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HYPEBEAST

Hypebeast Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00150)

VOLUNTARY ANNOUNCEMENT

UNAUDITED KEY FINANCIAL INFORMATION FOR

THE NINE MONTHS ENDED 31 DECEMBER 2020

This announcement is made by Hypebeast Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis. The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to announce certain unaudited consolidated key financial information of the Group for the nine months ended 31 December 2019 (“**9M2020**”) and 2020 (“**9M2021**”).

FINANCIAL HIGHLIGHTS

Revenue

- The Group is on track for recovery as evidenced by improvement in revenue for three months ended 30 September 2020 (“**FY2021 Q2**”) and 31 December 2020 (“**FY2021 Q3**”) from three months ended 30 June 2020 (“**FY2021 Q1**”), despite an overall decrease in revenues recorded for 9M2021 of approximately HK\$473.3 million compared to 9M2020 of approximately HK\$613.1 million, representing a decrease of approximately HK\$22.8% due to the impact of the coronavirus epidemic.

On a quarter-on-quarter basis, the Group’s revenue improved by approximately 24.5% to approximately HK\$158.3 million for FY2021 Q2 from approximately HK\$127.1 million for FY2021 Q1, and then further improved by approximately 18.7% to approximately HK\$187.9 million for FY2021 Q3.

- Revenues from digital media segment decreased by approximately 23.3% from approximately HK\$394.4 million for 9M2020 to approximately HK\$302.7 million for 9M2021. However, digital media revenues increased by approximately 57.8% to approximately HK\$105.7 million for FY2021 Q2 from approximately HK\$67.0 million for FY2021 Q1, and then further improved by approximately 23.0% to approximately HK\$130.0 million for FY2021 Q3. Campaign execution activity is expected to continue increasing in subsequent quarters as various countries emerge from coronavirus related lockdowns, particularly in the United States and Europe.

- Revenues from e-commerce segment decreased from approximately HK\$218.7 million for 9M2020 to approximately HK\$170.7 million for 9M2021, representing a decrease of approximately 22.0%. However, e-commerce revenues maintained steady momentum recording revenues of approximately HK\$60.2 million, HK\$52.6 million and HK\$57.9 million for FY2021 Q1, FY2021 Q2 and FY2021 Q3 respectively, despite a one-time decrease in overall inventory purchases of approximately 15% for the Fall/Winter 2020 season in light of coronavirus related uncertainties.

Gross Profit Margin

- Gross profit margin remained stable at approximately 49.4% for 9M2021 as compared to approximately 49.5% for 9M2020.
- Gross profitability for the digital media segment was preserved throughout the coronavirus pandemic with gross profit margin remained stable at approximately 55.4% for both 9M2021 and 9M2020 despite lower overall revenues recorded compared to prior year. On a quarter-to-quarter basis, gross profit margin for the digital media segment improved significantly from approximately 41.8% in FY2021 Q1 to approximately 55.8% and 62.1% for FY2021 Q2 and FY2021 Q3 respectively.
- Gross profitability of the e-commerce segment improved to reach approximately 43.5% in FY2021 Q3 as compared to approximately 37.6% in FY2021 Q1 and 34.9% in FY2021 Q2 due to higher percentage of sales of full priced items. Gross profit margin for the e-commerce segment remained stable at approximately 38.8% for 9M2021 as compared to approximately 38.9% for 9M2020.

Operating Expenses

- Selling and marketing expenses decreased by approximately 42.2% from approximately HK\$135.2 million for 9M2020 to approximately HK\$78.2 million for 9M2021. Selling and marketing expenses as a percentage of revenue decreased from approximately 22.1% for 9M2020 to approximately 16.5% for 9M2021.
- Administrative and operating expenses were approximately HK\$85.5 million for 9M2021, down by approximately 8.9% from approximately HK\$93.8 million for 9M2020. Administrative and operating expenses as a percentage of revenue slightly increased from approximately 15.3% for 9M2020 to approximately 18.1% for 9M2021, chiefly due to lower overall revenues recorded for the same period versus prior year.

Overall, based on an increase in media contract signings and an expected increase in campaign execution activities as coronavirus related lockdowns are lifted globally, management expects media contract execution and revenue drivers to accelerate over the next quarters. Management expects continued improvement in the e-commerce business as regional expansion and customer acquisition activities resume cadence, and inventory purchase levels return to normal after a one-time adjustment for the Fall/Winter 2020 season due to risk management for coronavirus uncertainties.

Preliminary financial figures disclosed in this announcement are primarily based on information currently available to the Group, including internal records and management accounts which have not been reviewed or audited by the independent auditors or the audit committee of the Company.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. In case of any doubt, investors should seek independent advice from professional or financial advisers.

By order of the Board
Hypebeast Limited
Ma Pak Wing Kevin
Chairman

Hong Kong, 4 March 2021

As at the date of this announcement, the executive Directors are Mr. Ma Pak Wing Kevin and Ms. Lee Yuen Tung Janice; and the independent non-executive Directors are Ms. Kwan Shin Luen Susanna, Ms. Poon Lai King and Mr. Wong Kai Chi.