

## Edvance International (1410.HK) Investment Highlights

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 Provided by PRise Limited

### Edvance International announces FY2021 annual results. Net profit surges by 48.8%. Cash flow remains stable

- Edvance International announced its annual results for the year ended 31 March 2021. During the Year, the Group recorded a total revenue of approximately HK\$410.5 million, up 4.1% year-on-year. Gross profit increased by 18.3% to approximately HK\$124.0 million; gross profit margin edged up 3.6% to 30.2%. Profit attributable to owners of the company surged by 48.8% to approximately HK\$34.7 million, the increase was primary driven by increased demand for cybersecurity solutions and improved operational optimisation; Net profit margin was 8.5%. Earnings per share was 3.46 HK cents. The Board recommends the payment of a final dividend of HK\$0.01 per share for FY2021 (FY2020: HK\$0.01 per share).

Note: For the year ended March 31



### Ride on the solid foundation to tap into digital asset

- During the reporting period, the Group invested approximately HK\$35 million in financial services and investment business to lay a foundation for future growth.
- The establishment of Axion Global Digits Technology (Hong Kong) Limited demonstrates the Group's commitment to building a digital future in fintech. The investment in HKbitEX provided the Group with a platform to take first-mover advantage in the digital assets ecosystem, and the rebranding of Royston Securities to Axion Global Asset Management ("AGAM") is another example of the Group's plan to leverage its technological expertise to transform the traditional asset management business. In addition, the Group also established Axion Global Innovation Centre Limited ("AGIC"), an in-house research and development division to build the core enabling technologies for financial technology.

*Edvance International (1410.HK) — Investment Highlights (cont'd)*

**Resilient growth in core businesses – cybersecurity products and services**

- The Group showed strong resilience and increase in cybersecurity businesses revenue of approximately 4.1% year-on-year on the back of increasing demand for cybersecurity solutions and improved operational optimisation. With disciplined cost expenditure coupled with a higher profit margin of the cybersecurity services business, it led to an increase in profit attributable to owners of the Company of approximately 48.8% for the reporting year.
- The Group made great strides in Green Radar as a security service business this year. Investment in R&D is starting to pay off with proprietary malicious email detection AI engine and the managed detection and response set up. Meanwhile, the establishment of ESH (Hong Kong) Limited (“ESH”) will focus on service domains in Application & Data Security, Identity & Access Management and Network Security, which will present the Group with substantial growth opportunities in the future.

**Accelerate cybersecurity solutions adoption and develop digital asset ecosystem**

- By applying the success with Green Radar in delivering email security protection via a Security-as-a-Service approach, the Group intends to capitalize on this model for cybersecurity services business ESH. The Group’s two security operation centers in Hong Kong and Singapore is scalable to support ESH with a managed detection and response setup that underpins the Security-as-a-service approach.
- The three-pronged approach of venture investment, asset management, and innovation is enabling the Group to create the digital asset ecosystem:
- **Venture investment:** the long-term investment in HKbitEX provided the Group with a leading view on the development of digital asset ecosystem, and it has set the tone for similar investments in the future
- **Asset management:** the Group has notified the Securities and Futures Commission in Hong Kong of its intention to manage funds that specialise in virtual assets, under its subsidiary AGAM.
- **Innovation:** Axion Global Innovation Centre has relocated to a new office at the FinTech Centre of the Hong Kong Science and Technology Parks Corporation, taking advantage of the network and expertise to create disruptive fintech services. Among the existing innovation projects, DocuRoom, a next generation secured virtual document portal for the virtual asset market, has started the internal trial run and is expected to launch in the second half of the calendar year 2021.
- The strategic moves that edvance has made in FY2021 enhanced dual pathways of cybersecurity and fintech businesses for the continued growth of the Group. The strengthened R&D capability would create synergy among all business lines, fortify its existing leadership position in cybersecurity and pave the way to capture returns that fintech and digital asset management businesses could bring to the Group and shareholders in the long term.

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