

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# **HYPEBEAST**

## **Hypebeast Limited**

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

### **VOLUNTARY ANNOUNCEMENT**

### **UNAUDITED KEY FINANCIAL INFORMATION FOR**

### **THE THREE MONTHS ENDED 30 JUNE 2021**

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 three months ended 30 June 2021 (“**FY2022 Q1**”) and 2020 (“**FY2021 Q1**”).

#### **FINANCIAL HIGHLIGHTS**

The Group started the year ending 31 March 2022 (“**FY2022**”) on a high note as the business achieved new records for first quarter revenue, gross profit and gross profit margin.

- Revenues for FY2022 Q1 increased 57.9% year-on-year to HK\$200.8 million, mainly attributable to increase in signed contract value, client category & regional growth from the Group’s Media segment. Revenues for FY2022 Q1 increased by 12.6% compared to the three months ended 30 June 2019 (“**FY2020 Q1**”), reflecting significant growth versus the pre-COVID-19 baseline. Such growth versus pre-COVID-19 pandemic business levels are expected to continue and accelerate throughout FY2022
- The significant increase in signed contract value of 111.9% in FY2022 Q1 versus prior year or 74.7% versus pre-COVID-19 pandemic level in the FY2020 Q1, was primarily driven by increased production capabilities and expansion across brand client categories
- Media segment in the US and China rebounded strongly compared to the same period last year, accelerating away from the effects of the COVID-19 pandemic, with year-on-year increases in signed contract value of 139.6% and 48.2% respectively for FY2022 Q1
- Gross profit for FY2022 Q1 surged 131.1% year-on-year or 34.2% compared to FY2020 Q1, amounting to HK\$117.1 million, while gross profit margin improved to 58.3%, representing a year-on-year increase of 18.5 percentage points. Such improvements were mainly due to production cost efficiencies from increased scale of media production and more streamlined campaign delivery in the Media segment, and larger proportion of products sold at full price in relation to the E-commerce and Retail segment

## Media Segment

- COVID-19 pandemic has accelerated brands' digital transformation, resulting in a greater shift in marketing & advertising budgets from traditional marketing channels to digital online channels. The Group expects to benefit from this trend with considerable effect in the short term
- The Media segment recorded a year-on-year increase in revenue of 117.1% to HK\$145.4 million in FY2022 Q1, surpassing the pre-COVID-19 pandemic levels of HK\$112.9 million recorded in FY2020 Q1
- Due to increases in revenue and more cost-efficient campaign production, overall gross profit margin for the Media segment increased by 20.7 percentage points versus prior year, or 10.4 percentage points versus FY2020 Q1, to 62.5% for FY2022 Q1

## E-commerce and Retail Segment

- Gross profit from the E-commerce and Retail segment increased by 16.2% to HK\$26.3 million for FY2022 Q1, despite decline in revenue of 8.0% to HK\$55.4 million for FY2022 Q1 as inventory intake levels are rebounding from management effected COVID-19 pandemic adjusted levels mentioned in the Annual Report for the year ended 31 March 2021
- The Group improved its profitability with higher margin gains. Gross profit margin reached 47.4% for FY2022 Q1, up 9.8 percentage points as compared to FY2021 Q1, largely driven by higher sell through rate and higher proportion of products being sold at full price. Both these indicators imply a healthier portfolio of inventories on hand compared to pre-COVID-19 pandemic related adjustments to intake as implemented by management

## Operating Expenses

- Selling and marketing expenses increased by 25.9% from HK\$27.0 million for FY2021 Q1 to HK\$34.0 million for FY2022 Q1, largely driven by (i) increase in headcounts upon strong recovery and growth of the media and e-commerce and retail segments; and (ii) increase in variable commission paid as a result of the significant increase in signed contract value as discussed above. As a percentage of revenues, selling and marketing expenses decreased from 21.3% for FY2021 Q1 to 16.9% for FY2022 Q1
- Administrative and operating expenses were HK\$45.5 million for FY2022 Q1, up by 65.5% from HK\$27.5 million for FY2021 Q1 due to prudent cost management and government subsidies received during FY2021 Q1. Administrative and operating expenses as a percentage of revenue slightly increased from 21.6% for FY2021 Q1 to 22.7% for FY2022 Q1

Overall, based on continued increase in media contract signings and marked increase in campaign execution activities as coronavirus related lockdowns are lifted globally, management expects media contract execution and revenue drivers to continue accelerating 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 voluntary 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, 23 August 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.*