group recently released it's annual report on 2022 numbers. To sum it up, things are looking good. Here are a few of the highlights:

- Revenue in 2022 was up 25% from $45.9 million to $57.3 million
- Gross margin was up 1.5%
- Profit jumped from $3.5 million in 2021 to $6.7 million in 2022. A 92% increase

The company saw the largest amount of growth in the Americas, where revenue grew from $26.1 million to $35.5 million year over year.

The Solutions segment, which provides the hardware for various fiber optic systems (think fiber optic cables, transponders, etc) grew the most, jumping by 32% year over year.

Smartoptics has continued to ink partnership deals, most recently a deal with German data center operating company Hetzner, as well as to provide its hardware and software for the first large scale data center in Africa. This data center will be built in Nairobi, the capital of Kenya.

Smartoptics is up 40% since we issued our trade idea on it in January. Considering the immense growth, improving margins, and rising profitability, we're going to keep on holding onto this one. I have high hopes for it.

Pangaea Logistics (NASDAQ: PANL)

Pangaea just released its Q4 and full year 2022 results. And the best word to describe them is “*respectable.”*

And that’s about the best you could ask for. 2022 generally, and the Q4 environment specifically, was very tough for all kinds of logistics companies, from sea-based freight to domestic trucking. So, the fact that Pangaea toughed it out and didn’t fall too hard, well, that counts as a win in my book.

Let’s take a look at the numbers:

- Revenue was down on the year from $718 million to $699 million. Only a 2% decrease, not too shabby
- However, net income jumped from $67 million to $79 million. A 17% increase.

Last year, Pangaea was cash-poor due to the purchase of nine ships that it added to its fleet. Now that those costs are in the past, the company’s net income has improved dramatically.

Additionally, strong demand is expected from the Chinese reopening, which will increase demand for the dry bulk goods that Pangaea transports. Not just that, but the logistics industry as a whole has seen investment in new ships decline dramatically. Which should make the pricing tighter in 2023 and lead to higher revenues for the existing shipping companies.

When you factor in the value of Pangaea’s fleet, their price to book value comes to just 0.91. Below the 1.5 I usually use as a cut off and far below the industry average of 2.55.

If you don’t know, price to book value is basically a ratio of the stock’s price to its total value of assets. So, a low ratio means you get more assets for your dollars, which is a good thing.

All that being said, we’re going to continue to hold PANL. With Wall Street price targets at $8.75, and a current share price of $6.17, I think it still has a ways to run.

Cyberlux Corp (OTCMKTS: CYBL)

No significant updates on them — we’re going to keep holding.

VerifyMe (NASDAQ:VRME)

Q1 2023 earnings are due to be released on May 17th. Once those are out, we’ll take a look at how VerifyMe is holding up.

That’s a wrap, folks. Any questions?

Feel free to reach out.

To your wealth,
Alex Reid
Founder, Breakout Wealth