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HYPEBEAST

Hypebeast Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00150)

UNAUDITED OPERATIONAL DATA, BUSINESS OVERVIEW, A PRELIMINARY REVIEW OF OPERATING RESULTS & PROFIT WARNING FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (the “**Board**”) of Hypebeast Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the following unaudited operational data, business overview and a preliminary review of operating results for the six months ended 30 September 2022 (“**1H2023**”).

Operational Data and Business Overview

Media Segment

For 1H2023, revenue recorded for the Group’s media segment is less against strong comparatives for the six months ended 30 September 2021 (“**1H2022**”) due to (i) a surge in campaign executions post-COVID for 1H2022 and (ii) the impact of continuing COVID-19 related closures in Mainland China and slow emergence from COVID-19 precautions in the rest of the Asia-Pacific region affecting its media and agency business in 1H2023.

The United States (the “**US**”) and Europe, Middle East and Africa (“**EMEA**”) markets continue tracking towards growth — as at 30 September 2022, total signed contract values are higher than that recorded as at the same time last year for each of the US and EMEA markets respectively. The Company continues to focus on on-going business development and sales opportunities in pursuit of overall profitable growth of its digital media segment, with expectations on media campaign execution and delivery focussing on the traditional peak season falling within the remainder of the fiscal year.

E-Commerce and Retail Segment

For 1H2023, the Group's e-commerce and retail business recorded revenue growth compared with 1H2022, largely driven by increased sales and promotional activity in 1H2023. The Company continues to focus on gross margins and a balanced view of investments in acquiring and engaging customers as the business enters peak season centred around global holidays and consumer activity during the remainder of the fiscal year.

Professional fees related to the Merger

As detailed in the annual report of the Company for the year ended 31 March 2022, the Company entered into an agreement and plan of merger (the “**Merger**”) with Iron Spark I Inc. in April 2022. Accordingly, one-time legal and professional fees related to the Merger of approximately HK\$55 million is expected to be recognised in 1H2023.

Gain on disposal of a joint venture

On 30 September 2022, the Company concluded the sale of its 51% ownership interest in The Berrics Company LLC for consideration of approximately US\$2.5 million (approximately HK\$20 million). As a result, the Group is expected to record a gain attributed to this sale of approximately HK\$18 million.

Impairment of assets and changes in fair value of financial assets at FVTPL

Due to factors including changes in market interest rates and general macroeconomic uncertainties, the Company is required to perform impairment testing on certain of its assets in accordance with International Financial Reporting Standards (“**IFRSs**”), and assess the valuation of certain of its financial investments and assets against market value. The Company is expected to record impairment losses on (i) intangible assets (primarily comprising cryptocurrency and NFT holdings) and (ii) various property, plant and equipment and right of use assets related to its E-commerce business. Besides, the Company is expected to record the change in fair value of financial assets at fair value through profit and loss (primarily comprising investments in private company equity and other financial investments). The combined impact of such impairment losses and change in fair value is expected to be no more than HK\$20 million.

Preliminary Review of Operating Results

Based on the latest unaudited consolidated management accounts for 1H2023 and other information currently available to the Board, the Board expects the Group may record a loss before tax of no more than HK\$50 million for 1H2023 as compared to a profit before tax of approximately HK\$80 million for 1H2022. Such losses are mainly attributable to factors summarized above.

The Company is still in the process of finalising the results of the Group for the six months ended 30 September 2022. 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. The Group's interim results for 1H2023 are expected to be published on 21 November 2022.

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 advisors.

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

Hong Kong, 11 November 2022

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.